

Stock Code: 5515



CHIEN KUO CONSTRUCTION CO.,LTD.

Annual Report 2020

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Chapter 1. Letter to Shareholders

Ladies and gentlemen:

Chien Kuo Construction Co., Ltd. is aiming to expand its business by increasing the number of non-residential products and balancing the ratio of residential, commercial office and public construction businesses. In 2020, the overall revenue from construction services will be successful and grow significantly compared to 2019. Due to changes in the industrial environment in mainland China, we have been withdrawing from the business in recent years, focusing on strengthening the collection of receivables, which has yielded fruitful results and a significant reduction in accounts receivable.

In line with the previous business development strategy, we have been awarded six social housing turnkey projects as of 2020. Under the government's policy of encouraging companies to invest back in Taiwan, we have also been awarded factory and office projects for technology companies. In addition, our construction projects include large-scale factory and residential projects of listed construction companies, with a total contract value of NT\$24 billion by the end of 2020, resulting in significant growth in both sales and profits in 2020. The annual operating results of the concrete business are expressed as the interest of the discontinued units because the equity interest has been sold.

Consolidated revenue for 2020 was \$6.76 billion, an increase of 42% over 2019. Net income attributable to owners of the Company was \$370 million, an increase of 108% over 2019, and net income per share after tax was \$1.43. Due to active collection of receivables from Mainland China, net cash inflow from operating activities reached NT\$1.3 billion in 2020. The following is a summary of the Company's 2020 consolidated business:

(I) Operational Highlight

Unit: NT\$ Thousands			
Item	2020	2019	Growth
Operating revenue	6,762,818	4,773,012	42%
Operating costs	6,250,304	4,431,879	41%
Gross profit	512,514	341,133	50%
Operating expenses	290,643	270,130	8%
Net operating income (loss)	221,871	71,003	212%
Non-operating income and expense	161,941	45,549	256%
Profit before tax of continuing operations	383,812	116,552	229%
Net income from continuing operations	301,975	51,336	488%
Profit from discontinued operations	72,769	128,228	-43%
Net income	374,744	179,564	109%
Net income attributable to non-controlling interest	839	(71)	-1,282%
Net income attributable to shareholders of the Company	373,905	179,635	108%

(II) Cash Flows and Profitability Analysis

1. Cash Flows

Unit: NT\$ Thousands	
Item	Amount
Net cash provided by operating activities	1,288,640
Net cash outflow from the investing activities	(1,079,387)
Net cash outflow from the investing activities	(266,982)
Effect of exchange rate changes on cash and cash equivalents	(14,099)
Cash reduction in current period	(71,828)
Cash amount - beginning of the year	2,690,165
Cash amount - end of the year	2,618,337

2. Profitability Analysis

Item		2020
Return on assets		4.3%
Return on equity		8.5%
Ratio of paid-in capital	Operating income	8.6%
	Income before tax	14.9%
Net profit margin		5.5%
Earnings per share (NT\$)		1.43

Bound by the core value of "Integrity, Optimization, Well-being, and Harmony," Chien Kuo Construction expects itself to be the "New Generation of Construction Teams That Is Technology-based, Social-cared, and Humanistic-aesthetics-oriented." The 2020 results were bright, and profits were up significantly from the previous year. Looking ahead to 2021, labor shortage and rising raw materials will continue to be the main challenges for the construction industry. Chien Kuo Construction Co., Ltd. will continue to innovate to enhance the value of service differentiation and integrate E&M engineering to expand its business in factory, commercial and turnkey projects. Despite the challenges of the external environment, the Company has made various internal responses and preparations, and the financial business has shown positive growth in the past year. We will continue to revise our strategy subject to the changes in the environment and spare no effort in creating the Company's value and shareholders' interests.

Last but not least, may all shareholders

Peaceful and joyful

Chairman: Chang-shiou Wu

Chapter 2. Company Profile

I. Date of Incorporation: November 21, 1960

II. Company History

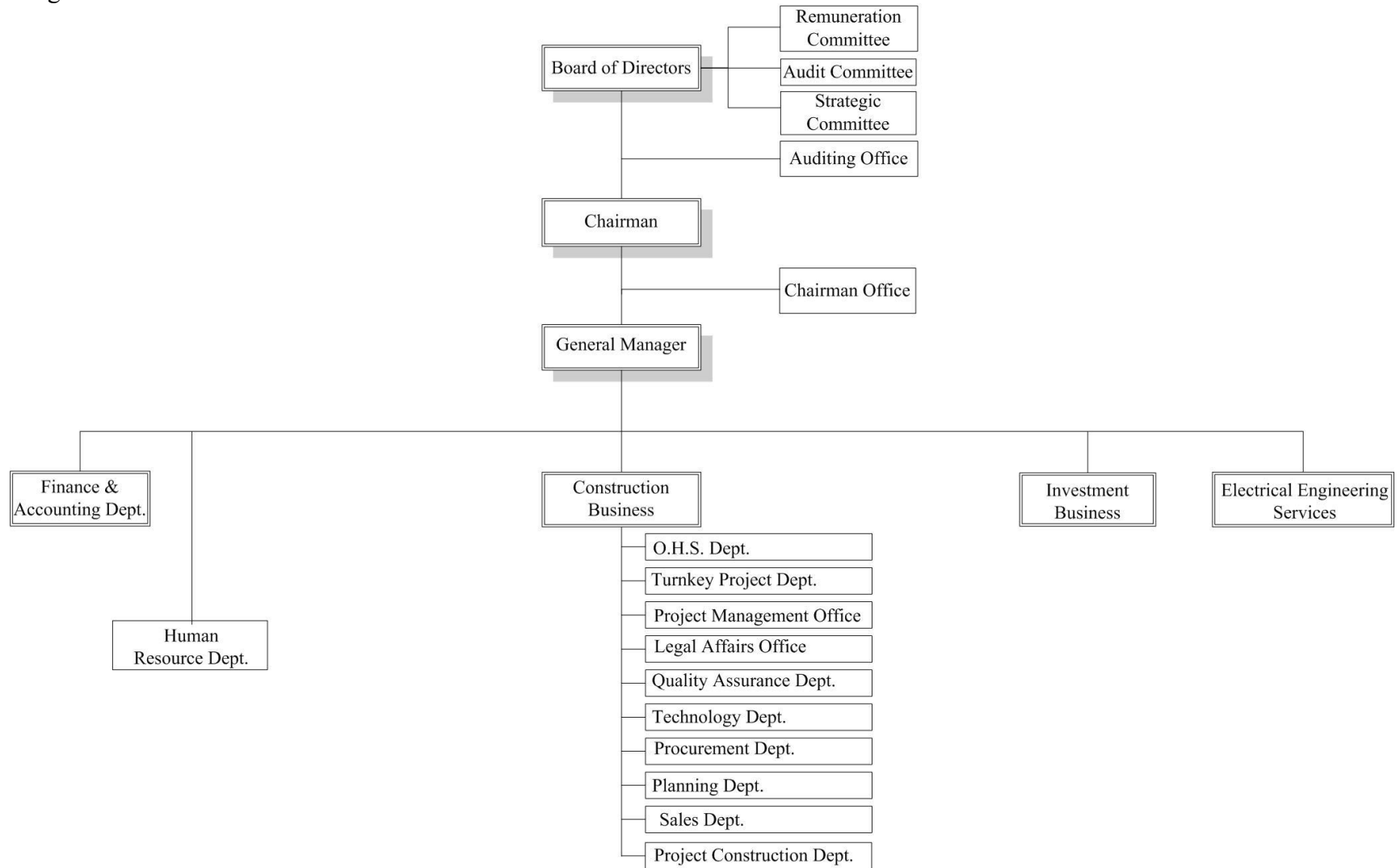
Time	Overview
1931	Mr. CHEN Huo-sheng, the founder, established He-fa Trade Company, a civil engineering firm and predecessor of Chien Kuo Construction.
1946	Reorganized as Chien Kuo Construction Contractor under the leadership of Mr. CHEN Chin-Tsao
1949	Contracted with Taiwan Cement for gravel mining in Taiwan, the start of CK's gravel mining business
1960	Chien Kuo Construction Contractor obtained the qualification of Grade A construction company and was renamed "Chien Kuo Construction Co. Ltd., with Mr. CHEN Chin-Tsao as the founding chairman.
1962	Contracted for the Shimen Reservoir Water Works project.
1965	Undertook construction of tail race of Qingshan Dam of Taipower and expanded its business to include the various tunnel construction projects of Zengwun Reservoir, becoming a renowned construction company for its tunnel construction.
1967	Chairman CHEN Jin-zao designated one of the "Top 10 Outstanding Construction Industry Entrepreneurs" at the inaugural wards.
1971	Mr. CHEN Jung-hui became the chairman.
1973	1. Contracted for the construction the tail race and surge chamber of Qingshan Power Plant. 2. Chien Kuo Construction received a Medal in Civil Engineering at the 12th International Federation of Asian & Western Pacific Contractors Association
1974	Contracted for the tunnel construction for the North-Link Railway, one of the government's Ten Major Infrastructure Projects
1976	Mr. TSAI Ming-shou became the third chairman.
1980	Launched the limestone mining business in Ho-Ping Mine Ground of Taiwan Cement Corporation, becoming the first professional mining company to enter the mine ground.
1988	Mr. CHEN Chi-te became the fourth chairman.
1993	Paid-in-capital amounted to NT\$310 million and staged the initial public offering.
1995	1. Contracted for the structure construction of new plants of UTAC-Taiwan in Hsinchu Science Park, the first such performance in high-tech plant construction. 2. Established Shanghai Chien Kuo Concrete Co., Ltd. and entered the pre-mix concrete market in China.
1999	Officially listed as an OTC stock trade on TPEx.
2001	Established Fast Dragon International Electrical Engineering Co., Ltd. to integrate mechanical and electrical engineering
2003	Listed from TPEx to TWSE.
2005	Received Merit of Excellence in Construction from the Chinese Institute of Engineers
2008	Won the first place prize in the Golden Lion Award in the National Golden Award for Architecture
2009	Contracted for construction of the "Shanghua Renai Building", the first urban renewal project managed by owners of the same buildings in Taipei City.
2010	1. Contracted for construction of the main structure of National Kaohsiung Center for the Arts (Weiwuying) 2. Received Merit of Excellence, Best Management and Best Design at the Taipei City 2nd Fence Greening Contest. 3. Honored at the 10th Arts and Business Award awarded by Council for Cultural Affairs of the Executive Yuan.
2011	Contracted for the interior utility and air conditioning engineering of National Kaohsiung Center for the Arts (Weiwuying)

Time	Overview
2015	<ol style="list-style-type: none"> 1. Received the Excellence Award at 2014 Taipei City Corporate Volunteering Award 2. Contracted for the construction of "Defu Ruiguang" and "Lè Architecture" and won the Excellent Unit Award at the "Construction Site - 7S Cleanliness Contest" held by Taipei City. 3. Contracted for the construction of Cathay Diamond Building and won the Excellent Unit Award at the 2014 MOL Occupational Safety and Health Unit Award.
2016	<ol style="list-style-type: none"> 1. Received three awards including Excellent Unit Award/Excellent Personnel Award/Innovative Occupational Safety Award at the Taipei City 2015 Labor Safety Award 2. Received Occupational Safety Model Award at the MOL 2015 Promotion of Occupational Safety and Health Award 3. Received Golden Stone Award and Golden Stone Grand Award at the 24th Chinese Golden Stone Award for Architecture regarding construction quality
2017	<ol style="list-style-type: none"> 1. Received the Performance Award at the 2016 MOL Promotion of Occupational Safety and Health Award and Extraordinary Contribution Award and Distinctive Personnel Award at the 2016 Taipei City Labor Safety Award. 2. Received the Award for Respect and Keeness Toward Jobs at the 2016 New Taipei City Labor Safety Award. 3. The construction of the "Fulong Xikou" project won the Excellent Unit Award at the 2016 MOL Promotion of Occupational Safety and Health Award and the grand awards of Excellent Unit Award/Innovative Occupational Safety Award at the 2016 Taipei City Labor Safety Award. 4. The construction of "Defu Ruiguang" was awarded the Award for Outstanding Self-management of Construction Site at the 2016 Labor Safety Award. 5. The construction of the "Pinyang Xin Zhuang" project won the Excellent Unit Award at the 2016 MOL Promotion of Occupational Safety and Health Award and the Excellent Unit Award at the 2016 New Taipei City Labor Safety Award. 6. The construction of the "Cathay Minsheng" project was awarded the Excellent Unit Award for 2016 awarded by Kaohsiung City Labor Bureau.
2018	<ol style="list-style-type: none"> 1. Mr. Chang-shiou WU, the corporate representative of Chien Hui Investment Co., Ltd., appointed as the Chairman. 2. The construction of the "Fubon Hotel" was awarded two awards, namely, the National Excellent Unit Award by the Ministry of Labor of the Executive Yuan and the Excellent Promotion Unit Award at the Taipei City Labor Safety Award. 3. The construction of the "Pinyang Xin Zhuang" project won two awards, namely, the National Excellent Unit Award by the Ministry of Labor of the Executive Yuan and the Excellent Unit Award at the New Taipei City Labor Safety Award. 4. The construction of the "Zhonglu No. 2" social housing project was awarded the MOL Golden Safety Award for Public Construction. 5. The construction of the "Fubon Infinite" project was awarded the Excellent Construction Site for 2018 by the Kaohsiung Environmental Protection Bureau. 6. The construction of the "Ruiguang Public House" social housing project won the Excellent Unit Award for Implementation at the Taipei City Labor Safety Award.
2019	<ol style="list-style-type: none"> 1. The construction of the "Zhonglu No. 2" social housing project won two awards, namely, the MOL Golden Safety Award for Public Construction and the Taoyuan City Public Construction Golden Award. 2. The construction of the "Ruiguang Public House" social housing project won two awards, namely, the MOL Golden Safety Award for Public Construction and the Excellent Unit Award for Implementation at the Taipei City Labor Safety Award. 3. The construction of the "Pinyang Xin Zhuang" project won two awards, namely, the National Five-Star Award by the Ministry of Labor of the Executive Yuan and the Excellent Unit Award at the New Taipei City Labor Safety Award. 4. The construction of the "Fubon Infinite" project was awarded the Excellent Construction Site for 2019 by the Kaohsiung Environmental Protection Bureau.
2020	<ol style="list-style-type: none"> 1. The construction of the "Ruiguang Public House" social housing project won two awards, namely, the MOL Golden Safety Award for Public Construction and the Taipei

Time	Overview
	<p>City Public Construction Excellence Award.</p> <ol style="list-style-type: none"> 2. The construction of the "Fubon Hotel" was awarded two awards, namely, 2019 National Excellent Unit 5-Stars Award by the Ministry of Labor of the Executive Yuan and the Excellent Promotion Unit Award at the Taipei City Labor Safety Award. 3. The Company was awarded the 2019 Excellent Job Security Card by the Taipei City Labor Bureau. 4. The construction of "Tucheng Youth House" won the 2019 Excellent Public Works Award of New Taipei City Labor Inspection Office, the 2019 Excellent Occupational Safety and Health Unit of the Ministry of Labor, Executive Yuan, and the 2020 Excellent Construction Golden Safety Award. 5. The construction of the "Pinyang Xinzhuang" was awarded the 2020 Golden Safety Award by the Ministry of Labor.

Chapter 3. Corporate Governance Report

I. Organization (I) Organizational Structure



(II) Major Business of the Major Departments

Department Name	Business
Chairman Office	<ol style="list-style-type: none"> 1. Supervise and verify the operational performance of the Group and its various business segments. 2. Design and implement the business strategy of the Group and its various business segments. 3. Execute Board resolutions. 4. Maintain investor relations. 5. Design and implement environmental protection, corporate social responsibility (CSR), define corporate identity (CI), and maintain corporate image.
Construction Business	<ol style="list-style-type: none"> 1. Contract for and construction of residential buildings, factory, technology buildings, office buildings, medical facilities, large-scale industrial/commercial wholesale/shopping development projects. 2. Construction project management services. 3. Promote R&D works regarding new construction technology. 4. Architecture design; plan and implement the construction operation on a turnkey basis.
Human Resource Dep.	<ol style="list-style-type: none"> 1. The establishment of human resources system, addition and supplementation of human power, education training and development, salary and wages, assessment and promotion, registration, editing and documentation of the Company's personnel information. 2. Launch projects to promote the Company's vision and strategy - key performance evaluation, incentive rewards, occupational competence evaluation. 3. Establish a labor-management communication platform to maintain good labor-management relations, promote labor-management harmony and achieve a win-win situation for both parties. 4. Proactively promote professional educational training (BIM, P6, standard drawing management), cooperate with the government to improve labors' expertise and major, and participate in the talent promotion programs organized by the Workforce Development Agency, Ministry of Labor. 5. Other personnel administration.
Finance & Accounting Dept.	<ol style="list-style-type: none"> 1. Accounting works and preparation of financial statements, planning and treatment of taxation. 2. Prepare, execute and review the annual budget. 3. Fund planning and raising, daily financial operations, post-investment tracking management and other services. 4. Assist the business units in the feasibility assessment of new business development, return on investment and use of funds. 5. Plan and implement the strategic development of enterprise-wide hardware and software. 6. Plan and implement relevant information security safeguards. 7. Build an ERP system and other services that are needed for future business development.

II. Information on Directors, General Managers, Deputy General Managers, Assistant Managers, and Heads of Departments and Branches

(I) Board of Directors

1. Directors Information

Date of Book Closure: April 25, 2021

Title	Nationality or Place of Registration	Name	Gender	Date Elected (Inaugurated)	Tenure (Year)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Positions Currently Held with the Company or Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark Note
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
Chairman	Republic of China (R.O.C.)	Chien Hwei Investment Co., Ltd. Representative: Chang-shiou WU	Male	107.06.29	3	101.06.18	54,195,416 0	16.21% 0.00%	46,011,532 240,000	17.87% 0.09%	0 1,600	0.00% 0.00%	0 0	0.00% 0.00%	PhD. Civil Engineering & Engineering Mechanics, University of Arizona (USA)	Chairman and General Manager of Chien Kuo Construction Co. Ltd. Chairman (corporate representative) of Fast Dragon International Electrical Engineering Co., Ltd. Director (corporate representative) of Golden Canyon Venture Capital Investment Co., Ltd. Director of Silver Shadow Holdings Co., Ltd. Director of Golden Canyon Co., Ltd. Director of Chien Kuo Asia Co., Ltd. Director of Yangzhou Chien Yung Concrete Co., Ltd. Director of Chien Ya (Yangzhou) Technology Consultant Co., Ltd. Director of Chien Ya (Suzhou) Information Technology Consultant Co., Ltd. Director of Chien Ya (Wuxi) Information Technology Consultant Co., Ltd.	-	-	-	Note 1

Title	Nationality or Place of Registration	Name	Gender	Date Elected (Inaugurated)	Tenure (Year)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Positions Currently Held with the Company or Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark Note
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
Vice Chairperson:	Republic of China (R.O.C.)	Chi-te CHEN	Male	107.06.29	3	77.04.27	20,307,858	6.07%	18,844,139	7.32%	2,101,672	0.82%	0	0.00%	MBA, University of Santa Clara, (USA)	Director (corporate representative) of Taiwan Cement Corporation Chairman (corporate representative) of Chia Hsin Property Management and Development Director of Chia Hsin Cement Corporation Chairman of Chien Hwei Investment Co., Ltd. Chairman of Deqing Investment Co., Ltd. Chairman (corporate representative) of Rock Publishing International Chairman (corporate representative) of Chien Kuo Development Chairman (corporate representative) of Golden Canyon Venture Capital Investment Co., Ltd. Director (corporate representative) of Fast Dragon International Electrical Engineering Co., Ltd. Director (corporate representative) of China Real Estate Management Co., Ltd. Director of Silver Shadow Holdings Co., Ltd. Director of Golden Canyon Co., Ltd. Director of Chien Kuo Asia Co., Ltd. Chairman of Chien Huei Cultural & Educational Foundation Chairman of Chien Kuo Foundation for Arts and Culture	-	-	-	

Title	Nationality or Place of Registration	Name	Gender	Date Elected (Inaugurated)	Tenure (Year)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Positions Currently Held with the Company or Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark Note
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
Director	Republic of China (R.O.C.)	Pang-yen YANG	Male	107.06.29	3	95.06.15	1,741,458	0.52%	1,393,166	0.54%	0	0.00%	0	0.00%	Master of Instrument Engineering, University of California (USA)	Chairman of Huacheng Capital Co., Ltd. Director of Lian Chang Electronic Enterprise Co., Ltd. Director of Chien Kuo Foundation For Arts And Culture Chairman (corporate representative) of Huicheng Capital Co., Ltd. Director of YoungTek Electronics Corp. Chairman of Ding Bang International Co., Ltd. Director (corporate representative) of eEver Technology Inc.	-	-	-	
Director	Republic of China (R.O.C.)	Jianxiang Investment Co., Ltd. Representative: Jui-hsing TSAI	Male	107.06.29	3	104.06.22	723,000 0	0.22% 0.00%	578,400 440,216	0.22% 0.17%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	Martin College DIPLOMA OF GRAPHIC DESIGN (MULTIMEDIA)	Chairman of Jianxin Construction Co., Ltd. Chairman of Jianxiang Development Co., Ltd. Director of Jianxiang Investment Co., Ltd. Supervisor of Jianxiang Construction Co., Ltd.	-	-	-	

Title	Nationality or Place of Registration	Name	Gender	Date Elected (Inaugurated)	Tenure (Year)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Positions Currently Held with the Company or Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark Note
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
Director	Republic of China (R.O.C.)	Tzu-chiang YANG	Male	107.06.29	3	101.06.18	0	0.00%	0	0.00%	48	0.00%	0	0.00%	PHD. Business Management, National Chengchi University MBA, University of Illinois at Urbana-Champaign, USA	Chairman (corporate representative) of Huihong Consulting Co., Ltd. Director (corporate representative) of Huiyang Venture Capital Co., Ltd. General Manager of Huiyang Venture Capital Co., Ltd. Director of Asustek Computer Co., Ltd. Director of Airiti Inc. Director of Hongyang Health Care Co., Ltd. Director of Pegatron Corporation Director of TTY Biopharm Company Limited Associate Professor of Department of Business Administration, National Chengchi University Director of Financial Literacy & Education Association	-	-	-	
Director	Republic of China (R.O.C.)	Chien Hwei Investment Co., Ltd. Representative: Pai-tso SUN	Male	107.06.29	3	101.06.18	54,195,416 0	16.21% 0.00%	46,011,532 0	17.87% 0.00%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	Master of Business Administration, National Chengchi University	CFO of Chien Kuo Construction Co. Ltd. General Manager of Chien Kuo Development Director (corporate representative) of Fast Dragon International Electrical Engineering Co., Ltd. Director (corporate representative) of Golden Canyon Venture Capital Investment Co., Ltd. Director of Silver Shadow Holdings Co., Ltd. Director of Golden Canyon Co., Ltd. Director of Chien Kuo Asia Co., Ltd. Director of Chien Ya (Shanghai) Information Technology Co., Ltd. Director of Chien Ya (Wuxi) Information Technology Consultant Co., Ltd.	-	-	-	

Title	Nationality or Place of Registration	Name	Gender	Date Elected (Inaugurated)	Tenure (Year)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Positions Currently Held with the Company or Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark Note
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
Director	Republic of China (R.O.C.)	Chung CHENG	Male	107.06.29	3	92.05.02	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master in Electrical and Computer Engineering, University of California (USA) MBA, University of Santa Clara (USA)	Director of China Real Estate Management Chairman (corporate representative) of China Development Asset Management Co., Ltd. General Manager of Kang Ning Life Co., Ltd. Director of Keyware Electronics Co., Ltd. Director (corporate representative) of VIVASOLIS Biotechnology Co., Ltd.	-	-	-	
Director	Republic of China (R.O.C.)	Chu-hsin LEE	Male	107.06.29	3	98.06.16	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor of Electrical Engineering, National Chiao Tung University	-	-	-		
Director	Republic of China (R.O.C.)	Yu-jui CHNAG	Male	107.06.29	3	98.06.16	1,512,255	0.45%	1,209,804	0.47%	0	0.00%	0	0.00%	M.B.A., National Dong Hwa University	Deputy General Manager, Chuen Tung Shareholder Service Co., Ltd. Director Junyue Co., Ltd.	-	-	-	
Director	Republic of China (R.O.C.)	Chi-hsin CHEN	Male	107.06.29	3	105.06.21	1,800,396	0.54%	1,440,316	0.56%	358	0.00%	0	0.00%	Kaohsiung Commercial and Industrial Vocational High School	Business Manager, Headway Group	-	-	-	

Title	Nationality or Place of Registration	Name	Gender	Date Elected (Inaugurated)	Tenure (Year)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Positions Currently Held with the Company or Other Companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark Note
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
Independent Director	Republic of China (R.O.C.)	Chin-pao TSAI	Male	107.06.29	3	107.06.29	0	0.00%	0	0.00%	0	0.00%	0	0.00%	M.S. in Accounting, National Chengchi University M.A., Graduate School of Law, National Chengchi University	Independent Director of ECOVE Environment Corporation Independent Director of Sunny Friend Environmental Technology Co., Ltd. Independent Director of TANVEX BIO PHARMA, INC. Adjunct Associate Professor, Department of Accounting, National Chengchi University Director of TIC Group Chairman (corporate representative) of Jiaguang Development Industrial Co., Ltd. Chairman (corporate representative) of Wonshida Development Industrial Co., Ltd. Director (corporate representative) of TransGlobe Life Insurance Inc. Chairman (corporate representative) of Orient Golf Co., Ltd. Director (corporate representative) of FCB Leasing Director (corporate representative) of FCB International Leasing, Ltd.	-	-	-	
Independent Director	Republic of China (R.O.C.)	Chen-yu FENG	Male	107.06.29	3	107.06.29	0	0.00%	0	0.00%	0	0.00%	0	0.00%	J.D., Cornell University (USA)	Joint Professor of the Department of Law of NCCU and NCCU Graduate Institute of Technology Innovation & Intellectual Property Management (TIIPM) Independent Director, Elitegroup Computer System Independent Director, OBI Pharma, Inc. Independent Director, Eurocharm Holdings Co., Ltd.	-	-	-	
Independent Director	Republic of China (R.O.C.)	Li-hsing I	Male	107.06.29	3	107.06.29	0	0.00%	0	0.00%	0	0.00%	0	0.00%	M.S. in Civil Engineering, University of Texas at Austin(USA)	Responsible person, Citygreat Information Technology Co., Ltd. Adjunct Associate Professor, Department of Business Administration, National Taiwan University of Science and Technology	-	-	-	

Note 1:Chang-shiou WU is currently holding the position as the Chairman and the General Manager, which is mainly due to the Company is now going through a successor program for its operating team, and no candidate for management is available before the program is completed. Also, it is difficult to find a suitable person within the short transition period; therefore, the position of the Chairman and the General Manager are currently held by the same person during the period. The Company will complete the program as soon as possible and elect a suitable person for the position. Furthermore, only two members of the Board of Directors are also the employees of the Company, which represent a ratio of less than the majority of the Board of Directors, and the Board of Directors are still highly effective in supervising the decision execution. Therefore, even though the position of the Chairman and the General Manager are currently held by the same person, the corporate governance of the Company still possesses the balanced function between decision execution and supervisory management.

2. Major institutional shareholders

April 25, 2021

Name of Institutional Shareholders	Major institutional shareholders	
	Shareholders	Shareholding Ratio (%)
Chien Hwei Investment Co., Ltd.	Chi-te CHEN	89.26%
	Shen-yu PANG	9.63%
	Chen-ching CHEN	1.11%
Chien Siang Investment Co., Ltd.	Tzu-tsao TSAI	40.00%
	Jui-hsing TSAI	33.33%
	Jui-chung TSAI	20.00%
	Hsiao-hung CHU	6.67%

3. Directors Information

March 31, 2021

Name	Criteria	Meeting One of the Following Professional Qualification Requirements, Together with At Least Five Years of Work Experience	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	Compliance with Independence Criteria (Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
				1	2	3	4	5	6	7	8	9	10	11	12	
Corporate Representative of Chien Hui Investment Co., Ltd.: Chang-shiou WU			✓			✓	✓	✓	✓			✓	✓	✓		0
Chi-te CHEN			✓	✓			✓	✓	✓			✓	✓	✓	✓	0
Pang-yen YANG			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Tzu-chiang YANG	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Corporate Representative of Chien Siang Investment Co., Ltd.: Jui-hsing TSAI			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Corporate Representative of Chien Hui Investment Co., Ltd.: Pai-tso SUN			✓			✓		✓	✓			✓	✓	✓		0
Chung CHENG			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chu-hsin LEE			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chi-hsin CHEN			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Yu-jui CHNAG			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chin-pao TSAI	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Chen-yu FENG	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Li-hsing I	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note: Please tick [✓] the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

- (1). Not an employee of the Company or any of its associates.
- (2). Not a director or supervisor of the Company or any of its associates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.
- (3). Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.
- (4). Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer as stated in (1) or any of the persons mentioned in (2) and (3).
- (5). Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the Company, or a top 5 shareholder, or a director or supervisor

representative appointed by the Company in accordance with paragraph 1 or 2, Article 27 of the Company Act (excluding independent directors appointed by both the Company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).

- (6). Not directors, supervisors or employees of other companies controlled by the same person holding a majority of the company's director seats or voting shares of the company. (However, this restriction shall not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).
- (7). Not directors (governors), supervisors or employees of other companies or institutions who are the same person or spouse as the chairperson, general manager or person holding an equivalent position of the company. (However, this restriction shall not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent).
- (8). Not any director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company (for a particular company or institution holds more than 20%, but not exceed 50%, of the company's issued shares, and the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, shall not be restricted by this provision.)
- (9). Not any professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. However, members of the special committee on remuneration, public acquisition review, or merger and acquisition who perform their functions and powers in accordance with the provisions of the Securities and Exchange Act or Business Mergers and Acquisitions Act and other relevant regulations shall not be subject to this provision.
- (10). Not a spouse or a relative within the second degree of kinship of other directors.
- (11). Not having any of the circumstances as set forth in the subparagraphs of Article 30 of the Company Act.
- (12). Not elected in the capacity of the government, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.

(II) Information on the General Manager, Assistant General Managers, Deputy Assistant General Managers, and the Supervisors of Departments and Branches

Date of Book Closure: April 25, 2021

Title	Nationality	Name	Gender	Date Elected (Inaugurated)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Positions Currently Held with Other Companies	Managers who are a Spouse or a Relative Within Two Degrees of Kinship			Remark Note
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
General Manager	Republic of China (R.O.C.)	Chang-shiou WU	Male	103.10.16	240,000	0.09%	1,600	0.00%	0	0.00%	PhD. Civil Engineering & Engineering Mechanics, University of Arizona (USA) General Manager of Pei-Fon Co. Ltd. (Shanghai) General Manager of Ruentex Resource Integration Co. Ltd. General Manager of Ruentex Engineering & Construction Co. Ltd.	Chairman (corporate representative) of Fast Dragon International Electrical Engineering Co., Ltd. Director (corporate representative) of Golden Canyon Venture Capital Investment Co., Ltd. Director of Silver Shadow Holdings Co., Ltd. Director of Golden Canyon Co., Ltd. Director of Chien Kuo Asia Co., Ltd. Director of Yangzhou Chien Yung Concrete Co., Ltd. Director of Chien Ya (Yangzhou) Technology Consultant Co., Ltd. Director of Chien Ya (Suzhou) Information Technology Consultant Co., Ltd. Director of Chien Ya (Wuxi) Information Technology Consultant Co., Ltd.	-	-	-	Note 1
Chief Financial Officer	Republic of China (R.O.C.)	Pai-tso SUN	Male	103.02.05	0	0.00%	0	0.00%	0	0.00%	Master of Business Administration, National Chengchi University Executive Deputy General Manager of Hong Pu Real Estate Development Co., Ltd. General Manager of Chien Kuo Asia Co., Ltd.	General Manager of Chien Kuo Development Director (corporate representative) of Golden Canyon Venture Capital Investment Co., Ltd. Director (corporate representative) of Fast Dragon International Electrical Engineering Co., Ltd. Director of Silver Shadow Holdings Co., Ltd. Director of Golden Canyon Co., Ltd. Director of Chien Kuo Asia Co., Ltd. Director of Chien Ya (Wuxi) Information Technology Consultant Co., Ltd. Director of Chien Ya (Shanghai) Information Technology Co., Ltd.	-	-	-	
General Manager of Concrete Business	Republic of China (R.O.C.)	Kuo-feng TING	Male	104.07.01	123,641	0.05%	0	0.00%	0	0.00%	Master of Construction Management, New York Institute of Technology, USA Bai Yi Construction Group Pacific Engineers & Constructors, Ltd.	Director of Chien Ya (Shanghai) Information Technology Co., Ltd. Chairman and General Manager of Yangzhou Chien Yung Concrete Co., Ltd. Chairman and General Manager of Chien Ya (Yangzhou) Technology Consultant Co., Ltd. Chairman and General Manager of Chien Ya (Suzhou) Information Technology Consultant Co., Ltd.	-	-	-	

Title	Nationality	Name	Gender	Date Elected (Inaugurated)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Positions Currently Held with Other Companies	Managers who are a Spouse or a Relative Within Two Degrees of Kinship			Remark Note
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
Consultant	Republic of China (R.O.C.)	Yi-hsin PANG	Male	2013.07.22	9,735	0.00%	5,543	0.00%	0	0.00%	MBA, California State University, Stanislaus (USA) Chief Financial Officer of Hongtai Enterprise Assistant General Manager of China Development Industrial Bank Dean Witter Reynolds Inc. USA Vice General Manager	-	-	-	-	
Consultant	Republic of China (R.O.C.)	Shi-ning DONG (Note 2)	Male	2020.01.02	100,000	0.04%	0	0.00%	0	0.00%	Master of Science in Civil Engineering, Bradley University, USA General Manager of Ruentex Engineering & Construction Co. Ltd. Director of Ruentex Resource Integration Co. Ltd. Director of Ruentex Materials Co., Ltd. Director of Ruentex Engineering & Construction (Shanghai) Co., Ltd.	General Manager of Fast Dragon International Electrical Engineering Co., Ltd.	-	-	-	
Vice General Manager	Republic of China (R.O.C.)	Jin-hui ZHOU (Note 3)	Male	2020.03.16	0	0.00%	0	0.00%	0	0.00%	Master of Law, Soochow University Bachelor, Department of Electrical Engineering, National Taiwan University Chief of Business Section of Fu Tse Construction Co., Ltd. Executive Secretary of ROC Construction Industry Foundation for RnD	Vice General Manager of Fast Dragon International Electrical Engineering Co., Ltd.	-	-	-	
Vice General Manager	Republic of China (R.O.C.)	Kuan-chu n CHANG	Male	2016.04.16	76,024	0.03%	3,000	0.00%	0	0.00%	Master of Civil Engineering, National Chiao Tung University San Ching Engineering Division Director of Yicheng Engineering Co., Ltd.	-	-	-	-	
Vice General Manager	Republic of China (R.O.C.)	Wen-yun TIEN	Male	2016.04.16	0	0.00%	5,880	0.00%	0	0.00%	Department of Civil Engineering, Vanung University M.S., Department of Construction Technology and Disaster Prevention, Tungnan University Public Works Director of Pacific Construction Co., Ltd. Manager of the Engineering Department, Yaqing Construction Co., Ltd. Manager of the Engineering Department, The Eslite Corporation	-	-	-	-	
Vice General Manager	Republic of China (R.O.C.)	Kuo-feng LIN	Male	2016.08.01	0	0.00%	0	0.00%	0	0.00%	Department of Civil Engineering, Feng Chia University Deputy Director of BES Engineering Co. Worksite Director of Continental Engineering Group	-	-	-	-	

Title	Nationality	Name	Gender	Date Elected (Inaugurated)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Positions Currently Held with Other Companies	Managers who are a Spouse or a Relative Within Two Degrees of Kinship			Remark Note
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
											Vice General Manager of Ruentex Engineering& Construction Co. Ltd.					
Vice General Manager	Republic of China (R.O.C.)	Mao-shen g KAN	Male	2018.05.09	7,140	0.00%	0	0.00%	0	0.00%	Master of Construction Management, National Central University Assistant Manager of the Construction Department of Kedge Construction Co. Ltd. Assistant Manager of the Construction Department of Cianding Construction Co. Ltd.	-	-	-	-	
Vice General Manager	Republic of China (R.O.C.)	Jun-kuan g YANG	Male	2018.07.02	0	0.00%	0	0.00%	0	0.00%	Master of Civil Engineering, South Dakota School of Mines and Tech., U.S.A Assistant General Manager, Construction Management Department and Cost Management Department, Construction Division, Continental Engineering Group Assistant General Manager, Procurement Department, Construction Division, Continental Engineering Group Indian Subsidiary, Overseas Division, Continental Engineering Group. Director-Central Services	-	-	-	-	
Vice General Manager	Republic of China (R.O.C.)	I-cheng LIN (Note 4)	Male	2020.09.02	0	0.00%	0	0.00%	0	0.00%	MBA, Boston University	-	-	-	-	
Vice General Manager	Republic of China (R.O.C.)	Wen-kuei CHIANG (Note 5)	Male	2020.11.09	90,729	0.04%	0	0.00%	0	0.00%	Department of Civil Engineering, National Taiwan University	-	-	-	-	
Vice General Manager	Republic of China (R.O.C.)	Wei-pin WANG (Note 6)	Male	2020.11.16	0	0.00%	0	0.00%	0	0.00%	M.S., Department of Civil Engineering, National Taiwan University	-	-	-	-	
Vice General Manager	Republic of China (R.O.C.)	Hsi-chun LIU (Note 7)	Male	2021.04.16	0	0.00%	0	0.00%	0	0.00%	Master of Civil Engineering, Tamkang University Business Manager of Tri Hope Creative Dev. Co. Ltd. Assistant General Manager, Real Estate Department, Nan Shan Life Insurance Company, Ltd.	-	-	-	-	

Title	Nationality	Name	Gender	Date Elected (Inaugurated)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Positions Currently Held with Other Companies	Managers who are a Spouse or a Relative Within Two Degrees of Kinship			Remark Note
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
Assistant General Manager	Republic of China (R.O.C.)	Cheng-te CHOU	Male	2008.03.28	48,523	0.02%	0	0.00%	0	0.00%	MBA, San Diego State University (USA) Assistant General Manager, Auditing Office, Senao International Assistant General Manager, Auditing Office, Continental Engineering Group	Supervisor of Chien Ya (Wuxi) Information Technology Consultant Co., Ltd.	-	-	-	
Assistant General Manager	Republic of China (R.O.C.)	Ssu-chia KUNG	Female	2012.05.01	0	0.00%	0	0.00%	0	0.00%	Master of International Finance, University of Birmingham (United Kingdom) Associate Manager of Financial Planning Department of Far EasTone Telecommunications Co., Ltd. Manager of the Accounting Department of NCIC	Supervisor of Yangzhou Chien Yung Concrete Co., Ltd. Supervisor of Chien Ya (Yangzhou) Technology Consultant Co., Ltd. Director of Chien Ya (Shanghai) Information Technology Co., Ltd. Supervisor of Chien Ya (Suzhou) Information Technology Consultant Co., Ltd. Chairman and General Manager of Chien Ya (Wuxi) Information Technology Consultant Co., Ltd. Supervisor (corporate representative) of Wan Chang Venture Capital Co., Ltd. Supervisor (corporate representative) of Golden Canyon Venture Capital Investment Co., Ltd.	-	-	-	
Assistant General Manager	Republic of China (R.O.C.)	Shu-fen YANG	Female	2013.11.13	10,000	0.00%	0	0.00%	0	0.00%	Department of Accounting and Statistics, National Taipei University of Business Associate General Manager of the Accounting Department of Assistant General Manager of Accounting Department Manager of the Accounting Department of NCIC	Supervisor of Chien Ya (Shanghai) Information Technology Co., Ltd.	-	-	-	

Note 1. Chang-shiou WU is currently holding the position as the Chairman and the General Manager, which is mainly due to the Company is now going through a successor program for its operating team, and no candidate for management is available before the program is completed. Also, it is difficult to find a suitable person within the short transition period; therefore, the position of the Chairman and the General Manager are currently held by the same person during the period. The Company will complete the program as soon as possible and elect a suitable person for the position. Furthermore, only two members of the Board of Directors are also the employees of the Company, which represent a ratio of less than the majority of the Board of Directors, and the Board of Directors are still highly effective in supervising the decision execution. Therefore, even though the position of the Chairman and the General Manager are currently held by the same person, the corporate governance of the Company still possesses the balanced function between decision execution and supervisory management.

Note 2. Shi-ning DONG was newly elected on January 2, 2020.

Note 3. Jing-hui ZHOU was newly elected on March 16, 2020.

Note 4. I-cheng LIN was newly elected on September 2, 2020.

Note 5. Wen-kuei CHIANG was newly elected on November 9, 2020.

Note 6. Wei-pin WANG was newly elected on November 16, 2020.

Note 7. Hsi-chun LIU was newly elected on April 16, 2021.

III. Remuneration to Directors, General Managers, and Vice General Managers in the Most Recent Year

(I) 1. Remuneration Paid to General Directors and Independent Directors

Unit: NTS Thousands

Unit: NT\$ thousands																						
Title	Name	Remuneration to Directors								A+B+C+D) as a % of Net Income (Note 10)		Relevant Remuneration Received by a Director Who is Also an Employee of the Company								(A+B+C+D+E+F+G) as a % of Net Income (Note 10)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or the Parent Company (Note 11)
		Base Compensation (A) (Note 2)		Pension (B)		Director's Remuneration (C) (Note 3)		Business Execution Expenses (D) (Note 4)				Salary, Bonus, and Allowance (E) (Note 5)		Severance Pay (F)		Employee Compensation (G) (Note 6)						
		The Company	From companies in the consolidated financial statements (Note 7)	The Company	From companies in the consolidated financial statements (Note 7)	The Company	From companies in the consolidated financial statements (Note 7)	The Company	From companies in the consolidated financial statements (Note 7)	The Company	From companies in the consolidated financial statements	The Company	From companies in the consolidated financial statements (Note 7)	The Company	From companies in the consolidated financial statements (Note 7)	The Company		From companies in the consolidated financial statements (Note 7)		The Company	From companies in the consolidated financial statements	
		Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock																	
Chairman	Chien Hwei Investment Co., Ltd. Representative: Chang-shiou WU	600	600	0	0	0	0	16	16	0.16%	0.16%	15,001	16,443	0	0	4	0	4	0	4.18%	4.56%	-
Vice Chairperson:	Chi-te CHEN	0	0	0	0	1,014	1,014	14	14	0.27%	0.27%	0	0	0	0	0	0	0	0	0.27%	0.27%	
Director	Pang-yen YANG	240	240	0	0	679	679	16	16	0.25%	0.25%	0	0	0	0	0	0	0	0	0.25%	0.25%	
Juristic-person Director	Representative of Chien Hsiang Investment Co., Ltd.: Jui-hsing TSAI	240	240	0	0	0	0	12	12	0.07%	0.07%	0	0	0	0	0	0	0	0	0.07%	0.07%	
Director	Tzu-chiang YANG	240	240	0	0	679	679	12	12	0.25%	0.25%	0	0	0	0	0	0	0	0	0.25%	0.25%	
Juristic-person Director	Chien Hwei Investment Co., Ltd. Representative: Pai-tso SUN	240	240	0	0	0	0	12	12	0.07%	0.07%	4,039	4,594	0	0	4	0	4	0	1.15%	1.30%	
Director	Chung CHENG	240	240	0	0	679	679	12	12	0.25%	0.25%	0	0	0	0	0	0	0	0	0.25%	0.25%	
Director	Chu-hsin LEE	240	240	0	0	679	679	12	12	0.25%	0.25%	0	0	0	0	0	0	0	0	0.25%	0.25%	
Director	Yu-jui CHNAG	240	240	0	0	679	679	12	12	0.25%	0.25%	0	0	0	0	0	0	0	0	0.25%	0.25%	
Director	Chi-hsin CHEN	240	240	0	0	679	679	12	12	0.25%	0.25%	0	0	0	0	0	0	0	0	0.25%	0.25%	
Independent Director	Chin-pao TSAI	960	960	0	0	0	0	32	32	0.27%	0.27%	0	0	0	0	0	0	0	0	0.27%	0.27%	-
Independent Director	Chen-yu FENG	960	960	0	0	0	0	28	28	0.26%	0.26%	0	0	0	0	0	0	0	0	0.26%	0.26%	
Independent Director	Li-hsing I	960	960	0	0	0	0	28	28	0.26%	0.26%	0	0	0	0	0	0	0	0	0.26%	0.26%	
1.Please state the policies, systems, standards, and structure of independent directors 'remuneration payment, and describe the relevance to the amount of remuneration according to their responsibilities, risks, and time of investment: The Regulations Governing Allocation and Payment of Remuneration to Directors was the basis for evaluation. 2.Except as disclosed in the above chart, remuneration to directors received due to the service provided to all companies listed in the financial statement in the most recent year: None																						

* The Company shall set out relevant information for Directors (general Directors who are not Independent Directors) and Independent Directors separately.

Range of Remuneration

Range of Remuneration Paid to the Company's Directors	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	From the Company (Note 8)	From companies in the consolidated financial statements (Note 9) H	From the Company (Note 8)	From companies in the consolidated financial statements (Note 9) I
Under NT\$ 1,000,000	Chen-yu FENG Li-hsing I Chien Hwei Investment Co., Ltd. Represented by Chang-shiou WU, Pai-Tso SUN Chien Siang Investment Co., Ltd. Represented by Jui-hsing TSAI Pang-yen YANG Tzu-chiang YANG Chung CHENG Chu-hsin LEE Yu-jui CHNAG Chi-hsin CHEN Chin-pao TSAI	Chen-yu FENG Li-hsing I Chien Hwei Investment Co., Ltd. Represented by Chang-shiou WU, Pai-Tso SUN Chien Siang Investment Co., Ltd. Represented by Jui-hsing TSAI Pang-yen YANG Tzu-chiang YANG Chung CHENG Chu-hsin LEE Yu-jui CHNAG Chi-hsin CHEN Chin-pao TSAI	Chen-yu FENG Li-hsing I Chien Siang Investment Co., Ltd. Represented by Jui-hsing TSAI Pang-yen YANG Tzu-chiang YANG Chung CHENG Chu-hsin LEE Yu-jui CHNAG Chi-hsin CHEN Chin-pao TSAI	Chen-yu FENG Li-hsing I Chien Siang Investment Co., Ltd. Represented by Jui-hsing TSAI Pang-yen YANG Tzu-chiang YANG Chung CHENG Chu-hsin LEE Yu-jui CHNAG Chi-hsin CHEN Chin-pao TSAI
NT\$1,000,000 ~ NT\$1,999,999	Chi-te CHEN	Chi-te CHEN	Chi-te CHEN	Chi-te CHEN
NT\$2,000,000 ~ NT\$3,499,999	-	-	-	-
NT\$3,500,000 ~ NT\$4,999,999	-	-	Chien Hwei Investment Co., Ltd. Represented by Pai-tso SUN	Chien Hwei Investment Co., Ltd. Represented by Pai-tso SUN
NT\$5,000,000 ~ NT\$9,999,999	-	-	-	-
NT\$10,000,000 ~ NT\$14,999,999	-	-	-	-
NT\$15,000,000 ~ NT\$29,999,999	-	-	Chien Hwei Investment Co., Ltd. Represented by Chang-shiou WU	Chien Hwei Investment Co., Ltd. Represented by Chang-shiou WU
NT\$30,000,000 ~ NT\$49,999,999	-	-	-	-
NT\$50,000,000 ~ NT\$99,999,999	-	-	-	-
NT\$100,000,000 or above	-	-	-	-
Total	13	13	13	13

- Note 1. The name of directors shall be listed separately (for corporate shareholders, the names of such corporate shareholders and their representatives shall be listed separately), with their titles (Director or Independent Director) being listed separately, and the various payments shall be disclosed in aggregate.
- Note 2. Refereed to the remuneration paid to directors in 2020 (including their salaries, duty allowance, severance payments, bonuses, and performance rewards).
- Note 3. The remuneration paid to directors in 2020 was NT\$13,686 thousand as resolved by the Company's Board Meeting on March 25, 2021; such amount for distribution was estimated in accordance with the Company's Regulations Governing Allocation and Payment of Remuneration to Directors.
- Note 4. Business expenses paid out to directors in 2020 (including transport, special expenses, various allowances, accommodation, vehicles, and provision of physical goods such as cars). In the case of the provision of housing, motor vehicles and other means of transport or exclusive individual expenses, the nature and cost of the assets provided, the actual lease payment or lease payment measured at fair market value, oil and other payments shall be disclosed. Excluding the company car and driver provided by the Company totaled NT\$1,975 thousand.

- Note 5. Referred to the remuneration paid to directors in 2020 who simultaneously held another position in the Company (as a General Manager, Vice General Manager, manager, or an employee), including salaries, duty allowances, severance payments, bonuses, performance rewards, transport fees, special expenses, various allowances, accommodation, and provision of physical items such as a car. In the case of the provision of housing, motor vehicles and other means of transport or exclusive individual expenses, the nature and cost of the assets provided, the actual lease payment or lease payment measured at fair market value, oil and other payments shall be disclosed. Excluding the company car and driver provided by the Company totaled NT\$1,103 thousand. The salary expenses recognized in accordance with IFRS 2 “Share-based Payment”, including acquisition of employee stock option certificates and restricted stock awards (RSA), and participation in subscription of new shares in a capital increase by cash, shall also be accounted for as remuneration.
- Note 6. Referred to the employee compensation (including cash and stock) received by a director who simultaneously held another position in the Company (as a general manager, vice general manager, manager, and an employee) for 2020, disclose the amount of remuneration distributed to employees after being approved by the Board for the past year. For amounts that are unable to estimate, propose the distribution amount for the year based on the actual distribution made last year, and fill out the Table 1-3.
- Note 7. Total remuneration in various items paid out to the Company’s directors by all companies (including the Company) listed in the consolidated statements shall be disclosed.
- Note 8. For the total remuneration in various items paid out to the Company’s directors, the name of each director shall be disclosed in the corresponding range of the remuneration.
- Note 9. It is required to disclose the various remuneration in the aggregate paid by the Company and all consolidated entities to each director, whose name is also required to be disclosed in the range of remuneration to which they belong.
- Note 10. The Company’s net income for 2020 was NT\$373,905 thousand; for those who have adopted IFRS, the term “net income” denotes the net income as stated on the standalone/individual financial statements for the most recent annual period.
- Note 11.
- Compensations received by the directors from other non-subsidiary companies invested by the Company or the parent company shall be disclosed in this column.
 - Where a director has received compensation from an investee other than the Company’s subsidiaries or the parent company, such remuneration shall be consolidated into column I of the Table of Remuneration Range, which column shall then be changed to the title of “Parent Company and All Reinvestment.”
 - Remuneration denotes the rewards, compensation (including compensation for an employee, a director and a supervisor) and related remuneration in connection with business expenses that are paid to one of the Company’s directors who serves as a director, supervisor or manager for an investee other than the Company’s subsidiaries or the parent company.

* Since the contents of the remuneration disclosed in this table are different from the concept of income used in the Income Tax Act, the purpose of this table is for disclosure, not for taxation use.

(I)2. Compensation Paid to General Managers and Vice General Manager

Unit: NT\$ Thousands

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonus and special fee (C) (Note 3)		Profit Sharing- Employee Bonus (D) (Note 4)				Proportion of NIAT after summing up items A, B, C, and D (%) (Note 8)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or the Parent Company (Note 9)
		The Company	From companies in the consolidated financial statements (Note 5)	The Company	From companies in the consolidated financial statements (Note 5)	The Company	From companies in the consolidated financial statements (Note 5)	The Company		From companies in the consolidated financial statements (Note 5)		The Company	From companies in the consolidated financial statements (Note 5)	
								Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock			
General Manager	Chang-shiou WU	24,686	28,106	0	0	22,844	22,844	50	0	50	0	12.73%	13.64%	-
Chief Financial Officer	Pai-tso SUN													
General Manager of Concrete Business	Kuo-feng TING													
Consultant	Yi-hsin PANG													
Consultant (Note 10)	Shi-ning DONG													
Vice General Manager	Kuan-chun CHANG													
Vice General Manager	Wen-yun TIEN													
Vice General Manager	Kuo-feng LIN													
Vice General Manager	Mao-sheng KAN													
Vice General Manager	Jun-kuang YANG													
Vice General Manager (Note 11)	Jin-hui ZHOU													
Vice General Manager (Note 12)	Wen-kuei CHIANG													
Vice General Manager (Note 13)	Wei-pin WANG													
Vice General Manager (Note 14)	I-cheng LIN													
Vice General Manager (Note 15)	Hsi-chun LIU													

* Regardless of the title, any position equivalent to the general manager or vice general manager (for example: president, CEO, chief operational officer...etc.) shall also be disclosed.

Range of Remuneration

Range of Remuneration Paid to the General Manager and Vice General Managers	Name of General Manager and Vice General Managers	
	From the Company (Note 6)	From companies in the consolidated financial statements (Note 7)
Under NT\$ 1,000,000	Wen-kuei CHIANG Wei-pin WANG I-cheng LIN	Wen-kuei CHIANG Wei-pin WANG I-cheng LIN
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	Kuo-feng LIN Mao-sheng KAN Jun-kuang YANG Yi-hsin PANG Kuan-chun CHANG Wen-yun TIEN Kuo-feng TING Jin-hui ZHOU	Kuo-feng LIN Mao-sheng KAN Jun-kuang YANG Yi-hsin PANG Kuan-chun CHANG Wen-yun TIEN Kuo-feng TING Jin-hui ZHOU
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	Pai-tso SUN	Pai-tso SUN
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	Shi-ning DONG	Shi-ning DONG
NT\$10,000,000 (inclusive)~NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive)~NT\$30,000,000 (exclusive)	Chang-shiou WU	Chang-shiou WU
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	-	-
NT\$5,000,000 ~ NT\$9,999,999	-	-
NT\$100,000,000 or above	-	-
Total	14	14

Note 1. The names of general manager and vice general managers shall be listed separately and the payments shall be disclosed collectively.

Note 2. Referred to the salary, duty allowances and severance payments paid to the general manager or vice general manager in 2020.

Note 3. Referred to the compensation paid to general managers or vice general managers, namely bonuses, performance rewards, transport fees, special allowances, other allowances, accommodation, provision of physical items such as a car, and other compensation for 2020.

Excluding the company car and driver provided by the Company totaled NT\$1,319 thousand. The salary expenses recognized in accordance with IFRS 2 "Share based Payment," including the acquisition of employee stock option certificates and restricted stock awards (RSA), and participation in subscription of new shares in a capital increase by cash, shall also be accounted for as remuneration.

Note 4. The compensation paid to employees in 2020 was NT\$13,686 thousand as resolved by the Company's Board Meeting on March 25, 2021; such amount for distribution was estimated in accordance with the Company's Regulations Governing Employee Compensation, as well as personal performance.

Note 5. Total compensations of various items paid out to this Company's general managers and vice general managers by all companies (including the Company) listed in the consolidated financial statements shall be disclosed.

Note 6. Names and the of the Company's general managers and vice general managers shall be disclosed in the range corresponding to the total of compensations paid to them. The names of the general manager and vice general managers shall also be disclosed in the proper compensation range.

Note 7. Total compensation of various items paid to every general manager and vice general manager of the Company by all companies (including the Company) listed in the consolidated financial statements shall be disclosed. The name of the general manager and vice general manager shall also be disclosed in the proper compensation range.

Note 8. "Net income" refers to the net income for 2020 amounted to NT\$373,905 thousand; for those who have adopted IFRS, the term "net income" denotes the net income as stated on the standalone/individual financial statements for the most recent annual period.

Note 9. a. Compensations of the Company's general manager and vice general managers received from investees other than the Company's subsidiaries or the parent company shall be disclosed in this column.

b. Where a general manager or vice general manager has received compensation from an investee other than the Company's subsidiaries or the parent company, such compensation shall be consolidated into column E of the Table of Remuneration Range, which column shall then be changed to the title of "Parent Company and All Reinvestment."

c. Compensation denotes the rewards, compensation (including compensation for an employee, a director and a supervisor) and related compensation in connection with business expenses that are paid to one of the Company's general manager or vice general manager who serves as a director, supervisor or manager for an investee other than the Company's subsidiaries.

Note 10. Shi-ning DONG was newly elected on January 2, 2020.

Note 11. Jing-hui ZHOU was newly elected on March 16, 2020.

Note 12. Wen-kuei CHIANG was newly elected on November 9, 2020.

Note 13. Wei-pin WANG was newly elected on November 16, 2020.

Note 14. I-cheng LIN was newly elected on September 2, 2020.

Note 15. Hsi-chun LIU was newly elected on April 16, 2021.

* Since the contents of the remuneration disclosed in this table are different from the concept of income used in the Income Tax Act, the purpose of this table is for disclosure, not for taxation use.

(I) 3. Names of Managers Who Distributed Employee Compensation and the Status of Distribution

Unit: NT\$ Thousands

	Title (Note 1)	Name (Note 1)	Amount in Stock	Amount in Cash	Total	Total amount as percentage of net income (%)
Manager:	General Manager	Chang-shiou WU	0	74	74	0.02%
	Chief Financial Officer	Pai-tso SUN				
	General Manager of Concrete Business	Kuo-feng TING				
	Consultant	Yi-hsin PANG				
	Consultant (Note 3)	Shi-ning DONG				
	Vice General Manager (Note 4)	Jin-hui ZHOU				
	Vice General Manager	Wen-yun TIEN				
	Vice General Manager	Kuan-chun CHANG				
	Vice General Manager	Kuo-feng LIN				
	Vice General Manager	Mao-sheng KAN				
	Vice General Manager	Jun-kuang YANG				
	Vice General Manager (Note 5)	Wen-kuei CHIANG				
	Vice General Manager (Note 6)	Wei-pin WANG				
	Vice General Manager (Note 7)	I-cheng LIN				
	Vice General Manager (Note 8)	Hsi-chun LIU				
	Assistant General Manager	Cheng-te CHOU				
	Assistant General Manager	Ssu-chia KUNG				
	Assistant General Manager	Shu-fen YANG				

Note 1. Individual names and titles shall be disclosed, whereas earnings distribution may be disclosed in the aggregate.

Note 2. The compensation paid to employees in 2020 was NT\$13,686 thousand as resolved by the Company's Board Meeting on March 25, 2021; such amount for distribution was estimated in accordance with the Company's Regulations Governing Employee Compensation, as well as personal performance. "Net income" refers to the net income for the for 2020 amounted to NT\$373,905 thousand; for those who have adopted IFRS, the term "net income" denotes the net income as stated on the standalone/individual financial statements for the most recent annual period.

Note 3. Shi-ning DONG was newly elected on January 2, 2020.

Note 4. Jin-hui ZHOU was newly elected on March 16, 2020.

Note 5. Wen-kuei CHIANG was newly elected on November 9, 2020.

Note 6. Wei-pin WANG was newly elected on November 16, 2020.

Note 7. I-cheng LIN was newly elected on September 2, 2020.

Note 8. Hsi-chun LIU was newly elected on April 16, 2021.

- (II) Separately compare and describe total remuneration, as a percentage of net income, as paid by the Company and by all companies included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and vice general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

Title	2019	2020
	Ratio of Total Remuneration to Net Income, Which Remuneration Was Paid to the Company's Directors, Supervisors, General Managers and Vice General Managers by the Company and All Consolidated Entities	Ratio of Total Remuneration to Net Income, Which Remuneration Was Paid to the Company's Directors, Supervisors, General Managers and Vice General Managers by the Company and All Consolidated Entities
Director	16.39%	7.70%
Supervisor	0%	0%
General Manager and Vice General Managers	21.02%	13.64%

The policy on distribution of remuneration to directors and supervisors is set forth in the Company's Articles of Incorporation and was approved by the Shareholders' Meeting; the means of payment by which remuneration to the general manager and vice general managers are paid was conducted in accordance with the Company's Regulations Governing Management of Salaries and Wages and other related regulations.

IV. Implementation of Corporate Governance

(I) Implementation Status of the Board of Directors

In 2020, the Company held a total of 6 Board Meetings, attended (presented) by directors and supervisors as listed below:

Title	Name (Note 1)	Number of Times of Attendance (Presence) in Person	Times of Proxy Attendance	Attendance (Presence) Rate (%) (Note 2)	Remark Note
Chairman	Representative of Chien Hui Investment Co., Ltd.: Chang-shiou WU	6	0	100%	
Vice Chairperson:	Chi-te CHEN	6	0	100%	
Director	Pang-yen YANG	5	1	83%	
Director	Representative of Chien Siang Investment Co., Ltd.: Jui-hsing TSAI	3	3	50%	
Director	Tzu-chiang YANG	5	1	83%	
Director	Representative of Chien Hui Investment Co., Ltd.: Pai-tso SUN	6	0	100%	
Director	Chung CHENG	6	0	100%	
Director	Chu-hsin LEE	6	0	100%	
Director	Chi-hsin CHEN	4	2	67%	

Director	Yu-jui CHNAG	6	0	100%	
Independent Director	Chin-pao TSAI	6	0	100%	
Independent Director	Chen-yu FENG	6	0	100%	
Independent Director	Li-hsing I	6	0	100%	

Other Required Disclosure:

- I. Among the six board meetings held in 2020, each was attended by at least one independent director, either in person or by proxy of another independent director. For details of such proxy, please refer to the notes in the above columns.
- II. In case any of the following circumstances occurs at the Board Meeting, it is required to clearly specify the meeting date, meeting session, meeting content, opinions of all independent directors, and the Company's response thereto:
 - (I) Matters listed in Article 14-3 of the Securities and Exchange Act. The Company has established its Audit Committee; for details, please refer to the operations of the Audit Committee under Article 14-5 of the Securities and Exchange Act.
 - (II) Board resolution to which an independent director objects or for which an independent director has a qualified opinion, either in documentation or in writing, in addition to matters stated in the preceding subparagraph. Independent directors who attended the Board Meeting, either in person or by proxy, did not have any objection to or qualified opinion for any of the proposals.
- III. Implementation Status of Directors' Avoidance of Meetings Due to Conflicts of Interests:
 - (I) For the proposal of the acquisition of real estate use right assets by the Company and a related party, Chien Hwei Investment Co., Ltd, at the 10th Board Meeting of the 21st session Board of Directors, Chairman Chang-shiou WU, Vice Chairman Chi-te CHEN, Director Pai-tso SUN abstained from the discussion due to the conflict of interests. Such a proposal was presided over by Independent Director Chin-pao TSAI by proxy and was approved by the rest of the directors presenting or presenting by proxy as it had been proposed.
 - (II) For the proposal to donate NT\$1.8 million to the Chien Kuo Foundation For Arts And Culture at the 11th Board Meeting of the 21st session Vice-Chairman Chi-te CHEN and Director Pang-yen YANG abstained from the discussion due to the conflict of interests. Such a proposal was approved by the rest of the directors presenting or presenting by proxy as it had been proposed.
 - (III) For the proposal regarding the operating standards of year-end performance incentives in 2020 at the 14th Board Meeting of the 21st session Board of Directors, Chairman Chang-shiou WU and Director Pai-tso SUN abstained from the discussion due to the conflict of interests. Such a proposal was presided over by Vice Chairman Chi-te CHEN by proxy and was approved by the rest of the directors presenting or presenting by proxy as it had been proposed.
 - (IV) For the proposal regarding the establishment of investment business and employment of investment officers at the 14th Board Meeting of the 21st session Board of Directors, Vice Chairman Chi-te CHEN abstained from the discussion due to the conflict of interests. Such a proposal was approved by the rest of the directors presenting or presenting by proxy as it had been proposed.
- IV. Measures taken to strengthen the functionality of the Board in the current and the latest year (e.g. establishing the Audit Committee, enhancing information transparency), and implementation status:
 - (I) Members of the Company's Board of Directors, who value diversified elements and possess the knowledge, skills and literacy required for their jobs, regularly hear the report from the management team and give instruction and suggestions, communicating with the management team well and thus maximizing shareholders interests. There were 6 Board Meetings held in 2020, where information transparency was evident in that all critical resolutions were posted onto the MOPS according to law.

Note 1. Where a director or a supervisor is a corporation, disclose the names of such a corporate shareholder and its representative.

Note 2.

- (1) Where a directors or a supervisor resigns before the end of the annual period, the note column shall be annotated with the date of resignation. Actual attendance (presence) rate (%) shall be calculated as at the number of times of attendance (presence) in person divided by the number of Board Meetings held during his/her term of service.
- (2) Where an election of directors or supervisors is held before the end of the annual period, list the names of both the incoming and outgoing directors or supervisors in the note column with annotations specifying whether the directors or supervisors are outgoing, incoming or re-elected, as well as the date of the election. Actual attendance (presence) rate (%) shall be calculated as at the number of times of attendance (presence) in person divided by the number of Board Meetings held during his/her term of service.

(II) Evaluation of the performance for the Board of Directors

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Content
Once a year	The evaluation regarding the performance of Board of Directors for the previous year shall be conducted in the 1st quarter of each year. For example, the performance evaluation for January 1, 2019 to December 31, 2019 shall be conducted in the 1st quarter of 2020.	Board of Directors, Individual Directors, Remuneration Committee, Audit Committee, Strategic Committee	Internal self-assessment of the Board of Directors, self-assessment of Directors, and self-assessment of functional committee	<p>The performance evaluation on the Board of Directors: Include the degree of participation in the operation of the Company, the quality of the decision-making of the Board of Directors, the composition and structure of the Board of Directors, the selection and continuous education of Directors, and internal control.</p> <p>The performance evaluation on individual Directors: Include the knowledge about the Company's objectives and tasks, the understanding of Director's liabilities, the degree of participation in the Company's operations, the internal relationship management and communication, the specialty and continuous education of Directors, and internal control.</p> <p>The performance evaluation on the Strategic, Audit, and Remuneration committees: The degree of participation in the Company's operation, the cognition of the responsibilities of the functional committee, the quality of decision-making of the functional committee, the composition and selection of members of the functional committee, internal control.</p>

(III) The operation status of the Audit Committee or the supervisors' participation in the operation of the board

1. Operation Status of the Audit Committee: The Audit Committee of the Company held a total of 6 meeting in 2020.
2. The main purpose of the operation of the committee is to supervise the following matters:
 - (1) Fair expression of the Company's financial statements.
 - (2) Appointment (Dismissal) of the Company's CPAs and their independence and performance.
 - (3) Effective implementation of internal control of the Company.
 - (4) The Company's compliance with relevant laws and regulations.
 - (5) Management of the existing or potential risks of the Company.
3. The committee has power over the following matters:
 - (1) The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
 - (2) Assessment of the effectiveness of the internal control system.
 - (3) The adoption of or amendment to the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or

guarantees for others, pursuant to Article 36-1 of the Securities and Exchange Act.

- (4) Matters in which a director is an interested party.
 - (5) Asset transactions or derivatives trading of a material nature.
 - (6) Loans of funds, endorsements, or provision of guarantees of a material nature.
 - (7) The offering, issuance, or private placement of equity-type securities.
 - (8) The hiring or dismissal of a certified public accountant, or their compensation.
 - (9) The appointment or discharge of a financial, accounting, or internal audit officer.
 - (10) The annual financial report and the second quarterly financial report subject to audit by a certified public accountant.
 - (11) Other material matters as may be required by the Company or by the competent authority.
 - (12) Donation to related parties or major donations to non-related parties.
4. A total of 6 meetings (A) were held by the Audit Committee in the most recent year. The attendance of independent directors is as follows:

Title	Name	Times of Attendance in Person (B)	Attendance by proxy	Rate of Attendance in Person (%) (B/A) (Note)	Remark Note
Independent Director	Chin-pao TSAI	6	-	100%	
Independent Director	Chen-yu FENG	6	-	100%	
Independent Director	Li-hsing I	6	-	100%	

Other Required Disclosure:

- I. In case any of the following circumstances occurs at the operation of the Audit Committee, it is required to clearly specify the Board meeting date, meeting session, meeting content, resolutions by the Audit Committee and the Company's response thereto:

(I) Matters enumerated in Article 14-5 of the Securities and Exchange Act.

Date	Session	Meeting Content	Resolution	Company's Handling of the Opinions of the Audit Committee
March 27, 2020	9th meeting of 1st term	The proposal to adopt the Company's 2019 Annual Business Report, Financial Statements and Consolidated Financial Statements.	Audit Committee: Unanimously approved by all committee members present as it had been proposed. Submitted to the Board of Directors for resolution.	Board of Directors: Approved by all directors presenting or presenting by proxy.
		The proposal to assess the independence of, and to appoint, CPAs certifying the Company's financial statements.		
		The proposal to obtain the right-of-use assets of properties from the related party Jianhui Investment Co., Ltd.		
		The proposal to adopt the Company's 2019 "Statement on Internal Control System."		
		The proposal to adopt the implementation of treasury shares to repurchase the Company's shares.		
		The proposal for the earnings distribution of the Company for 2019.		
May 15, 2020	10th meeting of 1st term	The proposal to donate NT\$1.80 million to related party, Chien Kuo Foundation For Arts And Culture.	Audit Committee: Unanimously approved by all committee members present	Board of Directors: Approved by all directors presenting or presenting by proxy.

Date	Session	Meeting Content	Resolution	Company's Handling of the Opinions of the Audit Committee
			as it had been proposed. Submitted to the Board of Directors for resolution.	
July 30, 2020	2nd Extraordinary Meeting, 1st Session	The proposal to sell the equity of the China investee, Wuxi Chien Pang Concrete Co., Ltd.	Audit Committee: Unanimously approved by all committee members present as it had been proposed. Submitted to the Board of Directors for resolution.	Board of Directors: Approved by all directors presenting or presenting by proxy.
		The proposal for capital increase of Golden Canyon Venture Capital Investment Co., Ltd.		
August 14, 2020	11th meeting of 1st term	The proposal to retire treasury shares and alter the registration.	Audit Committee: Unanimously approved by all committee members present as it had been proposed. Submitted to the Board of Directors for resolution.	Board of Directors: Approved by all directors presenting or presenting by proxy.
		The proposal for capital increase of the China investee of the Company, Chien Ya (Shanghai) Information Technology Consultant Co., Ltd.		
November 13, 2020	12th meeting of 1st term	Proposal to offer an annual audit plan for 2021 for Chien Kuo Construction Co. Ltd.	Audit Committee: Unanimously approved by all committee members present as it had been proposed. Submitted to the Board of Directors for resolution.	Board of Directors: Approved by all directors presenting or presenting by proxy.
		The proposal to liquidate the equity of the China investee of the Company, Chien Yung (Yangzhou) Concrete Co., Ltd.		
		The proposal for the subsequent operation adjustment of the capital increase of the China investee of the Company, Chien Ya (Shanghai) Information Technology Consultant Co., Ltd.		
		The proposal to provide the endorsement or guarantee for the invested subsidiary, Fast Dragon International Electrical Engineering Co., Ltd., for the credit of bank facility.		
December 18, 2020	13th meeting of 1st term	The proposal to liquidate the equity of the China investee of the Company, Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	Audit Committee: Unanimously approved by all committee members present as it had been proposed. Submitted to the Board of Directors for resolution.	Board of Directors: Approved by all directors presenting or presenting by proxy.
		The proposal to liquidate the equity of the China investee of the Company, Chien Ya (Wuxi) Technology Consultant Co., Ltd.		
		The proposal of the adjustment of the previous board of directors' meeting regarding the capital increase of the Company's investment in "Golden		

Date	Session	Meeting Content	Resolution	Company's Handling of the Opinions of the Audit Committee
		Canyon Venture Capital Investment Co., Ltd."		

(II) Apart from the preceding matters, any resolution that was not approved by the Audit Committee but approved by two-thirds of all directors: None.

II. The implementation of avoidance of conflicts of interest by independent directors shall clearly specify the name of the independent director, meeting content, reasons for avoidance of conflicts of interest, and their participation in voting: None.

III. Communication between independent directors, internal audit supervisors and CPAs (shall cover the critical matters, methods and results of the Company's financial and business conditions).

(I) Communication policy between independent directors, internal audit supervisors

The Internal Auditors and Independent Directors have communicated the result of the audit reports to the members of the Audit Committee through meeting. The internal auditing managers report results of the internal audits to independent directors once every quarter and monthly in writing to the independent directors. Should the urgency of the matter require it, meetings can be convened any time.

The following table sets out the summary of subject matters for communication with the internal audit officers in 2020:

Date	Subject Matter	Status
2020.01~2020.12	Audit report for January to December in 2020.	The Audit Office regularly communicates the results of audit reports with the Audit Committee and reports them to the Board of Directors on a regular basis.
2020.03.28 Audit Committee	The execution for the audit plan, deficiencies and anomaly report on internal control for January to February 2020.	The communication with the Independent Directors of the Company for the audit execution and effectiveness remains healthy. Proposed and resolved to expand business checks and streamline internal control processes in response to concrete reduction, and have streamlined internal control operations in accordance with the organization
2020.05.09 Audit Committee	The execution for the audit plan, deficiencies and anomaly report on internal control for March to April 2020. Audit deficiencies report is not completed.	The communication with the Independent Directors of the Company for the audit operations remains healthy. Proposed and resolved to continuously strengthen the checks on business quotations and contracts involving the Company's interests, which have been included in the audit program to enhance the checks.

Date	Subject Matter	Status
2020.08.08 Audit Committee	The execution for the audit plan, deficiencies and anomaly report on internal control for May to July 2020. Audit deficiencies report is not completed.	The communication with the Independent Directors of the Company for the audit operations remains healthy. It is proposed and resolved to add rolling audit deficiency follow-ups to the report, and rolling follow-ups have been implemented in the report.
2020.11.13 Audit Committee	The execution for the audit plan for August to October 2020. Report on the revision of the Board of Directors' internal control procedures and analysis of internal control deficiencies and irregularities. Audit deficiencies report is not completed.	The independent directors of the Company agreed to approve the annual plan and submit the revised report to the Board of Directors for approval of the authority method. The communication of this meeting was healthy.
2020.12.18 Audit Committee	The execution for the audit plan, deficiencies and anomaly report on internal control for November 2020. Audit deficiencies report is not completed.	The Company's Independent Directors have maintained optimal communication about the audit.

- (II) Communication Policy between Independent Directors and CPAs
- Independent Directors and CPAs communicate through meeting. CPAs regularly report results of the audit, accounting estimates and other major issues financial accounting standards and changes in relevant securities and taxation regulations. CPAs will equally initiate contact with independent directors as needed.
- The following table sets out the summary of subject matters for communication with the CPAs in 2020

Date	Subject Matter	Status
2020.3.28 Audit Committee	The audit results of the consolidated financial statements for fiscal 2019. Key audit matters. Explanation of "Enhancing Financial Reporting Capabilities of Listed Companies" project.	The overall communication between Independent Directors and the external auditors is healthy.
2020.11.13 Audit Committee	Key audit matters. The Securities and Futures Bureau publishes instructions for adopting Remote Working mode.	The overall communication between Independent Directors and the external auditors is healthy.

Note:

* Where a director or a supervisor resigns before the end of the annual period, the note column shall be annotated with the date of resignation. Actual attendance rate (%) shall be calculated as at the number of times of attendance in person divided by the number of times of meetings of the Audit Committee held during his/her term of service.

* Where an election for independent directors is held before the end of the annual period, list the names of both the incoming and outgoing independent directors in the note column with annotations specifying whether the independent directors are outgoing, incoming or re-elected, as well as the date of the election. Actual attendance rate (%) shall be calculated as at the number of times of attendance in person divided by the number of times of Audit Committee meetings held during his/her term of service.

5. Supervisors' participation in the operation of the Board of Directors: Not applicable as the Company had established its Audit Committee and replaced the position of supervisors.

(IV) Corporate Governance Implementation Status, Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies", and the Reasons Therefor

Item Assessed	Operation Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
I. Has the Company established and disclosed its own corporate governance best practice principles based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has completed the revision of its own "Corporate Governance Best Practice Principles" at the 14th Board Meeting of the 21st Board of Directors on December 18, 2020.	No material deviations exist in that such principles has been revised pursuant to the latest version.
II. The shareholding structure of the Company and shareholders' interests				
(I) Does the Company establish an internal procedure for handling shareholder proposals, inquiries, disputes, and litigations? Are such matters handled according to the internal procedure?	V		(I) The Company's website (www.ckgroup.com.tw) has a stakeholder area to provide investors with a communication channel to deal with the problems stated on the left side.	No material deviations.
(II) Does the Company maintain a register of the major shareholders with controlling power, as well as a register of the ultimate controller of those major shareholders?	V		(II) The stock agent provides the shareholders roster on behalf of the Company. Depository & clearing company quarterly provide the shareholder register with more than 5% of the shareholding. The Company also regularly tracks and has insight into it via the monthly declaration of insiders shareholding changes declared by directors and supervisors.	No material deviations.
(III) Does the Company establish and enforce the risk control mechanism and firewall mechanism between itself and its associates?	V		(III) The Company has established a control mechanism over the investee companies, with a dedicated person responsible for management. Such mechanism has been established in accordance with either the Company's internal control system, internal audit system and related regulations and procedures, or laws and regulations.	No material deviations.
(IV) Does the Company stipulate internal rules that prohibit company insiders from trading securities using information not disclosed to the market?	V		(IV) The Company has stipulated internal rules that prohibit company insiders from trading securities using information not disclosed to the market.	No material deviations.

Item Assessed	Operation Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
III. Composition and responsibilities of the Board of Directors (I) Does the Board of Directors formulate a strategy as to achieve diversity among Board members, and, if so, is such strategy being implemented?	V		(I) ■Policy on diversification: 1. The Company has established a system for selection of directors that is comprehensive in that it considers the composition and diversification of the board of directors. The selection procedures for all directors are fair, open and just in that they comply with the Company's Articles of Incorporation, Regulations Governing Election of Directors, and Corporate Governance Best Practice Principles. The Company shall develop guidelines on diversity based on the operations, nature of business activities and development needs of the Company, including but not limited to the following two aspects: ♦ Basic conditions and values: Gender, age, nationality and culture. ♦ Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. 2. The members of the Board of Directors of the Company shall generally possess the knowledge, skills and self-cultivation required for the performance of their duties. The Company seeks to fulfill the ideals of corporate governance and requires members of the Board of Directors, as a whole, to possess knowledge and skills including business management ability, financial analysis ability, crisis management ability, leadership and decision making ability, industry knowledge, operation management, risk management, legal professional and venture capital ability, etc. ■Specific management policy: The Board of Directors of the Company shall guide the Company strategies, supervise the management levels, and be responsible for the Company and the shareholders. For various work and arrangement of the Company's governance system, the Authority of the Board of Directors shall be fully exercised according to regulations, Articles of Association, or Shareholders Meeting resolutions of. ■Specific implementation status: 1. Each of the Company's 13 directors in 2020 has the knowledge, skills and literacy necessary to perform their duties. They as a whole, possesses the various abilities to perform decision-making respecting the construction industry, crisis management, leadership and decision-making, and assists the Board in making decisions that are forward-looking, objective and comprehensive. 2. Achievement status: ♦ Independent directors who are members of the Board of Directors shall serve for a continuous period of not more than nine years: Achieved ♦ At least two of the Board members shall be independent directors for at least three consecutive terms: Achieved ♦ The number of directors who are also employees of the Company is less than 1/3 of the number of directors: Achieved	No material deviations.

Item Assessed	Operation Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons Therefor																																																																																																																																																																								
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(II) In addition to the Remuneration Committee and the Audit Committee established according to law, has the company voluntarily established other functional committees?	V		(II) The Company has established the Strategic Committee to make decisions on the direction of the Company's operations, with five members whose professional backgrounds cover management, financial analysis, and risk management. The committee had 4 meetings in 2020.	No material deviations.																																																																																																																																																																								
(III) Has the Company established standards to measure the performance of the Board, and does the Company implement such annually? Are the results submitted to the Board of Directors and used as references for the Director Remuneration and the nomination for reappointment?	V		(III) The Company has conducted the performance evaluation on the Board of Directors for 2020 in January 2021. Parties being evaluated consisted of the Board operation as a whole (including functional committees) and the performance of individual Board members. The evaluation was conducted by the team of corporate governance by means of an internal questionnaire. <ul style="list-style-type: none">■ The measurement of the performance evaluation of the Board (including functional committees) includes five major dimensions:<ol style="list-style-type: none">1. The extent to which they participate in the operation of the company.2. Improvement in the quality of Board decision-making.3. The composition and structure of the Board and various functional committees.4. Selection and continuing education of directors.5. Internal control.■ The measurement items of the performance evaluation of the Board made by Board members themselves comprise six major dimensions:<ol style="list-style-type: none">1. Mastery of company goals and tasks.2. Cognition of directors' duties.3. The extent to which they participate in the operation of the company.4. Internal relationship management and communication.5. Selection and continuing education of directors.6. Internal control.■ Evaluation Outcome:<ol style="list-style-type: none">1. Outcome of the self-conducted evaluation of overall Board performance (including functional committees).	No material deviations.																																																																																																																																																																								

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(IV) Does the Company regularly evaluate the independence of CPAs?	V		<table><tr><th>Evaluation Dimension</th><th>Evaluation Outcome</th></tr><tr><td>The extent to which they participate in the operation of the company.</td><td>Beyond the standard</td></tr><tr><td>Improvement in the quality of Board decision-making.</td><td>Beyond the standard</td></tr><tr><td>The composition and structure of the Board and various functional committees.</td><td>Beyond the standard</td></tr><tr><td>Selection and continuing education of directors.</td><td>Beyond the standard</td></tr><tr><td>Internal control.</td><td>Beyond the standard</td></tr></table>	Evaluation Dimension	Evaluation Outcome	The extent to which they participate in the operation of the company.	Beyond the standard	Improvement in the quality of Board decision-making.	Beyond the standard	The composition and structure of the Board and various functional committees.	Beyond the standard	Selection and continuing education of directors.	Beyond the standard	Internal control.	Beyond the standard	No material deviations.										
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			Selection and continuing education of directors.	Beyond the standard																						
			Internal control.	Beyond the standard																						
			<p>2. The outcome of the self-conducted evaluation by Board members are all beyond the standard.</p> <p>3. The outcome of the above evaluation was reported to the Company’s 15th Board Meeting of the 21st session on March 25, 2021.</p> <p>4. When selecting or nominating an independent director, the Company shall have based its selection on the outcome of evaluation of the performance of such an independent director.</p>																							
			(IV) The company evaluates the independence of the CPAs once a year. Neither the CPA firm selected nor the CPAs selected are a stakeholder with the Company and do not abide by the rules of independence. The Company completed the evaluation of the independence of CPAs at the 10th Board Meeting of the 21st session on March 27, 2020. Such an evaluation, as well as the appointment of CPA, were approved and conducted based on the evaluation items set out in Article 47 of Certified Public Accountant Act and Statement No. 10 of The Norm of Professional Ethics for Certified Public Accountant of the Republic of China.																							
			<table><tr><th>Item</th><th>Result</th></tr><tr><td>1. As of the latest certification, there was no circumstance in which replacement haven’t been made for 7 straight years.</td><td>■ Yes □ No</td></tr><tr><td>2. No significant financial interest with the principal.</td><td>■ Yes □ No</td></tr><tr><td>3. Avoid any inappropriate relationship with the principal.</td><td>■ Yes □ No</td></tr><tr><td>4. CPAs should ensure that their assistants are honest, impartial and independent.</td><td>■ Yes □ No</td></tr><tr><td>5. Prohibited from auditing or certifying the financial statements of the institution for which he/she served two years prior to his/her CPA practice.</td><td>■ Yes □ No</td></tr><tr><td>6. CPA’s name shall not be used by others.</td><td>■ Yes □ No</td></tr><tr><td>7. No shareholding in the Company or associates.</td><td>■ Yes □ No</td></tr><tr><td>8. No borrowing from the Company or associates.</td><td>■ Yes □ No</td></tr><tr><td>9. No co-investment or profit-sharing relationship with the Company or associates.</td><td>■ Yes □ No</td></tr><tr><td>10. Not simultaneously taking a regular position in the Company or associates and receiving a fixed salary therefrom.</td><td>■ Yes □ No</td></tr></table>	Item	Result	1. As of the latest certification, there was no circumstance in which replacement haven’t been made for 7 straight years.	■ Yes □ No	2. No significant financial interest with the principal.	■ Yes □ No	3. Avoid any inappropriate relationship with the principal.	■ Yes □ No	4. CPAs should ensure that their assistants are honest, impartial and independent.	■ Yes □ No	5. Prohibited from auditing or certifying the financial statements of the institution for which he/she served two years prior to his/her CPA practice.	■ Yes □ No		6. CPA’s name shall not be used by others.	■ Yes □ No	7. No shareholding in the Company or associates.	■ Yes □ No	8. No borrowing from the Company or associates.	■ Yes □ No	9. No co-investment or profit-sharing relationship with the Company or associates.	■ Yes □ No	10. Not simultaneously taking a regular position in the Company or associates and receiving a fixed salary therefrom.	■ Yes □ No
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Item Assessed	Operation Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
IV. If the company is a publicly-listed company, does the company has sufficient qualified corporate governance personnel in place and assign a chief corporate governance officer, to handle matters relating to corporate governance (including but not limited to providing directors and supervisors with materials necessary to perform their duties, assist directors and supervisors in legal compliance, handling matters in connection with the Board Meeting and the Shareholders' Meeting in accordance with laws and regulations, and prepare meeting minutes for the Board Meetings and the Shareholders' Meeting)?	V		11. Not involving in the management competence of the Company or associates as to make decisions. ■Yes □No	No material deviations.
			12. Not engaging in other business that may cause the loss of independence. ■Yes □No	
			13. Not a spouse, a lineal relative by blood or by marriage, or a relative within the second degree of kinship of the management of the Company. ■Yes □No	
			14. Not charging any commission in connection with the business. ■Yes □No	
			15. Not subject to any disciplinary action or damage to the principle of independence up to now. ■Yes □No	
			At the 4th Board Meeting of the 21st session on December 20, 2018, the Company established a concurrent personnel responsible for corporate governance: manager Yu-Yun Lin (who has an attorney's license) of the Department of Legal Affairs, who then summoned representatives from Department of Legal Affairs, Auditing Office, Secretary Office of the Board, and Office of Public Affairs to form the Corporate Governance Team. The scope of the team's tasks includes: 1. Provide the material required for the directors and independent directors to perform their duties. 2. Assist directors and independent directors in complying with laws and regulations; obtain liability insurance for directors in accordance with the law. 3. Provide members of the Corporate Governance Team irregularly with information to propagandize related laws and regulations. 4. Handling self-assessment of corporate governance evaluation. In 2020, Assistant General Manager Yu-yun LIN completed 12 hours of professional courses on Corporate Governance Case Studies - Corporate Culture and Shareholder Activism, Corporate Risk Management and Compliance Issues in Practice, Board Functioning Committee Operation in Practice, Corporate Governance 3.0 Blueprint Explanation and will continue to study corporate governance-related courses in the future. The implementation of duties of the Corporate Governance Team in 2020: 1. Obtained the liability insurance for directors. 2. Completed the self-conducted corporate governance evaluation; urged and assisted relevant departments in improving corporate governance evaluation items; Improved information transparency. 3. Assist Directors in completing their annual continuing education program in advance.	
V. Does the Company establish communication channels between stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a stakeholder area on the company's website, and respond appropriately to important corporate social responsibility issues of	V		The Company's website (www.ckgroup.com.tw) has a stakeholder area to provide investors with a communication channel to deal with the problems stated on the left side.	No material deviations.

Item Assessed	Operation Status (Note)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
concern to stakeholders. ?				
VI. Does the Company commission a professional shareholder services agency to handle matters in connection with the shareholders' meeting?	V		The Company appoints Yuanda Securities Co., Ltd. to deal with matters relating to the Shareholders' Meeting.	No material deviations.
VII. Information Disclosure (I) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(I) The Investor Zone on the Company's website can be accessed at: www.ckgroup.com.tw	No material deviations.
(II) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(II) The Company has set up an English website to enhance information disclosure, assigned a designated specialist to collect and disclose information, and appointed appropriate personnel to act as spokespersons and acting spokespersons in accordance with the laws and regulations.	No material deviations.
(III) Does the company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.	V		(III) Currently, the Company has not published and reported its annual financial report within two months after the end of a fiscal year, or published and reported its financial reports for the first, second and third quarters before the specified deadline; however, the Company published its operating status for each month in advance according to the self-closing status.	Subject to factors of the closing procedures of the Group, the vacation at the beginning of the year, the audit procedures of CPAs, and the schedule of the Board of Directors, the Company is unable to publish its financial report in advance.
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing liability	V		(I) The Company has updated its website, at which a brief introduction to the organizational structure and members of the Board of Directors is provided, and an investor zone and stakeholders zone set up to serve as a communication channel. (II) The situation of directors and supervisors for further training is declared on MOPS according to the prescribed time schedule. (III) The Company purchases liability insurance for directors every year and declares it on MOPS as required. (IV) Cultivation plan for succession of Board members and major management: The company pays attention to the implementation of the succession plan. In addition to its excellent working ability, the successor is in line with the Company's principle of	No material deviations.

Item Assessed	Operation Status (Note)		Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	
insurance for directors and supervisors)?			<p>conduct of “Integrity, Optimization, Well-being and Harmony” and its values, so as to create long-term value and make the Company sustainable.</p> <p>At the same time, the Company continues to employ talents who have excellent strategic execution capabilities and experience in listed companies and cultivate them to take the position of key management.</p> <p>Such cultivation includes relevant curriculum training held annually on planning management ability, professional occupational competence, establishment of company system and reflection of innovation and transformation characteristics. Trainees may apply such professional trainings and foster their own judgment on decision-making.</p> <p>(V) Linkage between directors performance evaluation and remuneration:</p> <ol style="list-style-type: none"> 1. Compensation paid to directors are determined in accordance with Article 18-1 of the Company’s Articles of Incorporation, in which the Board is authorized to determine such remuneration by reference to the industry standard, as well as the extent to which directors participate in the management of the Company. 2. The remuneration for the Company's Directors shall subject to Article 23 of the Articles of Incorporation. The procedures for determining the remunerations shall be based on the results of the performance evaluation on the Company's Board of Directors and the Regulations Governing Allocation and Payment of Remuneration to Directors. Except for referring to the overall operating performance of the Company, the future operating risks and development trend in the future, the evaluation of the reasonable compensation shall also consider the personal performance achievement and the contribution to the Company's performance. The Remuneration Committee and the Board have reviewed the reasonableness of the performance evaluation and remuneration, and regularly review the remuneration system in line with real operating conditions and laws and regulations, so as to strike a balance between risk control and sustainable management of the Company.
<p>IX. Please, based on the latest report of Corporate Governance Evaluation released by the Corporate Governance Center of TWSE, state the circumstances in which improvement has been made, and propose priorities and measures for those that have not yet improved.</p> <p>In 2020, the Company has completed the following matters:</p> <ol style="list-style-type: none"> 1. Passed the information security policy to minimize the information security risks and allow the information system to function normally. 2. Completed the due diligence for human rights. 3. Passed the environmental policies to promote environmental protection as its corporate responsibility and included the same into its corporate governance. In the future, the Company will include the effects of climate change on the business operations of the Company into the scope for its operational risk evaluation. 			

Note: Provide a brief description in the summary description column, regardless whether yes or no is selected.

(IV) Where a company has established a remuneration committee, it is required to disclose the composition, duties and implementation status of such a committee.

The Board of the Company has decided to establish the Remuneration Committee on October 28, 2011, whose composition, duties and implementation status is as follows:

1.Information of Members of the Remuneration Committee

Title (Note 1)	Criteria Name	Meeting One of the Following Professional Qualification Requirements, Together with At Least Five Years of Work Experience			Independence Criteria (Note 2)										Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Remark Note
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Chen-yu FENG	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	-
Independent Director	Chin-pao TSAI	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	-
Independent Director	Li-hsing I	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-
Others	Kua-teng SU	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	-

Note 1. In the Title column, please identify whether the person is a director, independent director or other.

Note 2. Please tick [✓] the boxes below each criterion if a member meets these conditions within two years prior to being elected and during his/her term of service.

- (1).Not an employee of the Company or any of its associates.
- (2).Not a director or supervisor of the Company or any of its associates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.
- (3).Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.
- (4).Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer as stated in (1) or any of the persons mentioned in (2) and (3).
- (5).Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the Company, or a top 5 shareholder, or a director or supervisor representative appointed by the Company in accordance with paragraph 1 or 2, Article 27 of the Company Act (excluding independent directors appointed by both the Company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).
- (6).Not directors, supervisors or employees of other companies controlled by the same person holding a majority of the company's director seats or voting shares of the company. (However, this restriction shall not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).
- (7).Not directors (governors), supervisors or employees of other companies or institutions who are the same person or spouse as the chairperson, general manager or person holding an equivalent position of the company. (However, this restriction shall not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a company and its parent or subsidiary or a subsidiary of the same parent).
- (8).Not any director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company (for a particular company or institution holds more than 20%, but not exceed 50%, of the company's issued shares, and the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, shall not be restricted by this provision.)
- (9).Not any professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. However, members of the special committee on remuneration, public acquisition review, or merger and acquisition who perform their functions and powers in accordance with the provisions of the Securities and Exchange Act or Business Mergers and Acquisitions Act and other relevant regulations shall not be subject to this provision.
- (10).Not having any of the circumstances as set forth in the subparagraphs of Article 30 of the Company Act.

2. Operations of the Remuneration Committee

(1) The number of members of the Remuneration Committee was 4 persons.

(2) Tenure of members of the committee of the current session: June 30, 2018 to June 29, 2021. A total of 2 (A) Remuneration Committee meetings were held in 2020. The information and attendance of the members was as follows:

Title	Name	Number of Actual Attendance (B) Number of times	Attendance by Proxy Number of times	Attendance rate (%) (Note)	Remark Note
Convener	Chen-yu FENG	2	0	100%	
Member	Chin-pao TSAI	2	0	100%	
Member	Li-hsing I	2	0	100%	
Member	Kua-teng SU	2	0	100%	

Other Required Disclosure:

I. In the case that the Board declines to adopt a recommendation of the remuneration committee, or that the Board modifies the same, it shall specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.

II. Where there is any resolution of the Remuneration Committee to which a member objects, or on which a member has a qualified opinion, and such objection or qualified opinion is documented or reduced to a written statement, it is required to disclose the meeting date, meeting session, proposal content, opinions of all members and the response thereto: None.

III. Subject matters and resolutions of the Remuneration Committee of 2020 are as follows:

Date of Convention	Subject Matter	Resolution	Company's Handling of the opinions of members of the Audit Committee
March 27, 2020 7th meeting of the 3rd term	I. The proposal of compensation to employees and remuneration to directors for 2020 II. The proposal of distribution of remuneration to directors for 2019.	Approved by all members and reported to the Board.	Approved by all directors and by proxy present and implemented according to the meeting results.
December 18, 2020 8th meeting of the 3rd term	I. The proposal of the operating standards of year-end performance incentives in 2020 II. The proposal of the establishment of investment business and employment of investment officers.	Approved by all members and reported to the Board.	

Note: (1) Where a member of the Remuneration Committee resigns before the end of the annual period, the note column shall be annotated with the date of resignation. Actual attendance rate (%) shall be calculated as at the number of times of attendance in person divided by the number of times of meetings of the Remuneration Committee held during his/her continuance in office.

(2) Where an election for members of the Remuneration Committee is held before the end of the annual period, list the names of both the incoming and outgoing members in the note column with annotations specifying whether the members are outgoing, incoming or re-elected, as well as the date of the election. Actual attendance rate (%) shall be calculated as at the number of times of attendance in person divided by the number of times of meetings of the Remuneration Committee held during his/her continuance in office.

(V) Corporate Social Responsibility and Deviations from the Corporate Social Responsibility Best- Practice Principles for TWSE/TPEX Listed Companies” and the Reasons Thereof

Item Assessed	Implementation Status (Note 1)			Corresponds to the and the reasons
	Yes	No	Summary Description (Note 2)	
I. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company’s operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 3)	V		The Corporate Governance Group, Human Resources Division, General Affairs Department and Public Affairs Office of the Company jointly conduct the risk evaluation of environmental, social, and corporate governance aspects related to its operations based on the materiality principles. The Company individually evaluates the effects of the construction industry environment, information security, and climate change, and established relevant risk management policies to carry out cross-segment risk communication and adopt corresponding strategies in line with the cost-effect. The Company assigns a dedicated unit to execute the corresponding strategy, perform the drills for material potential risks and report the execution to the Board of Directors. For details of risk management, please refer to #page31-33# of the 2019 CSR Report.	No material deviations.
II. Does the company establish an exclusively (or concurrently) dedicated unit for promoting CSR? Is the unit empowered by the Board of Directors to implement CSR activities at upper management levels? Does the unit report the progress of such activities to the Board of Directors?	V		The Office of Public Affairs, set up by the Company in the Chairman’s Office immediately under the chairman of the Board, is responsible for promoting matters in connection with corporate social responsibility and ethical corporate management, and for executing policies, propagating work and promoting projects, and ensuring the Implementation of the Ethical Corporate Management Best Practice Principles by the various business units based on their job duties and scope. At the end of the year, the Office of Public Affairs reports to the Board of Directors on the business execution and promotion results of the year. Under the supervision and promotion of the Board of Directors, it continuously promotes the implementation of corporate social responsibility, ethical corporate management and the core values of the enterprise.	No material deviations.

Item Assessed	Implementation Status (Note 1)			Corresponds to the and the reasons
	Yes	No	Summary Description (Note 2)	
III. Environmental Issues (I) Does the Company establish proper environmental management systems based on the characteristics of their industries? (II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? (III) Does the company assess the potential risks and opportunities brought by climate changes, both for now and in the future, and take measures to cope with?	V V V		(I) Under the Department of Administrative General Affairs, the Company set up a material management business in charge of the establishment of a management system responsible for resource allocation, recycling and reuse of various construction sites throughout the country. Such a business is based on the spirit of the Corporate Social Responsibility Best Practice Principles and Environmental Policy, and continues to effectively implement the Company's policy on developing a sustainable environment. (II) The Company adopted and implemented the "Environmental Policy" in January 2019 to fulfill its commitment to implementing environmental protection, environmental management, green procurement and energy conservation. Such a policy employs the strategy as to how to reduce the consumption of energy, paper and water resources, to manage waste recycling and to improve the energy efficiency of equipment, in order to reduce the impact on the environment during the business operation. In the future, the Company will also study environmental management system certification. (III) From 2019 onwards, the Company will incorporate climate change into its risk management procedures, and assess the impact of climate change on business operations so as to development countermeasures. Please refer to #page 33, 77-79# of 2019 CSR Report.	No material deviations. No material deviations. No material deviations.

Item Assessed	Implementation Status (Note 1)			Corresponds to the and the reasons
	Yes	No	Summary Description (Note 2)	
(IV) Does the Company conduct statistics on the greenhouse gas emissions, water consumption, and total weight of waste for the past two years, and correspondingly formulate policies for energy conservation, carbon reduction, greenhouse gas reduction, water use reduction, or other waste management?	V		<p>(IV) Since 2016, the Company has voluntarily conducted the greenhouse gas verification at its corporate headquarter. In 2019, CO₂e was 149.39 tons, which comprised 7.14 tons of scope 1 CO₂e and 142.25 tons of scope 2 CO₂e. In 2020, CO₂e was 141.13 tons, which comprised 7.76 tons of scope 1 CO₂e and 133.37 tons of scope 2 CO₂e.</p> <p>The water consumption of the corporate headquarters for 2018 was estimated to be approximately 1,352 tons, and the water consumption was 1,306 tons in 2019. The water consumption was 1,629 tons in 2020 due to the impact of COVID-19. The Company began to calculate the amount of waste produced from 2019; the construction waste was 16,220.84 tons and the domestic waste was 3,879.42 tons. In 2020, due to increase in business volume, the construction waste was 34,895.41 tons and the domestic waste was 6,913.25 tons. In accordance with the Environmental Protection Department's construction waste management policy, the Company has commissioned professional and qualified contractors to conduct regular environmental monitoring, implement site waste separation and reduction, encourage resource recycling, promote waste separation and reduce the use of disposable containers and legal suppliers are engaged for the recycling according to the type of wastes</p>	No material deviations.
IV. Social Aspects (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(I) The Company formulates its code of practice based on requirements to protect labor rights, working rights, and human rights under the labor laws and regulations and international covenants of human rights as the standards for the Company to manage and the	No material deviations.

Item Assessed	Implementation Status (Note 1)			Corresponds to the and the reasons
	Yes	No	Summary Description (Note 2)	
(II) Does the Company establish and offer proper employee benefits (including compensation, leave, and other benefits) and reflect the business performance or results in employee compensation appropriately?	V		employees to observe. (II) The Company has a comprehensive level of positions and salary system; it provides salaries more favorable than the standard within the industry for its employees, and provides year-end bonus and performance incentives according to the personal performance and operating performance of the Company; furthermore, it provides festive bonuses for the three significant Chinese festivals for employees. In addition, the Company conducts the employee performance interview twice a year, and adjustments will be made to the salaries according to employees' performance.	No material deviations.
(III) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		(III) The Company sets its primary target as creating a carefree working environment. Except for passing the certification to ensure the compliance with the basic requirements under the domestic environmental regulations and international safety regulations, the Company regularly conducts safety and hygiene education or promotion, so as to ensure that all employees may fulfill the safety and hygiene work. In addition, the Company conducts medical checkups for employees every two years to ensure the physical and mental health and safety of each employee.	No material deviations.
(IV) Does the Company provide employees with an effective training program respecting career competence development?	V		(IV) The Company allows employees to plan their learning path to improve their professional skills, which also include facing the requirements and challenges for career development, and the cultivation for learning diverse functions and managing capacity related to teamwork, communication, leadership, and finance. Therefore, the Company trains the professional capacities of its employees from their on-boarding, together with core function training and management training. An occupational performance test would be conducted every quarter to understand the current staff	No material deviations.
	V			No material deviations.

Item Assessed	Implementation Status (Note 1)			Corresponds to the and the reasons
	Yes	No	Summary Description (Note 2)	
(V) Has the Company followed relevant laws, regulations and international guidelines for the customer health and safety, customer privacy, and marketing and labeling of its products and services and established related consumer protection policies and grievance procedures?	V		function and the results of the development training and transfer of learning. (V) The Company provides professional customer services and strictly observes relevant laws and regulations and standards. To realize its professional services, the Company established a customer service line and disclosed the contact method on its website. Dedicated personnel would provide customer services to provide instant consultancy or dispute handling proposed by the corporate customers or end-consumers. They will explore the reason for the appeal content, provide instant corresponding disposals, and develop improvement strategies.	No material deviations.
(VI) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights? How is the implementation?	V		(VI) The Company has established a stringent supplier selection assessment and evaluation operations, which require suppliers to provide documents of drawings, regulations, environmental, labor, safety and hygiene requirements for assessment. After the review, the dedicated unit would perform the contracting operations according to our procurement and contracting procedures. The requirements on the environment, occupational safety, and human rights of the Company will be clearly stated in the contract, and such requirements will be listed as one of the fulfillment conditions. Furthermore, during the construction period, the Company would regularly conduct auditing to determine whether the supplier has executed according to the contract. For any violation, the Company would request the supplier to make rectification immediately. Subsequently, the continued cooperation with the supplier will be subject to the execution and improvement of the supplier.	No material deviations.

Item Assessed	Implementation Status (Note 1)			Corresponds to the and the reasons
	Yes	No	Summary Description (Note 2)	
V. Does the company refer to internationally recognized report preparation standards or guidance to prepare reports disclosing non-financial information of the Company, including CSR Report? Has the Company received assurance or certification of the aforesaid reports from a third party accreditation institution?	V		The Company publishes its governance information on the Market Observation Post System according to the law and sets a section exclusive for social participation and stakeholders on the Company's website. The Company started preparing its CSR Report since 2019, publicly disclosed information related to the corporate social responsibility of the Company, and continued to improve the quality of disclosures made in the report, with an aim to obtain the third-party assurance or certification in the future.	No material deviations.
VI. If the Company has established the corporate social responsibility principles based on the “Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies,” please describe any deviation between their established principles and their implementation thereof: <ol style="list-style-type: none"> 1. Execute the internal corporate communication program to improve the interaction frequency and their recognition with the organization. 2. Execute the public welfare renovation project to help vulnerable groups in improving their residence. 3. Execute corporate volunteers matching operations and encourage employees to apply for the corporate volunteer leave to participate in volunteering services for not-for-profit organizations. 4. Organize the content of the CSR educational training programs to assist employees in realizing relevant CSR projects. 5. Prepare the CSR Report and regularly disclose the CSR performance. 6. Execute the energy preservation plan in offices and regularly communicate and promote environmental-friendly conduct. 7. Assist the Corporate Governance Team in executing its corporate governance improvement plans. 				
VII. Other important information to facilitate better understanding of the company’s corporate social responsibility practices : Action plans and the implementation outcomes thereof of the corporate social responsibility for 2020: <p>(I) Adhering to the philosophy of “Take from society, give back to society”, the Company always seeks to have an in-depth understanding of what the society needs, and actively assists social welfare communities and provides necessary assistance to the disadvantaged groups.</p> <ol style="list-style-type: none"> 1. Repair plan for buildings of the Chung Yi Social Welfare Foundation: The Company appointed the engineering professional colleagues to assist in planning, and prompted coordinating suppliers to participate in raising the resources needed for such a social welfare community. 2. Raised daily necessities for the social welfare units in need, e.g., solicited clothing donation for Cihfang Care Center and festive food, such as moon cakes, for Chung Yi Social Welfare Foundation. <p>(II) The Company provides employees with 2 days of paid volunteer leave each year to encourage employees to actively participate in charitable events.</p> <ol style="list-style-type: none"> 1. Called employees to constitute a volunteer group to participate in the Indigence 30 - Homeless Year-end Party of the Genesis Social Welfare Foundation; arranged for colleagues to assist in execution of administrative affairs at The Garden of Hope Foundation; planned, in spring and autumn, to have colleagues accompany children of Chung Yi Social Welfare Foundation for an educational tour; provided volunteer human powers for Huashan Social Welfare Foundation; and other charitable events. 2. In the 2020, 45 people participated in the volunteer activities of the “The Garden of Hope Foundation” and “Chung Yi Social Welfare Foundation”, either as administrative volunteer or as service volunteer. The total number of service hours was 324 hours; Between 2010 and 2020, the Company 				

Item Assessed	Implementation Status (Note 1)			Corresponds to the and the reasons
	Yes	No	Summary Description (Note 2)	
has had a record of 2,189 people participating in charitable events and 8,954 hours of participation in volunteer service.				
(III)Regular celebrations of birthday gatherings and occasional family days are held to bring employees closer to each other in a joyful atmosphere, and to eliminate communication barriers between employees, so as to facilitate the Company's business development and policy implementation.				
(IV)In 2020, the Company donated NT\$500,000 to the 30th “Indigence 30” campaign launched by the Genesis Social Welfare Foundation and appropriated a budget amounted to NT\$50,000 for an educational tour of the Chung Yi Social Welfare Foundation.				

Note 1. If “Yes” is checked in the operating status column, please explain the important policies, strategies, measures and implementation situations; if “No” is checked in the operating status column, please explain the reasons, as well as give relevant policies, strategies and measures to counter the situation.

Note 2. Companies who have compiled a CSR report may specify the ways to access the CSR and the page numbers of the cited content in the “summary description” column for the operations.

Note 3. The principle of materiality refers to environmental, social and corporate governance issues that have significant impacts on the company's investors and other stakeholders.

(VI) Fulfillment of Ethical Corporate Management and Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons Thereof

Item Assessed	Operation Status (Note)			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Thereof
	Yes	No	Summary Description	
<p>I. Establishment of ethical corporate management policies and programs</p> <p>(I) Does the Company establish the ethical corporate management policies approved by the Board of Directors and specify in its rules and external documents the ethical corporate management policies and practices and the commitment of the board of directors and senior management to rigorous and thorough implementation of such policies?</p> <p>(II) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p> <p>(III) Does the Company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, code of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies? And does the company regularly review and amend the above policies?</p>	V		<p>(I) In December 2019, the Company made the 3rd amendments to its “Ethical Corporate Management Best Practice Principles,” by which the directors, functional committee members, managers and all employees of the Company were required to abide, and continued to strictly review the relevant business in accordance with the principles.</p> <p>(II) The Company has set precautionary measures against unethical operating risks and promulgated such measures in management meetings, which measures include the prohibition of bribing and bribery-taking, the prohibition of providing illegal political contributions, the prohibition of making improper charitable donations or sponsorships, the prohibition of employees providing or accepting unreasonable gifts, hospitality or other illegitimate benefits.</p> <p>(III) The Company regularly conducts necessary educational publicity for directors, functional committee members, managers and employees, and specifies various business regulations and e-mailboxes for filing a grievance, in order to prevent the occurrence of dishonesty. The various regulations are announced on the Company’s website.</p>	<p>No material deviations.</p> <p>No material deviations.</p> <p>No material deviations.</p>
<p>II. Implementation of Ethical Management</p> <p>(I) Does the Company assess the ethics records of whom it has a business relationship with and include business conduct and ethics-related clauses in the business contracts?</p>	V		<p>(I) The Company collects the bank records of the person with whom it is corresponding, and specifies in the procurement contract an ethics clause stating that contract parties must abide by the ethic management policy, and that where the counter-party involves in any unethical conduct, the</p>	No material deviations.

Item Assessed	Operation Status (Note)			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons Thereof
	Yes	No	Summary Description	
<p>(II) Does the Company set up a unit that is dedicated to or tasked with promoting the company's ethical standards and reports regularly (at least once a year) to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?</p> <p>(III) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?</p> <p>(IV) Does the Company establish effective accounting systems and internal control systems to implement ethical corporate management and has its internal audit unit, based on the results of the assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?</p> <p>(V) Does the Company provide internal and external ethical conduct training programs on a regular basis?</p>	V		<p>Company may terminate or cancel the contract therebetween at any time.</p> <p>(II) The ethical management policy is specified both in the Articles of Incorporation and on the external websites of the Company and the business group. The Office of Public Affairs, as well as the Human Resource Department of the business group, are responsible for the formulation of the ethical management policies and precautionary programs, for supervision on the implementation thereof, and for reporting to the Board of Directors at the end of each year on a regular basis.</p> <p>(III) The Company has set up an email-box for grievance-filing, as well as formulated its Code of Ethical Conduct, by which it conducts related business, prevents conflicts of interest, and averts unethical conducts such as pursuing ones own interest.</p> <p>(IV) In order to ensure the implementation of ethical management, the Company has established an effective accounting system and an internal control system, whose compliance is regularly audited by internal and external auditors.</p> <p>(V) The Company holds the "Integrity Seminar" every year, in which the core corporate value of "Integrity, Optimization, Well-being and Harmony" is publicized to all colleagues.</p>	<p>No material deviations.</p> <p>No material deviations.</p> <p>No material deviations.</p> <p>No material deviations.</p>
<p>III. Implementation of the Whistle-blowing Mechanism</p> <p>(I) Does the Company establish specific whistle-blowing and reward systems, set up conveniently accessible whistleblowing channels, and designate responsible individuals to deal with the one being whistle-blown?</p> <p>(II) Does the Company establish the standard operating procedures for investigating reported misconduct,</p>	V		<p>(I) Employees can report violations of Ethical Corporate Management Best Practice Principles to the management and auditors through an electronic service mailbox. The Company reviews the rewards and punishments of employees based on the "Employee Rewards and Punishment Regulation" and announces the relevant rewards and punishments on the internal website.</p> <p>(II) Abiding by the Personal Information Protection Act, the Company has established a whistle-blowing system, which serves as a proper channel</p>	<p>No material deviations.</p> <p>No material deviations.</p>

Item Assessed	Operation Status (Note)			Deviations from the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Thereof
	Yes	No	Summary Description	
<p>follow-up measures to be taken after the investigation, and related confidentiality mechanisms?</p> <p>(III) Does the Company adopt proper measures to prevent a whistle-blower from retaliation for his/her whistle-blowing?</p>	V		for whistle-blowing and requires the identity of the whistle-blower and the whistle-blowing contents be kept confidential.	
<p>IV. Enhancing Information Disclosure</p> <p>Does the company establish specific whistle-blowing and reward systems, set up conveniently accessible whistleblowing channels, and designate responsible individuals to deal with the one being whistle-blown?</p>	V		The Company's website publicly discloses its "Ethical Corporate Management Best Practice Principles" and related information, please refer to http://www.ckgroup.com.tw/ .	No material deviations.
<p>V. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation between the policies and their implementation: No significant deviation</p>				
<p>VI. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies):</p> <p>(I) Ethical Corporate Management Action Plan:</p> <ol style="list-style-type: none"> 1. The Company provides the employees with the corporate culture training activity, namely the "Integrity Seminar", in which the core corporate value of "Integrity, Optimization, Well-being and Harmony" is promulgated, so as to facilitate employees' focus and implementation of the Company's core value, and to formulate and cohere the philosophy of ethical corporate management. 2. In the education and training courses for new employees, the Company publicizes to them the corporate culture and ethical management, which focus on the introduction of the core value of the enterprise and the implementation of its Ethical Corporate Management Best Practice Principles. 3. Amended the Employees Work Rules to promote the implementation of the Ethical Corporate Management Best Practice Principles. 4. Unobstructed employee communication channels, e.g., setting up the employee communication box and a dedicated specialist, and handling face-to-face communication meetings with employees. <p>(II) Ethical Corporate Management Implementation:</p> <ol style="list-style-type: none"> 1. In response to COVID-19, the Integrity Seminar was suspended this year and replaced by a 60th anniversary fair to promote the company's core cultural values and business philosophy, with a total of 241 employees participating in the 6-hour event (including dependents, 520 in total). 2. In June, July, August 2020, the Company organized four sessions of training courses for new employees; each session has two hours of courses related to our corporate culture, ethical management, and internal control communication; a total of 48 employees completed the training. 3. In March 2020, the Company organized one sessions of Chairman meetings, with a total of 6 participants, including new employees and senior employees, to meet the Chairman in person to discuss the Company's business philosophy, organizational culture and internal issues. 				

Note: Provide a brief description in the summary description column, regardless whether yes or no is selected.

(VII) Internal Control System Implementation Status

1. Statement of Internal Control System

Chien Kuo Construction Co., Ltd.
Statement of Internal Control System

Date: March 25, 2021

Based on the findings of a self-assessment, Chien Kuo Construction Co. Ltd. states the following with regard to its internal control system during the year 2020:

- I. The Company acknowledges that the establishment, implementation and conservation of the internal control system are the responsibilities of the Board of Directors and the managers of the Company. The Company has constructed such a system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
- II. The internal control system has inherent constraints. No matter how comprehensively designed, an effective internal control system is only capable of providing adequate assurance of achieving the three above-mentioned objectives. Moreover, the effectiveness of the internal control system may be altered due to changes in the environment and circumstances. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of internal managerial control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component is also composed of several items. Please refer to the Regulations for the above items.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the findings of such evaluation, the Company believes that, on December 31, 2020, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of its subsidiaries), to provide reasonable assurance over its operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws, and regulations.
- VI. This Statement is an integral part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
- VII. This Statement was passed by the Board of Directors in their meeting held on March 25, 2021, with all the 13 directors presenting or presenting by proxy having no dissenting opinions and affirming the content of this Statement.

Chien Kuo Construction Co., Ltd.
Chairperson: Chang-shiou WU Signature
General Manager: Chang-shiou WU Signature

2. If CPA Was Engaged to Conduct a Special Audit of Internal Control System, Provide Its Audit Report: No occurrence, hence not applicable.

(VIII) Any penalty inflicted by law on the company and its insiders, any penalty inflicted by the company on its insiders having non-compliance with the internal control system, major non-compliance and the improvement thereof as at the most recent fiscal year and the current fiscal year up to the publication date of the annual report: None.

(IX) Major resolutions of Shareholders' Meeting and Board Meetings as at the most recent fiscal year and the current fiscal year up to the publication date of the annual report:

1. Major resolutions of the Shareholders' Meeting

Meeting Year	Meeting Time	Major Resolutions	Review of implementation
2020	2020.06.23	<ol style="list-style-type: none"> 1. Passed the Company's proposal of the 2019 Business Report and Financial Statements. 2. Passed the Company's 2019 earnings distribution proposal. 	<ol style="list-style-type: none"> 1. The 2019 earnings distribution proposal has been fully executed. 2. Set July 27, 2020 as the ex dividend date; completed the distribution of cash dividends on August 18, 2020.

2. Important resolutions of the Board of Directors for 2020 and the year up to March 25, 2021

Date	Session	Proposal
March 27, 2020	The 10th meeting of Board of the 21st session	<ol style="list-style-type: none"> 1. Passed the proposal respecting the amount of compensation to employees and remuneration to directors and supervisors for 2019. 2. Passed the proposal to adopt the Company's 2019 Annual Business Report, Financial Statements and Consolidated Financial Statements. 3. Passed the Company's 2019 earnings distribution proposal. 4. Approved the implementation of treasury shares to repurchase the Company's shares. 5. Approved matters relating to the date, place and subject matters of the 2020 Shareholders' Meeting. 6. Approved matters relating to the rights of shareholders with more than 1% shareholding to propose a proposal. 7. Approved to obtain the right-of-use assets of properties from the related party Jianhui Investment Co., Ltd. 8. Approved the Company's "Statement of Internal Control System" for 2019. 9. Passed the proposal to amend a portion of the Company's "Regulations Governing Procedure for Board of Directors Meetings." 10. Passed the proposal to amend a portion of the Company's "Audit Committee Charter." 11. Passed the proposal to assess the independence of, and to appoint, CPAs certifying the financial report.
May 15, 2020	The 11th meeting of Board of the 21st session	<ol style="list-style-type: none"> 1. Passed the proposal to donate NT\$1.80 million to related party, Chien Kuo Foundation For Arts And Culture.

Date	Session	Proposal
July 30, 2020	The 2nd interim meeting of Board of the 21st session	<ol style="list-style-type: none"> 1. Passed the proposal to sell the equity of the China investee, Chien Pang (Wuxi) Concrete Co., Ltd. 2. Passed the proposal for capital increase of Golden Canyon Venture Capital Investment Co., Ltd.
August 14, 2020	The 12th meeting of Board of the 21st session	<ol style="list-style-type: none"> 1. Passed the proposal to retire the Company's treasury shares and alter the registration. 2. Passed the proposal of the Company's reinvested subsidiary "Golden Canyon Venture Capital Investment Co., Ltd. - Procedures for Acquisition or Disposal of Assets". 3. Passed the proposal for capital increase of the China investee of the Company, Chien Ya (Shanghai) Information Technology Consultant Co., Ltd. 4. Passed the proposal of commissioning Fubon Securities Investment Trust Co., Ltd. to handle a securities discretionary account for domestic securities financial investment
November 13, 2020	The 13th meeting of Board of the 21st session	<ol style="list-style-type: none"> 1. Passed the proposal to offer an annual audit plan for 2021 for Chien Kuo Construction Co. Ltd. 2. Passed the proposal to liquidate the equity of the China investee of the Company, Chien Yung (Yangzhou) Concrete Co., Ltd. 3. Passed the provision of endorsement or guarantee for the invested subsidiary, Fast Dragon International Electrical Engineering Co., Ltd., for the bank facility credit. 4. Passed the proposal for the subsequent operation adjustment of the capital increase of the China investee of the Company, Chien Ya (Shanghai) Information Technology Consultant Co., Ltd.
December 18, 2020	The 14th meeting of Board of the 21st session	<ol style="list-style-type: none"> 1. Passed the proposal to liquidate the equity of the China investee of the Company, Chien Ya (Yangzhou) Technology Consultant Co., Ltd. 2. Passed liquidation for the equity of the China investee of the Company, Chien Ya (Wuxi) Information Technology Consultant Co., Ltd. 3. Passed the proposal of the adjustment of the previous board of directors' meeting regarding the capital increase of the Company's investment in "Golden Canyon Venture Capital Investment Co., Ltd." 4. Passed the proposal of the operating standards of year-end performance incentives in 2020 5. Passed the proposal of the establishment of investment business and employment of investment officers. 6. Passed the proposal to revise the Company's "Corporate Governance Best Practice Principles." 7. Passed the proposal for the amendments to all 30 provisions of the Company's Corporate Social Responsibility Best Practice Principles. 8. Passed the proposal to revise the Company's "Regulations Governing Evaluation of Board Performance."
March 25, 2021	The 15th meeting of Board of the 21st session	<ol style="list-style-type: none"> 1. Passed the proposal of employee compensation amount for 2020. 2. Passed the proposal of director remuneration amount for 2020. 3. Passed the proposal to adopt the Company's 2020 Annual Business Report, Financial Statements and Consolidated Financial Statements. 4. Passed the proposal for the earnings distribution of the Company for 2020. 5. Passed the proposal to revise the Company's Articles of Incorporation 6. Passed the proposal to amend a portion of the Company's Procedures for Election of Directors. 7. Passed the proposal to amend a portion of the Company's "Rules and

Date	Session	Proposal
		<p>Procedures of Shareholders' Meeting.”</p> <ol style="list-style-type: none"> 8. Passed the proposal to revise the Company's Procedures for Acquisition or Disposal of Assets. 9. Passed the proposal of “Election of the Members of Board of the 22 Session of the Company” and listed such proposal on the agenda of the 2021 Shareholders' Meeting. 10. Pass the proposal of the Shareholders' Meeting dissolving the non-competition clause imposed on new directors and their corporate representatives. 11. Approved matters relating to the date, place and subject matters of the 2021 Shareholders' Meeting. 12. Approved matters relating to the rights of shareholders with more than 1% shareholding to propose a proposal. 13. Approved matters relating to the rights of shareholders with more than 1% shareholding to nominate. 14. Approved the nomination of candidates for the 22nd session of directors of the Company. 15. Approved the Company's “Statement of Internal Control System” for 2020. 16. Approved to obtain the right-of-use assets of properties from the related party Chien Hwei Investment Co., Ltd. 17. Passed the proposal to donate NT\$1.80 million to Chien Kuo Foundation For Arts And Culture. 18. Passed the proposal to assess the independence and competency of, and to appoint, CPAs certifying the Company's financial statements. 19. Passed the proposal to revise the Company's "Rules Governing the Scope of Powers of Independent Directors." 20. Passed the proposal to revise the Company's "Audit Committee Charter." 21. Passed the proposal to revise the Company's "Endorsement/Guarantee Against the Renewal of Bank Credit Lines for Investee Companies." 22. Passed the proposal of the opening of new securities discretionary account for domestic securities financial investment

- (X) Major contents of any dissenting opinions on record or stated in a written statement made by Directors or Supervisors against major resolutions of the Directors' Meeting in the most recent fiscal year and the current fiscal year up to the publication date of the annual report: None.
- (XI) Summary of the resignation and dismissal of the Company personnel including chairman, general manager, accounting managers, finance managers, internal auditing managers, and R&D managers in the most recent fiscal year and the current fiscal year up to the publication date of the annual report: None.

V. CPA Fees

Unit: NT\$ Thousands

Name of CPA Firm	Name of CPA	Audit Fees	Non-Audit Fees					Audit Period	Remark Note
			System design	Business registration	Human resource	Others (Note 2)	Subtotal		
Deloitte Taiwan	Wen-chin LIN Chun-hung CHEN	2,940	-	-	50	592	642	2020.01.01-2020.12.31	1. Others include advance payment, typing and printing expenses of NT\$196 thousand, transfer pricing report of NT\$215 thousand, capital reduction case of NT\$100 thousand, and business tax direct deduction method review of NT\$81 thousand.

Note 1. Where this Company replaces the CPA or accounting firm, the auditing periods of the former and successor CPA or firm shall be annotated separately with the reason for replacement noted. The accounting and non-accounting fees paid to the former and successor CPA or firm shall also be disclosed.

Note 2. Non-audit fees shall be annotated separately in various service items. If the Others column in non-audit fees reaches 25% of the total non-audit fees, the service details should be listed in the Note column.

- (I) When the futures commission merchant changes its accounting firm and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: None.
- (II) When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10 percent or more, the amount and percentage of and reason for the reduction in audit fees shall be disclosed: None.

VI. Replacement of CPA:

(I) Former CPA:

Date of Replacement	February 27, 2020		
Cause and details of the replacement	The CPA was replaced from the 1st quarter of 2020 due to the internal adjustment of the CPAs.		
Explanation on whether it is the commissioner who terminates or the CPA who rejects the commissioning	Party	CPA	Commissioner
	Condition		
	Active termination of the commission	Not applicable.	Not applicable.
	Rejection of (continuing) commission	Not applicable.	Not applicable.
Opinion and reasons for audit report issued during the two past fiscal years containing an observation other than unqualified ones	None		
Any disagreement with the issuer	Yes		Generally Accepted Accounting Principles (GAAP) or activities
			Disclosure of financial reports
			Scope or procedure of audits
			Others
	None	✓	
	Description: Not applicable.		
Other items to be disclosed (items that shall be disclosed as prescribed by Article 10 Paragraph 5 Item 1 Point 4)	None		

(II) The successor CPA:

Name of the accounting firm	Deloitte Taiwan
Name of CPA	CPA Wen-chin LIN and CPA Chun-hung CHEN
Date of commissioning	February 27, 2020
Inquiries into Accounting Treatments or Principles for Specific Transactions and Possible Opinions on Financial Statements before Appointment	None
Written opinion for matters with disagreements from the successor CPA to former CPA	None

(III) Former CPA's written reply to article 10, subparagraph 5, item 1 and item 2-3 of the regulations: Not applicable.

VII. The Company's Chairman, General Manager, or Managers of Finance or Accounting Who Have Worked in the Firm of the CPA(s) or Its Affiliates within the Latest Fiscal Years: None.

VIII.Changes in Transfer or Pledge of Shares Made by Directors, Managers, and Major Shareholders Holding More Than Ten Percent (10%) of the Company's Shares in 2020 and up to the Issuance Date of the Annual Report:

(I) Changes in Shareholding of Directors, Managers, and the Top 10 Major Shareholders

Title	Name	2020		The closure of registrar is on April 25, 2021	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman	Chien Hwei Investment Co., Ltd.	0	0	0	0
Corporate representative of the Chairman of the Board	Chien Hwei Investment Co., Ltd. Representative: Chang-shiou WU	0	0	0	0
Vice Chairperson:	Chi-te CHEN	2,597,853	0	0	1,400,000
Director	Pang-yen YANG	0	0	0	0
Director	Jianxiang Investment Co., Ltd.	0	(240,000)	0	0
Corporate representative of the director	Jianxiang Investment Co., Ltd. Representative: Jui-hsing TSAI	0	0	0	0
Director	Tzu-chiang YANG	0	0	0	0
Corporate representative of the director	Chien Hwei Investment Co., Ltd. Representative: Pai-tso SUN	0	0	0	0
Director	Chung CHENG	0	0	0	0
Director	Chu-hsin LEE	0	0	0	0
Director	Chi-hsin CHEN	0	0	0	0
Director	Yu-jui CHNAG	0	0	0	0
Independent Director	Chin-pao TSAI	0	0	0	0
Independent Director	Chen-yu FENG	0	0	0	0
Independent Director	Li-hsing I	0	0	0	0
General Manager	Chang-shiou WU	0	0	0	0
Chief Financial Officer	Pai-tso SUN	0	0	0	0
Consultant	Yi-hsin PANG	0	0	0	0
Vice General Manager	Mao-sheng KAN	0	0	0	0
Consultant	Shi-ning DONG	0	0	0	0
Vice General Manager	Jin-hui ZHOU	0	0	0	0
Vice General Manager	Kuan-chun CHANG	0	0	0	0
Vice General Manager	Wen-yun TIEN	0	0	0	0
Vice General Manager	Kuo-feng LIN	0	0	0	0

Title	Name	2020		The closure of registrar is on April 25, 2021	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Vice General Manager	Jun-kuang YANG	0	0	0	0
Vice General Manager	I-cheng LIN	0	0	0	0
Vice General Manager	Wen-kuei CHIANG	0	0	0	0
Vice General Manager	Wei-pin WANG	0	0	0	0
Assistant General Manager	Cheng-te CHOU	0	0	0	0
Finance Manager	Ssu-chia KUNG	0	0	0	0
Accounting Manager	Shu-fen YANG	10,000	0	0	0
Major Shareholder	Chien Hwei Investment Co., Ltd.	0	0	0	0

Note: Newly appointed Vice General Manager in 2020: I-cheng LIN, Wen-kuei CHIANG, Wei-pin WANG

- (II) Transfer of equity made by directors, managers, and the top 10 major shareholders with a counter-party who is a related party: None.
- (III) Pledge of equity made by directors, managers, and the top 10 major shareholders with a counter-party who is a related party: None.

IX. Relationship Between the Top 10 Major Shareholders

Date of Book Closure: April 25, 2021

Name (Note 1)	Personal Shareholding		Spouse & Minor Shareholding		Combined Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within the Second Degree of Kinship (Note 3)		Remark Note
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Title (or name)	Relationship	
Chien Hwei Investment Co., Ltd. Chairperson: Chi-te CHEN	46,011,532	17.87%	0	0.00%	0	0.00%	Stone Publishing, Deqing Investment, Jui Huei Trading	Chairman is the same person.	-
Chi-te CHEN	18,844,139	7.32%	2,101,672	0.82%	0	0.00%	Daughter Chen-ching CHEN, spouse Shen-yu PANG	Relatives within second degree of kinship	-
							Taiwan Cement Corporation	Director of the Company	
Chen-ching CHEN	13,585,515	5.28%	0	0.00%	0	0.00%	Chi-te CHEN, Shen-yu PANG	Relatives within second degree of kinship	-
							Deqing Investment	Supervisor of the Company	
Rock Publishing Intl. Chairperson: Chi-te CHEN	8,824,783	3.43%	0	0.00%	0	0.00%	Chien Hui Investment, Deqing Investment, Jui Huei Trading	Chairman is the same person.	-
Taiwan Cement Corporation Chairperson: An-ping CHANG	7,522,235	2.92%	0	0.00%	0	0.00%	Chi-te CHEN	Chi-te Chen is the representative of the corporate director of the company.	-
Deqing Investment Co., Ltd. Chairperson: Chi-te CHEN	5,760,000	2.24%	0	0.00%	0	0.00%	Chien Hui Investment, Rock Publishing Intl., Jui Huei Trading	Chairman is the same person.	-
							Chen-ching CHEN	Supervisor of the Company	
HSBC Hosted Neon Free Weijie Master Fund Limited Partnership	3,072,400	1.19%	0	0.00%	0	0.00%	None	None	-

Name (Note 1)	Personal Shareholding		Spouse & Minor Shareholding		Combined Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within the Second Degree of Kinship (Note 3)		Remark Note
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Title (or name)	Relationship	
Mei-chen He	2,720,638	1.06%	0	0.00%	0	0.00%	None	None	-
Jui Huei Trading Co., Ltd.	2,118,629	0.82%	0	0.00%	0	0.00%	Chien Hui Investment, Deqing Investment, Rock Publishing Intl.	Chairman is the same person.	-
Shen-yu PANG	2,101,672	0.82%	18,844,139	7.32%	0	0.00%	Daughter Chen-ching CHEN, spouse Chi-te CHEN	Relatives within second degree of kinship	-

Note 1. Please separately identify the names of the top 10 shareholders and, where the shareholder is a corporation, separately list the names of the corporate shareholder and its representative.

Note 2. The calculation of shareholding ratio should separately indicate the percentage of shares held under the person's own identity, under spouse, minor children, and by nominee arrangement.

Note 3. The relationships between the shareholders listed above, including juristic persons and natural persons, shall be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Note 4. Shares calculated up to April 25, the book closure date.

X. Number of Shares Held and Combined Shareholding Ratio on the Same Investee by the Company, Directors, and Managers of the Company, and the Entity Directly or Indirectly Controlled by the Company

December 31, 2020

Unit: share;%

Reinvestment (Note 1)	Investment of the Company		Investments of Directors and managers and directly or indirectly controlled businesses		Portfolio investment	
	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)
Yin Ying Holding Limited	25,037,515	100%	0	0%	25,037,515	100%
Golden Canyon Limited	8,713,801	100%	0	0%	8,713,801	100%
Chien Kuo Building Co., Ltd.	10,000,000	100%	0	0%	10,000,000	100%
Fast Dragon International Electrical Engineering Co., Ltd.	7,000,000	100%	0	0%	7,000,000	100%
Golden Canyon Venture Capital Investment Co., Ltd. (Note 2)	40,100,000	100%	0	0%	40,100,000	100%

Note 1. Investments accounted for using the equity method

Note 2. On December 24, 2020, Golden Canyon Venture Capital Investment Co., Ltd. completed its capital increase and obtained a change of registration letter from the Taipei City Government for issuing new shares on January 12, 2021.

Chapter 4. Funding Status

I. Capital and Shares (I) Capitalization

Unit: NT\$

Month/Year	Issue Price	Authorized Capital		Paid-in Capital		Remark Note		
		Shares	Amount	Shares	Amount	Capitalization	Capital Increase by Assets Other than Cash	Others
1960.11	1,000	4,500	4,500,000	4,500	4,500,000	Establishment	None	None
1972.10	1,000	6,000	6,000,000	6,000	6,000,000	Cash increase by cash in the amount of NT\$1,500,000	None	None
1097.08	1,000	7,500	7,500,000	7,500	7,500,000	Cash increase by cash in the amount of NT\$1,500,000	None	None
1976.07	1,000	10,000	10,000,000	10,000	10,000,000	Cash increase by cash in the amount of NT\$2,500,000	None	None
1990.12	1,000	29,000	29,000,000	28,240	28,240,000	Cash increase by cash in the amount of NT\$18,240,000	None	None
1991.09	10	4,900,000	49,000,000	4,900,000	49,000,000	Cash increase by cash in the amount of NT\$20,760,000	None	None
1991.11	10	13,230,000	132,300,000	13,230,000	132,300,000	Capitalization of capital reserves in the amount of NT\$83,300,000	None	None
1992.08	10	19,183,500	191,835,000	19,183,500	191,835,000	Capitalization of earnings in the amount of NT\$59,535,000	None	None
1993.08	18.5	31,000,000	310,000,000	31,000,000	310,000,000	Capitalization of earnings in the amount of NT\$40,285,350 Capitalization of capital	None	Order Ref. No. (82) Taiwan-Finance-Securities - (1) - 30907

Month/Year	Issue Price	Authorized Capital		Paid-in Capital		Remark Note		
		Shares	Amount	Shares	Amount	Capitalization	Capital Increase by Assets Other than Cash	Others
						reserves in the amount of NT\$17,265,150 Cash increase by cash in the amount of NT\$60,614,500		
1995.06	10	37,000,000	370,000,000	37,000,000	370,000,000	Capitalization of earnings in the amount of NT\$46,500,000 Capitalization of capital reserves in the amount of NT\$13,500,000	None	Order Ref. No. (84) Taiwan-Finance-Securities - (1) - 37631
1997.08	12.5	81,000,000	810,000,000	48,000,000	480,000,000	Capitalization of earnings in the amount of NT\$25,900,000 Capitalization of capital reserves in the amount of NT\$37,000,000 Cash increase by cash in the amount of NT\$47,100,000	None	Order Ref. No. (86) Taiwan-Finance-Securities - (1) - 52236
1998.04	10	81,000,000	810,000,000	54,000,000	540,000,000	Capitalization of earnings in the amount of NT\$48,000,000 Capitalization of capital reserves in the amount of NT\$12,000,000	None	Order Ref. No. (87) Taiwan-Finance-Securities - (1) - 29218
1999.06	10	81,000,000	810,000,000	60,000,000	600,000,000	Capitalization of earnings in the amount of NT\$54,600,000 Capitalization of capital reserves in the amount of	None	Order Ref. No. (88) Taiwan-Finance-Securities - (1) - 55260

Month/Year	Issue Price	Authorized Capital		Paid-in Capital		Remark Note		
		Shares	Amount	Shares	Amount	Capitalization	Capital Increase by Assets Other than Cash	Others
						NT\$5,400,000		
2000.06	10	81,000,000	810,000,000	68,360,000	683,600,000	Capitalization of earnings in the amount of NT\$77,600,000 Capitalization of capital reserves in the amount of NT\$6,000,000	None	Order Ref. No. (89) Taiwan-Finance-Securities - (1) - 49386
2002.07	10	81,000,000	810,000,000	76,700,000	767,000,000	Capitalization of earnings in the amount of NT\$83,400,000	None	Order Ref. No. Taiwan-Finance-Securities - (1) - 0910137023
2003.07 2003.08	14.5	130,000,000	1,300,000,000	112,000,000	1,120,000,000	Cash increase by cash in the amount of NT\$220,000,000 Capitalization of earnings in the amount of NT\$133,000,000	None	Order Ref. No. Taiwan-Finance-Securities - (1) - 0920134781 Order Ref. No. Taiwan-Finance-Securities - (1) - 0920130288
2004.09	10	168,000,000	1,680,000,000	128,800,000	1,288,000,000	Capitalization of earnings in the amount of NT\$168,000,000	None	Order Ref. No. Financial-Supervisory-Securities - (1) - 0930132035
2005.08	10	200,000,000	2,000,000,000	136,000,000	1,360,000,000	Capitalization of earnings in the amount of NT\$72,000,000	None	Order Ref. No. Financial-Supervisory-Securities - (1) - 0940127524
2006.08	10	200,000,000	2,000,000,000	150,500,000	1,505,000,000	Capitalization of earnings in the amount of NT\$145,000,000	None	Order Ref. No. Financial-Supervisory-Securities - (1) - 0950128621
2007.08	10	200,000,000	2,000,000,000	172,800,000	1,728,000,000	Capitalization of earnings in the amount of NT\$223,000,000	None	Order Ref. No. Financial-Supervisory-Securities - (1) - 0960034768
2008.07	10	300,000,000	3,000,000,000	203,500,000	2,035,000,000	Capitalization of earnings in the amount of NT\$263,800,000	None	Order Ref. No. Financial-Supervisory-Securities - (1) - 0970032766

Month/Year	Issue Price	Authorized Capital		Paid-in Capital		Remark Note		
		Shares	Amount	Shares	Amount	Capitalization	Capital Increase by Assets Other than Cash	Others
						Capitalization of capital reserves in the amount of NT\$43,200,000		
2009.07	10	300,000,000	3,000,000,000	232,782,114	2,327,821,140	Capitalization of earnings in the amount of NT\$292,821,140	None	Order Ref. No. Financial-Supervisory-Securities-Corporate-0980032911
2009.07	13	500,000,000	5,000,000,000	292,782,114	2,927,821,140	Cash increase by cash in the amount of NT\$600,000,000	None	Order Ref. No. Financial-Supervisory-Securities-Corporate-0980034517
2010.07	10	500,000,000	5,000,000,000	334,994,540	3,349,945,400	Capitalization of earnings in the amount of NT\$363,567,830 Capitalization of capital reserves in the amount of NT\$58,556,430	None	Order Ref. No. Financial-Supervisory-Securities-Corporate-0990034545
2011.06	10	500,000,000	5,000,000,000	360,119,131	3,601,191,310	Capitalization of earnings in the amount of NT\$251,245,910	None	Order Ref. No. Financial-Supervisory-Securities-Corporate-1000030069
2015.02	10	500,000,000	5,000,000,000	355,119,131	3,551,191,310	Capital reduction by means of retirement of treasury shares in the amount of NT\$50,000,000	None	Order Ref. No. Taiwan-Stock-Exchange - List Company - (1) - 10400022651
2015.05	10	500,000,000	5,000,000,000	345,119,131	3,451,191,310	Capital reduction by means of retirement of treasury shares in the amount of NT\$100,000,000	None	Order Ref. No. Financial-Supervisory-Securities-Trading-1040021134
2015.08	10	500,000,000	5,000,000,000	338,900,131	3,389,001,310	Capital reduction by means of retirement of treasury shares in the amount of NT\$62,190,000	None	Order Ref. No. Financial-Supervisory-Securities-Trading-1040031645
2015.11	10	500,000,000	5,000,000,000	337,900,131	3,379,001,310	Capital reduction by means	None	Order Ref. No.

Month/Year	Issue Price	Authorized Capital		Paid-in Capital		Remark Note		
		Shares	Amount	Shares	Amount	Capitalization	Capital Increase by Assets Other than Cash	Others
						of retirement of treasury shares in the amount of NT\$10,000,000.		Financial-Supervisory-Securities-Trading-1040045983
2018.10	10	500,000,000	5,000,000,000	334,300,131	3,343,001,310	Capital reduction by means of retirement of treasury shares in the amount of NT\$36,000,000	None	Order Ref. No. Financial-Supervisory-Securities-Trading-1040041729
2019.09	10	500,000,000	5,000,000,000	267,440,105	2,674,401,050	Cash increase by cash in the amount of NT\$668,600,260	None	Order Ref. No. Financial-Supervisory-Securities-Corporate-1080329485
2020.08	10	500,000,000	5,000,000,000	257,440,105	2,574,401,050	Capital reduction by means of retirement of treasury shares in the amount of NT\$100,000,000	None	Order Ref. No. Financial-Supervisory-Securities-Corporate-1090343632

Unit: Share

Type of shares	Authorized Share Capital			Note
	Issued Shares	Un-issued Shares	Total	
Listed Common Shares	257,440,105	242,559,895	500,000,000	-

Note: The Company did not offer and issue securities by shelf registration.

(II) Composition of Shareholders

Date of Book Closure: April 25, 2021

Composition of Shareholders Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Individual	Foreign Institutions and Natural Persons	Total
Number of Shareholders	0	0	154	16,806	104	17,064
Number of Shares Held	0	0	82,292,428	156,696,395	18,451,282	257,440,105
Shareholding Ratio (%)	0.00%	0.00%	31.96%	60.87%	7.17%	100.00%

(III) Shareholding Dispersion

Date of Book Closure: April 25, 2021

Range of Shares	Number of Shareholders	Number of Shares Held	Shareholding Ratio (%)
1 ~ 999	8,654	1,620,824	0.63%
1,000 ~ 5,000	5,096	12,168,855	4.73%
5,001 ~ 10,000	1,410	11,061,160	4.30%
10,001 ~ 15,000	490	6,121,730	2.38%
15,001 ~ 20,000	413	7,295,221	2.83%
20,001 ~ 30,000	305	7,666,637	2.98%
30,001 ~ 40,000	152	5,461,162	2.12%
40,001 ~ 50,000	95	4,403,082	1.71%
50,001 ~ 100,000	233	16,844,478	6.54%
100,001 ~ 200,000	100	14,008,970	5.44%
200,001 ~ 400,000	53	14,402,819	5.59%
400,001 ~ 600,000	21	10,070,491	3.91%
600,001 ~ 800,000	9	6,298,904	2.45%
800,001 ~ 1,000,000	5	4,487,967	1.74%
1,000,001 and over	28	135,527,805	52.65%
Total	17,064	257,440,105	100.00%

Note: The Company does not issue any preferred shares.

(IV) List of Major Shareholders

Date of Book Closure: April 25, 2021

Shareholder's name	Number of Shares Held	Shareholding Ratio (%)
Chien Hwei Investment Co., Ltd.	46,011,532	17.87%
Chi-te CHEN	18,844,139	7.32%
Chen-ching CHEN	13,585,515	5.28%
Rock Publishing Intl.	8,824,783	3.43%
Taiwan Cement Corporation	7,522,235	2.92%
Deqing Investment Co., Ltd.	5,760,000	2.24%
HSBC Hosted Neon Free Weijie Master Fund	3,072,400	1.19%
Mei-chen He	2,720,638	1.06%
Jui Huei Trading Co., Ltd.	2,118,629	0.82%
Shen-yu PANG	2,101,672	0.82%

(V) Market Price, Net Worth, Earnings, and Dividends per Share and Relevant Information for the Most Recent Two Years

Item \ Year		2019	2020	Current year up to March 31, 2021 (Note 6)
Market Price per Share	Highest	11.25	13.65	14.50
	Lowest	9.44	7.02	12.05
	Average	10.16	10.96	13.05
Net Worth per Share	Before distribution	16.26	17.2	-
	After distribution	15.76	(Note 5)	-
Earnings per Share	Weighted Average Shares	316,926 (thousand shares)	261,899 (thousand shares)	-
	Earnings per Share (Note 1)	0.57	1.43	-
Dividends per Share	Cash dividends	0.52	(Note 5)	-
	Stock Dividends	Dividends from Retained Earnings	(Note 5)	-
		Dividends from Capital Reverses	(Note 5)	-
	Accumulated Undistributed Dividends		-	-
Return on Investment	Price / Earnings Ratio (Note 2)		7.66	-
	Price / Earnings Ratio (Note 3)		(Note 5)	-
	Cash Dividend Yield Rate (Note 4)		(Note 5)	-

* If shares are distributed in connection with capitalization of earnings or capital surplus, disclose additionally information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1. If there are any retroactive adjustments needed due to stock grants, earnings per share before and after the adjustment should be listed.

Note 2. P/E Ratio = Average closing price for each share for the year/earnings per share

Note 3. P/D Ratio = Average closing price for each share for the year/cash dividend per share

Note 4. Cash dividend yield = cash dividend per share/average closing price per share for the year

Note 5. Yet to be approved by the Shareholders' Meeting this year.

Note 6. For net worth per share and net earnings per share, data from the latest quarter that has been audited (reviewed) by a CPA up to the date of publication of the annual report should be filled. For all other columns, the Company should fill the year's information up to the date of publication of the annual report.

(VI) Dividend Policy and Implementations

1. Dividend Policy in the Company's Articles of Incorporation:

In the event that there are any earnings after the annual final accounting, such earnings shall be utilized in the first place to pay for all taxes and duties as required by law and to make up for deficits of prior years. The remaining amount, if any, shall be appropriated in the following order:

- (1) Provide legal reserve pursuant to laws and regulations.
- (2) Provide (or reverse) special reserves pursuant to laws and regulations or where operation requires.
- (3) The remaining balance, along with undistributed earnings of prior years, shall be proposed by the Board of Directors for earnings distribution, which shall then be resolved by the Shareholders' Meeting.

The Company's dividend policy shall take into account the environment and growth of the industry, long-term financial plans and optimization of shareholders' equity. Cash dividends to be appropriated shall not be less than 10% of the total dividends to be appropriated for the year.

2. The Company's dividend policy is determined by the Board of Directors based on its operating conditions, capital requirements, capital expenditure budget, internal and external environmental changes, and the interests of shareholders. The Company's dividend policy pursues a stable dividend distribution. Since 2015, dividends have all been distributed in cash at NT\$0.5 per share every year. On the precondition that no special circumstances exist, the Company's dividend policy will be on the principle of distributing no less than 50% of its current distributable earnings.

3. Proposal of dividend distribution awaiting the resolution of the Shareholders' Meeting in the current year

The 2020 Earnings Distribution Proposal, which was determined as the following table at the Board Meeting held on March 25, 2021, will be conducted in accordance with relevant regulations after it has been approved by the Shareholders' Meeting to be held on June 23, 2021.

Chien Kuo Construction Co., Ltd.
2020 Earnings Distribution Table

Unit: NT\$

Item	Amount	
Undistributed earnings - beginning		665,705,463
Net income	373,906,366	
Reverse from Special Capital Reserve arising from the initial adoption of TIFRS	8,499,969	
Remeasurement of defined benefit plans recognized under retained earnings	(748,777)	
Disposal of investments in equity instruments measured at fair value through other comprehensive income, with the cumulative gain or loss transferred directly to retained earnings	(8,572,685)	
Amount of net profit after tax for the period plus items other than net profit after tax for the period included in the undistributed earnings of the year		373,084,873
Provision of legal reserve		(37,308,487)
Special reserves mandatorily provided		(34,854,469)
Distributable earnings - ending		966,627,380
Distribution items		
Cash dividends to shareholders at NT\$0.8 per share		205,952,084
Undistributed earnings - ending		760,675,296

(VII) The Impact of Stock Dividend Issuance on Business Performance and Earnings per Share: Not applicable.

(VIII) Remuneration for employees and directors

1. Stated percentage and scope of remuneration paid to employees and directors in the Articles of Incorporation:

With the net income before tax (before netting off employees' compensation and directors' remuneration), the Company shall appropriate 0.1% to 3% of such amount as employees' compensation and no greater than 3% of such amount as directors' remuneration. However, in the case that the Company still has cumulative losses, a portion of the net income shall be retained in the first place to offset such losses.

Employees' compensation mentioned in the preceding paragraph shall be distributed in stocks or in cash to employees of subsidiaries who meet certain criteria and control, which are stipulated by the Board of Directors being authorized to do so.

2. The accounting treatment for the discrepancy between the actual distributed amount and the estimated amount of remuneration to directors and supervisors and compensation to employees, or of the compensation to employees paid in shares. In case a discrepancy exists between the actual distributed amount and the estimated distribution amount, such a discrepancy is accounted for as a change in accounting estimates and will be adjusted to the financial statements for the following year.

3. Compensation or remuneration approved by the Board of Directors:

- (1) Compensation or remuneration paid to employees and directors in the forms of cash or shares. Where the amount differs from the estimated amount in the year of recognition, disclose the differential amount, and reasons and responses therefor. The Board of Directors of the Company resolved to distribute its pre-tax income (before netting off compensation to employees and remuneration to directors) for 2020 as follows: (a) 3% as compensation to employees in the amount of NT\$13,686 thousand; (b) 3% as remuneration to directors in the amount of NT\$13,686 thousand. The distributed amounts are identical to the estimated amounts for 2020.

- (2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation. Not applicable.

4. The actual distribution of employee and director compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee or director compensation, additionally the discrepancy, cause, and how it is treated:

- (1) The Company distributed NT\$7,799 thousand as employee compensation and NT\$7,799 thousand as remuneration to directors and supervisors for 2019.

- (2) If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed. No Deviation.

(IX) Repurchase of Shares by the Company:

Term of Repurchase	8th (Batch)
Purpose of Repurchase	To maintain the Company's creditability and shareholders' interest
Repurchase period	April 1, 2020 to May 13, 2020
Price range of shares for repurchase	NT\$7.00 to NT\$10.00
Type and amount of shares Repurchased	10,000,000 ordinary shares
Amount of Shares Repurchased	NT\$97,768,438
Percentage of repurchased amount to the expected amount to be repurchased (%)	100%
Number of Retired and Transferred Shares	10,000,000 shares
Accumulated number of shares held by the Company	10,000,000 shares
Ratio of cumulative shares of the Company	3.74%

II. Issuance of Corporate Bonds: None.

III. Issuance of Preferred Shares: None.

IV. Issuance of Depository Receipts: None.

V. Issuance of Employee Stock Options:

(I) The annual report shall disclose unexpired employee stock options issued by the company in existence as of the date of publication of the annual report, and shall explain the effect of such options upon shareholders' equity: None.

(II) The annual report shall disclose the names of top-level company executives holding employee stock options and the cumulative number of such options exercised by said executives as of the date of publication of the annual report. The annual report shall also disclose the names of the top 10 employees holding employee stock options with a subscribable amount reaching NT\$30 million , along with the cumulative number of options exercised by these ten employees, as of the date of publication of the annual report: None.

VI. Employee Restricted Stock Awards (RSA)

(I) For all new RSA for which the vesting conditions have not yet been met for the full number of shares, the annual report shall disclose the status up to the date of publication of the annual report and the effect on shareholders' equity: None.

(II) Names and acquisition status of managerial officers who have acquired new RSA and of employees who rank among the top ten in the number of new RSA acquired, cumulative to the date of publication of the annual report: None.

VII. Status of New Share Issuance in Connection with Mergers and Acquisitions:

(I) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the company has completed any issuance of new shares in connection with a merger or acquisition or with acquisition of shares of any other company: None.

(II) Where the Board of Directors has, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, adopted a resolution approving any issuance of shares in connection with a merger or acquisition or with acquisition of shares of any other company: None.

VIII. Implementation of the Capital Utilization Plan: None.

Chapter 5. Operational Highlights

I. Business Contents

(I) Business Scope

1. The Company mainly engages in:

(1) Engineering service

A. Residential building construction

The Company is deeply engaged in the market of exquisite construction projects. We will continue to strengthen our project management to provide our customers with excellent quality, perfect and high-quality services, and to create long-term relationships of mutual trust and benefit with our customers as our ultimate goal.

B. Factory and Office Buildings

In response to the international political and economic environment, there will be a strong demand for Taiwanese companies to return to Taiwan to build factories between 2019 and 2021. Recently, the Company secured the Phase IV construction for TSMC's Fab 18 in Southern Taiwan Science Park. Fox Automation Technology Plant Construction and Fubon Changchun Duplex Office Building. Subsequently, by always adhering to the quality and good service, the Company will actively deepen its engagement in the target market, and expand the construction business toward the various areas, including green energy technology plants, plant-office buildings, cloud technology rooms, logistics warehouses, etc.

C. Public Facility Construction

The Company's involvement in the construction of large-scale public facilities has a long history, from the early phase of construction of incinerators, TRA New Zuoying Station, and the auxiliary buildings of highspeed railway stations, to the construction of the main structure, internal utility and air-conditioning projects of National Kaohsiung Center for the Arts (Weiwuying).

D. Mechanical and Electrical Engineering

Fast Dragon International Electrical Engineering Co., Ltd. (hereinafter referred to as Fast Dragon Intl.), one of the Company's subsidiaries, mainly undertakes the electrical and mechanical turnkey projects of its parent company. Shun Long Intl. has the ability to design, plan, integrate and construct E&M systems to enhance Chien Kuo Construction's overall competitive advantage. The Company continued to deepen the usage of BIM to review, design, and output construction drawings, integrates various types of professional construction, either horizontally or vertically, during the course of construction, reduces construction interface conflicts and specifies responsibilities, so as to ensure the quality of the project, to achieve the objectives of the owners and users.

E. Construction on a Turnkey Basis

With years of experience in contracting private housing projects, we have been in the government housing subcontracting market

for many years, and our completed public housing projects, Taoyuan Chung lu No. 2 and Ruiguang Public House in Taipei, have both received the Golden Quality Award for Public Works and the Golden Security Award. The turnkey business utilizes the technology derived from the construction of Weiwuying, e.g., patented technologies such as curving rooftop, acoustics, and includes its self-developed patents, e.g., BIM automatic modeling, customized FM system, point cloud drones and camera drones, into the feedback items of turnkey business creativity, so as to extrude its differentiation and improve the competitiveness in the turnkey business market.

(2) Investment Business

The Company has developed short-, medium- and long-term investment plans to improve the efficiency of capital utilization and to pursue income and enhance asset appreciation potential in a more prudent manner.

2. Planned New Products (Services)

(1) Engineering service

The Company aims the individual projects at customers who are business groups, for which the Company will provide budget assessment and construction planning, and with which the Company will establish long-term partnerships. Public works will focus on the turnkey projects, which will be involved in integration at the earlier planning stage.

(2) Mechanical and Electrical Business

Mainly serve the parent company and continue to recruit professional talents to enhance value differentiation, provide integrated value-added services for the whole building system, and extend the life cycle of the building to maintain perfect facility management. Shun Long Intl. is aiming at widening the gap of differentiation in the industry, and serving its parent company, so as to improve the added value of the overall construction business and to expand to new markets. It expands to the technology plant this year.

(3) Construction Business

In addition to coordinating with policies concerning urban renewal and reconstruction of old and dangerous buildings, we will actively pick excellent residential locations for joint development. Expect for the layout in the residential market, the construction business of the Company will also diversify and expand into the commercial real estate field.

(II) Industry Overview

1. Industry Status

- (1) Since December last year, the government has launched a series of measures to combat speculation in the real estate market, causing some people's confidence in the housing market to become conservative and wait-and-see, but after the housing market adjustment period, it will return to the fundamentals of economic conditions, interest rates and capital movements, which will not have much impact on the buyers of owner-occupied housing needs, so the domestic housing market will continue to pursue steady development in the next six months.

(2) Plant Market and Commercial Office Building Market

In the face of the U.S.-China trade war, the new U.S. President Joe Biden has officially taken office and overturned many orders of the Trump administration, but the confrontational tone in U.S.-China relations is still difficult to reverse. If the U.S.-China trade and technology conflict continues to rise, it may still affect the economic performance of both sides of the Taiwan Strait. The uncertainties may affect Taiwanese companies to choose Taiwan as the priority for factory construction, according to the current development of products are still factories and office buildings or complex commercial buildings as the market demand in the past 2 years. The market trend may be in line with the government's demand for smart and intelligent buildings, and will incorporate the smart system into a commercial building.

(3) Public construction market

Looking at the overall political and economic environment in Taiwan, there are still a lot of construction orders under construction, and the composition of the engineering business will also pull up the proportion of the private sector, especially in high-end manufacturing as the main axis, but the speed of future public construction will be slowed down due to the government's budget reallocation and tight scheduling of materials.

2. Industry characteristics

(1) Influenced by the government's financial policy and major public construction programs

Whenever the government changes its financial policy or reveals plans to launch major public construction, the development and the gross profits of the construction industry immediately have significant growth, fully reflecting its influence on the construction industry.

(2) High risk due to price fluctuations

During the course of construction, it is susceptible to factors such as market prospects, commodity prices and inflation. In recent years, the construction industry has been affected by the increase in commodity prices and wages, causing cost fluctuations that are difficult to manage. Risk is high under the contractual terms and costs that require the construction be completed on time.

(3) Regional and labor-intensive industries

Since most of the construction process of the construction project relies on manpower to complete, the construction industry is a labor-intensive industry. The labor of the construction industry is engaged in manual labor on a daily basis, hence the turnover rate of personnel is high and difficult to control. In addition, it is often necessary to cooperate with local subcontractors to seek local personnel, equipment and materials support. Therefore, regionality will affect costs.

(4) A wide variety of technicians

Completion of construction requires participation of a wide variety of technicians, such as: Rebar workers, formworkers, welders, and electricians and plumbers. There is a wide variety of technicians and the management interface is complex. In addition, BIM technology has been introduced in recent years. As a digital integral technology tool for civil engineering, construction, and electromechanical systems, BIM relies on

- personnel with professional knowledge in construction and information to solve various problems encountered in the whole life cycle.
- (5) Strong relevance between industries

The construction industry is highly correlated with industries such as cement, steel, machinery, transportation and consultancy companies. Market fluctuations in various industries will also directly impact the construction industry.
 - (6) Poor working environment

The construction process is more dangerous than that in general workplaces. Work is affected by the climate, and the probability of occurrence of on-site occupational incidents that endanger personal safety is high.
3. Relevance between the upstream, midstream and downstream
- By source, it can be divided into government agencies, general private enterprises, construction companies, and consumers entrusting the construction. By industry, the upstream comprises ready-mixed concrete, steel materials and products, cement, mechanical and electrical equipment and ceramic tile; the downstream includes real estate agencies, brokers, furniture, home appliances, lighting and insurance. Therefore, the prospects of the construction industry greatly affect not only the industry supplying related raw materials, but also the development of other related industries.
4. Development trend
- (1) Develops towards large, exquisite, and smart

In recent years, under the requirements of large-scale projects, high complexity of design, high housing prices, high technical standards and exquisite decoration requirements, large-scale builders are more qualified to participate, hence BIM (Building Information Model) is introduced. As an integrated construction interface, BIM has the professional competitive advantage of improving construction technology, and can meet customer needs. In addition, the Company will strengthen cost control and establish early warning and risk assessment mechanism, to step into another trend in the construction market. Having the fastest and latest smart management or R&D system will create a brand advantage in the market.
 - (2) The government bidding model is shifting towards adopting the most advantageous tender, turnkey or BOT model.

In recent years, the government has continued to actively promote major public construction, of which the bidding has been encouraged to adopt the most advantageous tender to avoid the sacrifice of construction quality due to bidding. Therefore, public construction has become the battleground for large-scale construction companies. In order to avoid the phased outsourcing, in which the project quality can not be connected, more and more turnkey cases have appeared, even in the BOT case where the construction extends to the operation period. The government hopes to integrate all the teams through a single contact window, and to activate government's assets throughout the life of the building.
 - (3) Adjust the construction business model in line with environmental changes

Land, the material for the construction industry, has become rare. Therefore, the scale of business, human capital allocation and capital utilization need to be adjusted in line with the changes in the environment, for the purpose of steady development. This year, we will develop the regional land with future potential, track redevelopment zones with major construction themes, proper position plans, and develop and construct the development projects and special projects that have clear land ownership.

(4) Strategic cooperation between the upstream and downstream

Construction management greatly values interface integration. In order to facilitate the progress of construction, most construction companies have long-term partnerships with their professional coordinating suppliers. In preparing a tender, it works with the professional coordinating suppliers to improve the chance of winning the bid; after winning the bid, the project will be handed over to the professional coordinating suppliers who have assisted in the preparation of the tender, thereby shortening the running-in period of the two parties. To make the project on schedule with high quality.

(5) Develop the international markets

In the face of a domestic competitive environment, a number of construction companies have recently extended to overseas markets. They left their international footprints in China, Southeast Asia, such as Vietnam, Singapore, India and other regions, actively deploying around the international market.

(6) The government actively promotes the introduction of BIM technology to major public construction

In recent years, in addition to the governments of Taipei City and New Taipei City who have recognized the trend of BIM technology, Taoyuan, Taichung, and even life insurance consortium have also begun to plan to introduce BIM to major public construction, and explicitly request that delivery standards and related matters may be specified on the tender documents at the same time. At present, BIM system has become one of the necessary tools in all public construction, which further demands that BIM can not be conducted in an outsourced manner but by a construction company having BIM capability, and that BIM be introduced to all phases (design, construction, warranty, and property management).

5. Competition situation

The number of domestic construction companies registered was about 18,000, about 90% of them belonged to small and medium-sized enterprises, lacking a stable financial structure and sufficient engineering staff. The Company was established in 1931. So far, with its abundant technicians and professional team, it has accumulated rich construction experience and its mastery of the project progress and quality has been recognized by the owners. The Company is a competitive supplier in the industry.

(III) Technology and R&D Overview

1. Engineering service

(1) Acoustic technology application

Based on the acoustic construction technology acquired during the construction of the National Kaohsiung Center for the Arts (Weiwuying), the Company applied for related patents, and combined the important

functions of other buildings, such as fireproof, vibration isolation, etc., which will be introduced into general construction. The Company enhances the quality of its indoor sound environment according to the usage of different buildings, and establishes its image as a professional acoustic technology provider.

(2) Special curved surface application

Based on the special modeling construction technology acquired during the construction of the National Kaohsiung Center for the Arts (Weiwuying), the Company applies for related patents. By combining CAD/CAM/BIM analysis technology, the Company improves the applicability of metal materials in the outer shell or as a special decorative object. It also considers to integrate the energy-saving design with the sunshade design of a building.

(3) MIS application

Introduced BI systems, made good use of technology tools for project management, established a common data presentation and exchange platform, reduced errors in the data transfer process, and improved the immediacy of information to accelerate the decision-making process.

(4) Construction automation application

Develop automated programs to assist BIM operations to improve the number of operations and reduce human errors. For example, the program replaces manual work to quickly convert 2D drawings into 3D models, or the program automatically finds and places floor and wall decoration materials in the model.

(5) Introduction of point cloud technology application

BIM technology in the future is bound to be closely related to construction automation. The feedback of digital information after construction must be obtained through the point cloud technology. The Company has commenced the application of this technology, for instance, scanning the sample house and the physical pipeline in the basement. Subsequent applications will continue to be developed.

(6) Introduction of aerial photography technology

In response to the needs of the turnkey project, the Company began to introduce the application of aerial photography for model-building in the design stage, so as to ensure the integration of the architectural design content with the local surroundings, and use this technology to understand the status of the existing site and the neighboring houses. It is expected that the next phase of application will focus on inspecting construction quality and occupational safety and health.

2. R&D Results

(1) R&D project results and application status of projects in progress

The research and development direction is divided into three main axes, including construction technology refinement, construction management automation and customer service refinement. The following table shows the results for 2020.

Table 2020 R&D Project Results

Item	Explanation	Category
SD550 method research	Research the member behavior of concrete when the main bar of the research column uses SD550 concrete at 350550f/cm ² . Commissioned the National Center for Research on Earthquake Engineering to conduct the experiment, of which the tested objects include column members, internal column beam joints, external column beam joints and grip strength test. The new construction method is beneficial in reducing costs and improving constructability, which may also be used as an item for marketing and promotion to attract consumers to purchase the housing. The new construction method was reviewed in 2020.	Construction technology refinement
Molding 3.0 Project	Develop the molding planning process and automation software to replace the traditional on-site planning relying on molding technicians to minimize the consumption of molding and issues of interface restriction, and provide the verification basis. It generates the initial 3D molding planning with the designed BIM model and verifies according to building drawing to further modify the differences, and generates the final molding construction drawing. The results have been piloted on a small scale at the Tucheng Youth Residence, and the scope is expected to be expanded in 2021.	Construction technology refinement
New construction method of floor vibration isolation pad	The project developed floor vibration isolation mats, which have the advantages of thin construction thickness and low price, and have been sent to the Construction Center for application of new construction method.	Construction technology refinement
BIM Automation of Mechanical and Electrical Lines	The visualization feature of BIM is very helpful to review the electrical and mechanical pipeline. In order to improve the accuracy and efficiency of BIM models, a series of programs are developed for automatic modeling and review of models. At present, the foam system can be programmed to convert the design or construction drawings into BIM models directly, and the constructability of the manually corrected foam pipeline models can also be programmed to be checked. The related results have been used to assist the foam pipe pre-configuration in Fuxing Public Housing and Yangmei No.1 Public Housing.	Construction Management Automation
Systems for quality assurance, and safety and health APP	In 2019, we developed a new generation of product security system web with centralized management, automatic reminders, and overdue tracking functions. In 2020, the Company continues to develop an auxiliary app, pioneer the missing map concept to record missing locations directly in photos, and commission NTU to develop indoor positioning technology based on	Construction Management Automation

Item	Explanation	Category
	photogrammetry technology.	
Facility Management System (FM)	A facility management software developed by using the BIM model as the core according to the facility management demand. The model used is the model of the entire completed building; users may start from the database to obtain the basic information of the equipment, document for the equipment, model information, repair and maintenance records, and may also start from the model to obtain the corresponding text information. This system has been developed to the second generation, compared with its predecessor, in addition to getting rid of the need to rent BIM display software, its animation ability is stronger, the light and shadow effect is more realistic. The results of this project have been made public at the Ruiguang Public House and have helped to obtain the Gold Quality Award with distinction.	Customer Service Refinement
3D Architecture Resume	The BIM model is used as the basis for building history development, and users can click on structural or equipment components in the 3D model to obtain material information or construction quality assurance information. The results of this project have been made public at the Ruiguang Public House and have helped to obtain the Gold Quality Award with distinction.	Customer Service Refinement

(2) Patent

As of today, the Company has accumulated 20 domestic and foreign patents, and the year, name and country of the patent announcement are listed below.

Table Announcement of Patent

Announcement Year	Patent Title	Country
5 patents in 2016	Metal roof structure	Republic of China
		China
	Composite door panel and soundproof door employing such panel	Republic of China
3 patents in 2017	Soundproof door	China
	Soundproof door	Republic of China
	Ceiling structure	China
6 patents in 2018	Steel and reinforced concrete structure	Republic of China
		China
	Confined Structure	Republic of China
		China
5 patents in 2019	Water guiding system under stone floor	Republic of China
	Water filtration air system	Republic of China
	Water guiding system under stone floor	China
	Water filtration air system	China
1 patent in 2020	Molding support system	Republic of China
		China
		China

(IV) Short and Long Term Business Development Plans

(1) Short-term plan

- A. Improve accuracy and actively secure customers who are real estate developers
 - a. Improve business accuracy and strengthen brand image
 - b. Refined service to become a strategic partner with excellent real estate developers
 - c. Strengthen customer service mechanisms
 - d. Exploit profession integration capabilities
 - e. Optimization of procurement costs - maintenance and repair operations and improvement in supplier's service quality and capabilities
 - f. Strengthen capabilities regarding project management and labor occupational safety and health
- B. Deeply cultivate large-scale enterprise customers and establish long-term mutual trust and cooperation.
- C. Exploit professional design and construction integration capabilities, so as to actively develop turnkey projects and expand the scope of the Company's business.
- D. Deepen the application of BIM technology and intelligentization in construction management to expand the scope of contracting projects.
 - a. Enhance the experience of on-site practical application which leads to an added value for customers
 - b. Increase market exposure and strengthen brand image
 - c. In-depth and exquisite customization service
 - d. Provide total solution service of BIM technology integration
 - e. Establish and strengthen internal management mechanisms

(2) Long-term plans

- A. Continue to develop differentiated technologies of the Company and maintain long-term competitiveness
In addition to continuing to deepen BIM technology and applying patents for metal casing and acoustics products, in the future, we will gradually introduce various differentiated technologies, such as FM system embedded with BIM, point cloud combined with a model for online house visiting, BIM rapid modeling, and camera drone inspection, etc., and introduce them into the general construction business, and apply them in the construction and development, thereby creating the advantage of the Company different from other construction companies.
- B. Improve the Company's intelligent technology
Combine BIM technology with FM technology for subsequent property management; possess, develop and deepen a rapid integration system capable of performing equipment maintenance, inspection, and review of the completion drawing; in addition to the existing point cloud system for electronic processing of existing pipelines and scanning of sample house to provide for property management in the future, use a camera drone to collect existing information for modeling to serve as a reference for the architects in designing, and thereby developing the architecture that suits the local surroundings the most.
- C. Improve the feasibility of turnkey operations and develop exquisite turnkey operations
Apply the integrated design capability currently provided for public constructions in building development case for private enterprise, so as to

provide efficient and suitable design solutions so that the owner can save the cumbersome procedures of design and construction subcontracting and obtain the most advantageous design.

(V) Intellectual Property

1. Strategies and Targets of Intellectual Property

With the development of the times, the knowledge-based economy has replaced the labor-intensive economy as the mainstream of today's generation. Taiwan has Patent Act gives the inventor a period of time to protect the rights and interests of innovative research and development technologies, and the right to restrict others from using, selling or manufacturing them during the period. The Company has patent approval since 2016 and has accumulated 20 patents passed in the past five years. The objectives of the patent application stage are described as follows.

(1) Short term goals - to enhance the advanced image of the company and limit the use of competitors

Become a new generation construction team that is technology-based, social-cared, and humanistic-aesthetics-oriented. The Company's vision is to have a certain number of patents, which is a means to create an image of technology. The government is actively promoting the upgrading of the construction industry with reference to Industry 4.0, and the public sector is paying more attention to the technology of construction plants year by year. In order to win the owner's favor when bidding, it is necessary to continuously reveal new technologies. However, the disclosure of new technologies will inevitably lead to imitation or copying by competitors. In order to prevent competitors from freely using our ideas, the most effective way is to protect innovative technologies with patents. The company is currently in this stage, and the purpose of patent application is to maintain the company's image and restrict competitors, and the cost of patent maintenance is still low.

(2) Medium-term goal - to increase the threshold for entry into the industry

The government project bids reveal patents and new technologies, and have another far-reaching purpose of "raising industry standards" in addition to gaining the favor of owners. It is expected that the public sector will be informed of the technological advancement of the industry, and new ideas and technologies will be introduced into new cases in the future, so as to gradually raise the industry standard, and at the same time increase the entry barrier for the industry. To achieve this goal, we need to accumulate patents and then use them to encircle specific targets to achieve manufacturing barriers. At this stage, the cost of patent maintenance will gradually increase, and we may consider selective patent maintenance to save costs.

(3) Long-term goal - to create new business models

In addition to restricting the industry, a good patent can also create profits by means of technology transfer. To be profitable, the patent itself must be industry-critical and unique, and the inventor usually has a leading position in the industry. The only way to get closer to this goal is to continue to innovate and accumulate patents, and to actively interact with leading academics and industries.

2. Intelligent Property Management Model
 - (1) Innovations and Development
 - A. Incentives to encourage innovative ideas.
 - B. Through industry-academia collaboration, we explore the feasibility of R&D, and those with good results will be further converted into patents.
 - (2) Patent Implementation Method
 - A. The Technology Development Department receives innovative ideas from company personnel.
 - B. Evaluate whether to apply for a patent at a technology development meeting.
 - C. Appoint a patent company to conduct patent search and application.
 - D. The Technology Development Department is responsible for the annual patent maintenance.
In principle, a patent for a new type shall be maintained for at least six years and a patent for an invention shall be maintained for at least nine years, and the maintenance period may be extended as appropriate for patents with derivative interests.
 - (3) Intellectual Property Risk Response
The intellectual property dispute is a kind of highly professional litigation. After receiving the external information, the company staff should inform the corporate affairs staff as soon as possible, and the legal director and the R&D director should form a task force and invite the patent law firm to discuss the countermeasures together.
 - (4) Others
 - A. Application for new construction method by the Construction Department
The company currently owns the SD550 method, which licenses the use of high-strength steel and concrete (new RC for short). In addition to increasing construction efficiency, new RC is also highly accepted in the market. In addition, the construction cost of the floor insulation pad method is significantly lower than other similar products in the new method currently being applied to the Construction Center.
 - B. Architectural Center New Material Green Building Label Application
Chien Kuo floor insulation pads are close to the application for the Green Building Material High Performance Label standard by the Construction Department, and will continue to be researched and developed after the new floor insulation mats engineering method is obtained.
3. Patent infringement response strategies
As patent litigation is common in the technology industry, technology companies will train their reverse engineering staff to devote manpower and time to decipher whether they are being infringed. Fortunately, there are few patent lawsuits in the domestic manufacturing industry, and it can be seen that the domestic industry adopts a roundabout policy rather than rash use of patent barriers, or the patent layout is not tight enough to achieve the effect of containment. At this stage, we need to promote our patents in public to reduce the chance of misuse by our peers, and then we need to listen to the development direction of other companies to evaluate the possibility of infringement when we communicate with the public.

II. Market, Production and Sales

(I) Market analysis

- (1) Geographic areas where main products (services) are sold (provided):
Projects undertaken by the Company mainly locate in northern and southern Taiwan.
- (2) Market share
The domestic construction market is huge, but the market share of each construction company is very low. The Company possesses an integrated construction team, rich construction experience, excellent construction quality, BIM technology pioneer, and technology research and development abilities. We will integrate the application of the patented smart technology with the construction or turnkey business in the future. These favorable competitive conditions will help in the Company winning construction contracts and thereby gaining further market share.

Unit: NT\$100 million

Year	Total turnover of the construction industry	The total turnover of the Company's construction services	Market share
2016	21,517	38	0.17%
2017	21,465	38	0.17%
2018	23,301	40	0.17%
2019	24,806	47	0.18%
2020	26,829	67	0.25%

Data source: Ministry of Finance - Financial Statistics Database (number of profit-making businesses and sales).

(3) Future supply and demand situation and growth

A. Supply side

Concerning the “Project to Expand Investment in Public Works and Revitalize the Economy” proposed by the government, the government will gradually opt for the most advantageous tender and a turnkey model, and will incorporate all aspects of conditions of a construction company into the scope of contractor selection, which no longer gives priority to low costs in consideration. Therefore, the market advantage for large-scale construction companies, which have been operating steadily, is increasing. On the private construction side, large consortium and the life insurance industry will account for a considerable portion. As the builders are restricted by government policy and a sluggish housing market, the profits of developers are significantly squeezed. Also, small-to-medium construction companies had entered the competition for construction outsourcing, leading to more intense competition. In the short run, the trend will be competition in terms of consideration and technologies.

B. Demand side

- a. Looking at Taiwan's overall political and economic climate, the government will actively promote the country's major construction projects. Contributed by the facts that internationally the China-US trade remains stagnant, and that

builders de-stocking their inventory, the supply will be higher than demand in the real-estate market in the short run.

- b. Major construction projects under planning for outsourcing include public housing projects in Taipei City, New Taipei City and Taoyuan City, the circled MRT system around the Taipei Metropolitan Area, cultural and creative industries, social housing, urban landscape reconstruction, and airport activation projects.
 - c. The claims that large-scale electronic companies are expected to build a plant-office complex building to cope with the China-US trade deadlock has activated the market. Subsequently, the scientific parks and large industrial parks in various places are expected to see increasing demands for construction of plants.
 - d. BOT projects, where private capital is encouraged to participate in the public construction, gradually enter the construction phase after execution of several agreements. However, whether the capital can be raised for subsequent BOT projects depends on whether the preferential policy offered by the government is able to arouse investors' confidence.
- C. According to survey statistics, the application of BIM technology is growing rapidly:
- a. Following the New Taipei City Government, the Taipei City Government has also requested the introduction of BIM technology to public construction projects exceeding a certain amount, and will share with the New Taipei City Government the relevant BIM review platform, which will advance further to become a Taipei Consensus. In addition, Taoyuan and Taichung are catching up. For instance, they demanded BIM technology and property management system be considered in bidding for public construction projects. It can be expected that the various counties and cities will gradually demand the introduction of BIM as a necessary bidding condition.
 - b. In addition to Taipei City and New Taipei City, Taoyuan City and other counties and cities have also required that the introduction of BIM be stipulated on the tender for public construction projects in specific experimental area, or for a designated building types (such as public housing). Some institutions (such as Taipower, TRA, light railway and other competent authorities) hope to improve the quality of their projects by introducing such technology. It's expected that there will be an emerging market in this regard for the construction industry.
- (4) Competitive niche
- A. Experienced and excellent construction quality
- The Company has a long history of establishment and has accumulated a considerable amount of technical capabilities and professional experience. From the early construction of reservoirs, tunnels and roads, to participation in exquisite residences, high-tech plants, hospital buildings and public construction projects such as large-scale arts and cultural centers in recent years, the Company has been highly regarded. The Company aims to compete in the

markets of high-end residential buildings, commercial buildings, and public construction works.

B. Corporate image

The Company, which has been established for long, has acquired ISO certifications, as well as TOSHMS certification for its dedication to implementing environmental protection and occupational safety and health at the construction site. Such certifications help in customers' recognition of the Company's corporate image. In recent years, the Company has enhanced its corporate brand image by dedicating to developing innovative technology and improving the intelligent and technological process.

C. Financial ability

The construction industry is greatly affected by changes in the economy and public construction projects, hence the fluctuation in business sales and performance is inevitable. However, the Company has a steady financial structure that frees us from the effects of the sluggish economy.

D. Construction management system informationization

Informationization of systems of the construction industry is generally insufficient, whereas that of the Company regarding administrative affairs and construction affairs is mature, which is a relatively competitive niche compared with other construction companies. The Company has completed its 7-1 process control, smart management of safety and health, and technological innovation of construction drawings, etc., with the system of integrated planning and the system of construction process still advancing.

E. A construction company mastering multiple construction technology

Integrate by means of cultivating and inducing talents and with a strategy of Taiwan-based, civil engineering as major, and mechanical and electrical engineering as supplementary. Exploit funding advantage and forge a market segmentation by means of professionalization and centralization, so as to improve competitiveness and create higher added value.

(5) Favorable factors and unfavorable factors for future development and corresponding measures

A. Favorable factor

- a. Due to the customer's gradual emphasis on construction quality and construction technology, it favors a comprehensive construction company that specializes in construction engineering technology and has a corporate image and performance.
- b. The government continues to compile a large number of public construction budgets to support the construction market.
- c. In recent years, the Greater Taipei area has been promoting urban construction, contributing to development and utilization of urban land and the development of domestic real estate.
- d. Concerning the application of BIM in both the demassification market respecting general residence and in the construction phase respecting construction management and planning, the Company has no direct or comparable competitors. Moreover,

The Company is experienced in executing complex projects, pioneers the execution of BIM in public construction, capable of developing customized service for owners, has the ability to implement fully, and has model-building capability of higher quality, which together constitutes a favorable factor for BIM development.

B. Unfavorable factors

- a. Judging from the fierce competition in the construction contracting market, the uncertainty of the fluctuations in the prices of raw materials and building materials and the shortage of professional contractor and human resources, profit margins for construction contractors will not significantly recover.
- b. The housing market has returned to fundamentals. The high purchase burden and low transaction volume will suppress the growth of the housing market.
- c. In view of the reduction in the private construction market, it is expected that the construction companies within the industry will most probably compete with low rate.
- d. BIM currently has no clear market regulatory mechanism. Those that provide BIM technical services in the market are of uneven quality. Although the Company is confident in surpassing its rivals in quality, the customers who are seeking BIM services for the first time still have no ability to distinguish the quality of the suppliers.

C. Countermeasures

a. Target market strategy

In the face of fierce competition in the construction industry, the Company is aiming at the customers sitting within its target markets, e.g., the selection of listed high-quality builders and consortium customers, or builders who possess the criteria necessary for large and difficult government public buildings and for development of luxurious buildings, and contracts for their exquisite residence projects; upgrade the existing technical level and introduce new technical talents; enter existing markets respecting new aspects, new products and new regions; strive for urban renewal, joint construction, vibration isolation, green energy, green buildings, smart buildings, hospitals, and commercial real estate. And strengthen customer service with professionalism and quality to establish a stable source and customer base.

b. Establish good construction quality and reputation

Adhere to the Company's core values of "integrity" and establish a good construction quality and reputation. The Company, which has a long stood as a listed company, will make good use of financial advantages and build customer confidence in the Company.

c. Strengthen the accumulation of professional and technical experience

Through diversified construction projects, accumulate various construction experiences, establish core competitiveness of long-term operation, upgrade the technical capabilities to improve the past or existing complex construction methods, and

introduce new technical talents, so as to achieve the goal of technological optimization and technological expansion to reduce costs and improve competitiveness. The cross-strait parties can share resources and experience and complement each other.

d. Increase cost competitiveness

Strengthen organizational effectiveness and strengthen cost control to reduce costs and maintain profit margins. Enhance added value and open up new markets through brand management.

e. Strategic alliance

Obtain the following advantages through a strategic alliance, either an industry alliance or a horizontal alliance:

- (a) Professional combination: Strive for and complete the target market performance.
- (b) Knowledge transfer process: In addition to improving professional integration capabilities, strengthen self-management ability.
- (c) Risk sharing: Share risks such as costs under the uncertainty of the business environment,

(II) Usage and Manufacturing Processes for the Company's Main Products

Product item	Important use	Production process
Residential projects, technology plants, public buildings, medical buildings, commercial buildings, and turnkey cases.	Satisfy construction needs for residence and business operation	Construction: Product production process Contracted construction Business Development → Estimation Work → Submit a Tender (Bargaining) → Win a Bid and Sign an Agreement → Construction Budget → Construction Plan → Purchase of Materials, Machine Tools, Manpower Arrangement → Construction Management → Completion Process → Review after Completion.

(III) The Supply Status of the Major Raw Materials:

Despite the fluctuation in the price of the main construction materials (e.g., rebars (steel), concrete, cement, sand and gravel) and professional subcontracting projects, domestic supply is still stable due to good relationship with the suppliers.

(IV) List of principal suppliers and clients in the last two years

1. List of principal clients in the last two years

Unit: NT\$ Thousands

Item	2019				2020			
	Name	Amount	Ratio to net annual sales [%]	Relationships with the issuer	Name	Amount	Ratio to net annual sales [%]	Relationships with the issuer
1	Customer A	706,025	14.79%	None	Customer A	1,300,628	19.23%	None
2	Customer B	935,262	19.59%	None	Customer B	1,117,447	16.52%	None
3	Customer C	437,978	9.18%	None	Customer C	862,406	12.75%	None
4	Customer D	546,859	11.46%	None	Customer D	800,879	11.84%	None
5	Customer E	0	0.00%	None	Customer E	735,555	10.88%	None
	Others	2,146,888	44.98%	None	Others	1,945,903	28.77%	None
	Net sales	4,773,012	100.00%		Net sales	6,762,818	100.00%	

Note 1. Reason for increase or decrease: The Company is mainly a construction services industry and thus not applicable.

Note 2. Until the date of publication of the annual report, a company whose stock is listed on the stock exchange or traded over the counter, shall disclose the most recent financial statement audited or attested by the CPA, if any.

2. List of principal suppliers (including subcontractors) and clients in the last two years

Purchase from suppliers does not exceed 10% of the total purchase over the past two years.

(V) Production Volume and Value of the Last Two Years

Unit: NT\$ Thousands

Year Production volume and production value Main Product	2019			2020		
	Production capacity	Production volume	Production Value	Production capacity	Production volume	Production Value
Construction services (including electromechanical service)	-	-	4,430,306	-	-	6,250,214
Others	-	-	1,573	-	-	90
Total	-	-	4,431,879	-	-	6,250,304

Note: Since there is no specific unit of measurement, its production capacity and output cannot be clearly attributed, and thus is not listed.

(VI) Sales volume and value in the last two years

Unit: NT\$ Thousands

Year Sales volume and sales value Main products	2019		2020	
	Taiwan		Taiwan	
	Volume	Value	Volume	Value
Construction services (including electromechanical service)	-	4,771,507	-	6,762,457
Others	-	1,505	-	361
Total	-	4,773,012	-	6,762,818

Note: Since there is no specific unit of measurement, its sales volume cannot be clearly attributed, and thus is not listed.

III. Number of Employees Employed for the Two Most Recent Fiscal Years and the Current Fiscal Year Up to the Date of Publication of the Annual Report

Year		2019	2020	Current year up to March 31, 2021
Number of Employees	Direct labor	242	296	301
	Indirect labor	192	161	162
	Total	434	457	463
Average age		41.86	41.92	41.92
Average service years		6.04	4.90	4.90

Year		2019	2020	Current year up to March 31, 2021
Academic distribution ratio	Doctor	0.96%	1.09%	1.08%
	Master	18.94%	20.35%	20.30%
	College	65.23%	63.46%	61.12%
	Senior high school	11.03%	6.78%	7.13%
	Lower than Senior high school	3.84%	8.32%	10.37%

Note: The annual data shall be updated as of the publication date of this annual report.

IV. Environmental Expenditures

(I) Total damages due to environmental pollution in the most recent fiscal year and as of March 31, 2021:

Date	Official Letter No.	Violation of provisions	Violation of regulations contents	Amount
2019.12.27	Order Ref. No. Kaohsiung-City-Environmental-Protection-Bureau-Waste-Disposal-41-108-122323	Violated subparagraph 2, Article 27, the Waste Disposal Act	Mud from the construction was not duly cleaned and resulted in the pollution of ditches	2,400
2020.01.17	Order Ref. No. New-Taipei-Environment-Inspection-22-109-030048	Violated Article 8 of Noise Control resulting in fines	Noise caused by operating at night	3,000
2020.01.21	Order Ref. No. Waste-41-109-011989	Violated subparagraph 2, Article 27, the Waste Disposal Act	January 2, 2020: Violated the waste disposal requirements	1,200
2020.02.04	Order Ref. No. Noise-22-109-020004	Subparagraph 4, Article 8, the Noise Control Act	December 25: A construction using power machinery was carried out in the type 3 noise control zone in the city between 10:00 p.m. and 8:00 a.m. and interfered the tranquility	3,000
2020.04.26	Order Ref. No. New-Taipei-Environment-Inspection-41-109-070312	Violated Article 27, the Waste Disposal Act	The tire sludge is not cleaned during operation	1,200
2020.04.26	Order Ref. No. New-Taipei-Environment-Inspection-41-109-101202	Violated Article 27, the Waste Disposal Act	June 24, 2020: Transport of the material at the external construction contaminated the public road	1,200
2020.04.26	Order Ref. No. New-Taipei-Environment-Inspection-41-109-110057	Violated Article 27, the Waste Disposal Act	July 7, 2020: Transport of the material at the external construction contaminated the public road	1,200
2020.05.20	Order Ref. No. Kao-Hsiung-Environmenta-Inspection-Water-30-109-10013	Water Pollution Control Act	Waste water flowing into the gutter	52,500
2020.06.25	Order Ref. No. New-Taipei-Environment-Inspection-22-109-120468	Violated Article 8 of Noise Control resulting in fines	June 25, 2020: Violated the prohibition of operating hours to engage in construction works on Dragon Boat Festival	3,000
2020.09.17	Order Ref. No. New-Taipei-Environment-Inspection-41-109-121981	Violated Article 27, the Waste Disposal Act	September 17, 2020: Vehicle from the external construction contaminated the public road	1,200
2020.10.14	Order Ref. No. New-Taipei-Environment-Inspection-23-109-1100	Management Regulations for Construction Project	Violation of the Management Regulations for Construction Project Air Pollution Control Facilities and	20,000

Date	Official Letter No.	Violation of provisions	Violation of regulations contents	Amount
	12	Air Pollution Control Facilities	its handling principles	
2020.11.09	Order Ref. No. Waste-40-109-121	Article 27, Waste Disposal Act	Residual soil and rock contaminated the public road	3,600
Total				93,500

(II) Countermeasures taken and possible expenditures:

1. Noise:

Countermeasure: A portion of the projects (e.g., diaphragm wall construction, concrete grouting works) required continued operation, which lasted till the night and resulted in the penalties. In addition to maintaining good relationships with neighbors, it is necessary to control the progress of the project and reduce nighttime construction.

Possible expenses: No materially additional expenses.

2. Environmental pollution (road):

Countermeasure: Set up a car wash station at the entrance and exit. Vehicles may leave the site only after cleaning the tires and the car body at the car wash station; the entrance and exit of the gate is designated to be the responsibility area for the security personnel; Strengthen the inspection of access control and cleaning operation of the vehicles at the gate; and improve the cleanness of the road by spreading water thereon.

Possible expenses: No materially additional expenses.

3. Runoff wastewater discharge:

Countermeasure: Set a settling basin at the appropriate location in the site to intercept unnecessary impurities in the runoff wastewater, and require the site to manage the use of oil to avoid contaminating the soil and water.

Possible expenses: No materially additional expenses.

V. Labor Relations

(I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests;

1. Employee benefit plans

The Company has an Employee Welfare Committee to implement various welfare measures. In addition to implementing labor insurance and health insurance according to government regulations, the Company also provides group insurance for employees, as well as travel gifts or subsidies, child education subsidies, birthday gifts, marriage allowance, and funeral allowance, employee education and training, and employee stock-sharing and bonus-sharing. In the concrete business in China, in addition to paying social insurance funds and provident funds in accordance with government regulations, the Company also insured employers' liability insurance for employees, and provides them with holiday gifts, birthday gifts, wedding and funeral allowances, and employee education and training.

2. Employee continuing education and its implementation
In order to improve the quality of work and provide opportunities for employees to pursue continuous training, the Company has established employee training regulations, encouraged employees to continue their education, and provided training subsidies for continuous education.

3. Employee training and implementation status
In order to encourage employees to continue to learn and grow, the Company arranges internal training and external training for employees, so that the knowledge and experience of employees are more solid and refined due to continuous learning and training. The implementation situation is as follows:
The results of the 2020 training are as follows:

Total hours	Expense
3,785.5 hours of internal training	NT\$557,197
343 hours of external training	

4. Pension system and implementation situation
The Company has established a “Supervisory Committee of Workers’ Retirement Fund” to provide for the contribution, payment and management of labor retirement reserves. It has also established Employee Retirement Plans in accordance with the Labor Standards Law to protect employees’ rights and interests. The Company makes a monthly contribution equal to 2% of the monthly salary of employees who have opted for the old pension system to the retirement reserves, deposited in a designated account with the Trust Department of Bank of Taiwan. Employees who qualify for the criteria may apply to the Supervisory Committee of Workers’ Retirement Fund in accordance with relevant regulations.

From July 1, 2005 onwards, the Company also makes a monthly contribution equal to 6% of the monthly salary of employees who have opted for the new pension system to the individual retirement account of employees in accordance with the Labor Pension Act.

5. Labor-management cooperation
The Company attaches great importance to the opinions of employees, and has an employee discussion area to encourage them to participate in the provision of suggestions, so as to understand their opinions on the management system and the welfare system, which may be rendered as a reference for future improvement. Consequently, the relationship between employers and employees has been harmonious so far.

6. Secure employees rights and interests
In order to protect the rights and interests of employees, improve the lives of employees, and improve the channels for labor-management communication, the Company has established the Labor-management Committee according to law, which is responsible for coordinating matters concerning employment, improvement in labor conditions, and welfares.

- (II) List any loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of publication of the annual report, disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken:

As at 2020 and the current year up to the publication date of the annual report, the Company did not suffer any losses arising from material labor disputes, and maintained a good relationship with employees.

VI. Important Contracts

The contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year

Type of contracts	Party	Commencement Date or construction period	Main contents	Restrictions:
Medium-long-term loans	Land Bank of Taiwan, Xinzhuang Branch	July 13, 2017 ~ July 12, 2022	As land acquisition funds	According to the credit contract
Construction contract	Urban & Rural Development Department, New Taipei City Government	March 2018 to July 2021	New social housing construction	None
Construction contract	Department of Urban Development, Taipei City Government	March 2019 to September 2022	New social housing construction	None
Construction contract	Office of Housing Development, Taoyuan	October 2019 to May 2022	New social housing construction	None
Construction contract	Cathay Real Estate Development Co., Ltd.	November 2019 to October 2023	New congregate housing construction	None
Construction contract	Taiwan Semiconductor Manufacturing Co., Ltd.	January 2020 to December 2021	New technology plant construction	None
Construction contract	Fox Automation Technology Inc.	October 2020 to September 2022	New technology plant construction	None

Chapter 6. Financial Highlights

I. Condensed Balance Sheet and Income Statement for the Last Five Fiscal Years

(I) Condensed Balance Sheet and Condensed Statement of Comprehensive Income (Consolidated)

Condensed Balance Sheets

Unit: NT\$ Thousands

Item \ Year		Most Recent 5-Year Financial Information				
		2016	2017	2018	2019	2020
Current assets		7,411,530	8,372,425	8,111,422	7,647,907	8,416,966
Property, plant, and equipment		287,420	232,151	191,066	126,042	33,577
Intangible assets		0	0	0	0	0
Other assets		1,237,139	1,344,046	1,110,975	769,480	673,364
Total assets		8,936,089	9,948,622	9,413,463	8,543,429	9,123,907
Current liabilities	Before distribution	2,347,248	3,713,689	2,996,300	2,606,006	3,626,891
	After distribution	2,514,398	3,880,839	3,163,450	2,739,726	(Note 3)
Non-current liabilities		1,572,333	1,329,361	1,455,898	1,581,671	1,068,365
Total Liabilities	Before distribution	3,919,581	5,043,050	4,452,198	4,187,677	4,695,256
	After distribution	4,086,731	5,210,200	4,619,348	4,321,397	(Note 3)
Equity attributable to shareholders of the parent company		5,013,734	4,895,217	4,949,473	4,348,740	4,428,651
Capital		3,379,001	3,379,001	3,343,001	2,674,401	2,574,401
Additional paid-in capital		200,557	200,462	201,627	201,627	204,852
Retained Earnings	Before distribution	1,416,739	1,417,768	1,462,023	1,476,801	1,707,664
	After distribution	1,249,589	1,250,618	1,294,873	1,343,081	(Note 3)
Others		52,272	(67,179)	(57,178)	(4,089)	(58,266)
Treasury Stock		(34,835)	(34,835)	0	0	0
Non-controlling interests		2,774	10,355	11,792	7,012	0
Total Equity	Before distribution	5,016,508	4,905,572	4,961,265	4,355,752	4,428,651
	After distribution	4,849,358	4,738,422	4,794,115	4,222,032	(Note 3)

Note 1. The 2020 consolidated financial statements were audited and certified by CPAs.

Note 2. As of the printing date of the annual report, there is no financial statements for the 1st quarter of 2021 that have been reviewed by a CPA.

Note 3. The proposal for earnings distribution for 2020 is still awaiting the resolution by the Shareholders Meeting.

Consolidated Statements of Comprehensive Income

Unit: NT\$ Thousands

Item \ Year	Most Recent 5-Year Financial Information				
	2016	2017	2018	2019	2020
Operating revenue	5,168,161	5,733,908	6,824,128	4,773,012	6,762,818
Gross profit	423,930	545,628	741,759	341,133	512,514
Operating profit or loss	35,375	216,327	360,280	71,003	221,871
Non-operating income and expenses	33,517	44,156	14,843	45,549	161,941
Profit before tax of continuing operations	68,892	260,483	375,123	116,552	383,812
Net income (loss) of continuing operations	41,617	172,173	207,708	51,336	301,975
Loss of discontinuing operation	0	0	0	128,228	72,769
Net Income (Loss)	41,617	172,173	207,708	179,564	374,744
Other comprehensive income (net value after tax) for the period	(229,227)	(121,706)	16,707	55,382	(63,499)
Total comprehensive income	(187,610)	50,467	224,415	234,946	311,245
Net income (loss) attributable to shareholders of the parent company	42,077	171,178	205,671	179,635	373,905
Net income (loss) attributable to non-controlling interest	(460)	995	2,037	(71)	839
Total comprehensive income attributable to shareholders of the parent company	(187,150)	49,472	222,378	235,017	310,406
Total comprehensive income attributable to non-controlling interests	(460)	995	2,037	(71)	839
Earnings per Share	0.13	0.51	0.62	0.57	1.43

Note 1. The 2020 consolidated financial statements were audited and certified by CPAs.

Note 2. As of the printing date of the annual report, there is no financial statements for the 1st quarter of 2021 that have been reviewed by a CPA.

(II) Condensed Balance Sheet and Condensed Statement of Comprehensive Income
(Standalone)

Condensed Balance Sheets

Unit: NT\$ Thousands

Item \ Year		Most Recent 5-Year Financial Information				
		2016	2017	2018	2019	2020
Current assets		2,545,094	2,764,914	2,423,641	2,885,300	3,820,458
Property, plant, and equipment		18,887	37,132	33,526	33,053	31,262
Intangible assets		0	0	0	0	0
Other assets		5,747,757	5,973,406	5,781,607	4,994,786	4,430,514
Total assets		8,311,738	8,775,452	8,238,774	7,913,139	8,282,234
Current liabilities	Before distribution	1,726,071	2,550,936	1,837,272	1,999,590	2,793,237
	After distribution	1,893,221	2,718,086	2,004,422	2,133,310	(Note 2)
Non-current liabilities		1,571,933	1,329,299	1,452,029	1,564,809	1,060,346
Total Liabilities	Before distribution	3,298,004	3,880,235	3,289,301	3,564,399	3,853,583
	After distribution	3,465,154	4,047,385	3,456,451	3,698,119	(Note 2)
Equity attributable to shareholders of the parent company		5,013,734	4,895,217	4,949,473	4,348,740	4,428,651
Capital		3,379,001	3,379,001	3,343,001	2,674,401	2,574,401
Additional paid-in capital		200,557	200,462	201,627	201,627	204,852
Retained Earnings	Before distribution	1,416,739	1,417,768	1,462,023	1,476,801	1,707,664
	After distribution	1,249,589	1,250,618	1,294,873	1,343,081	(Note 2)
Others		52,272	(67,179)	(57,178)	(4,089)	(58,266)
Treasury Stock		(34,835)	(34,835)	0	0	0
Non-controlling interests		0	0	0	0	0
Total Equity	Before distribution	5,013,734	4,895,217	4,949,473	4,348,740	4,428,651
	After distribution	4,846,584	4,728,067	4,782,323	4,215,020	(Note 2)

Note 1. As of the printing date of the annual report, there is no financial statements for the 1st quarter of 2021 that have been reviewed by a CPA.

Note 2. The proposal for earnings distribution for 2020 is still awaiting the resolution by the Shareholders Meeting.

Consolidated Statements of Comprehensive Income

Unit: NT\$ Thousands

Item \ Year	Most Recent 5-Year Financial Information				
	2016	2017	2018	2019	2020
Operating revenue	3,827,308	3,778,110	3,932,756	4,756,126	6,753,748
Gross profit	312,966	296,108	300,682	315,254	453,465
Operating profit or loss	122,861	90,864	60,151	72,349	180,689
Non-operating income and expenses	(76,287)	110,222	230,261	172,614	248,169
Net income (loss) before tax of continuing operations	46,574	201,086	290,412	244,963	428,858
Net income (loss) of continuing operations	42,077	171,178	205,671	179,635	373,905
Loss of discontinuing operation	0	0	0	0	0
Net Income (Loss)	42,077	171,178	205,671	179,635	373,905
Other comprehensive income (loss) in this period	(229,227)	(121,706)	16,707	55,382	(63,499)
(net value after tax)	(187,150)	49,472	222,378	235,017	310,406
Total comprehensive income	0.13	0.51	0.62	0.57	1.43

Note 1. As of the printing date of the annual report, there is no financial statements for the 1st quarter of 2021 that have been reviewed by a CPA.

(III) CPA Names and Audit Opinions

Year of Certification	Name of Accounting Firm:	Name of CPA	Auditors' Opinions	Remark Note
2016	Deloitte & Touche Taiwan Accounting Firm	I-wen WANG Yu-wei FAN	Consolidated: Unqualified opinion Standalone: Unqualified opinion	-
2017	Deloitte & Touche Taiwan Accounting Firm	I-wen WANG Yu-wei FAN	Consolidated: Unqualified opinion Standalone: Unqualified opinion	-
2018	Deloitte & Touche Taiwan Accounting Firm	I-wen WANG Yu-wei FAN	Consolidated: Unqualified opinion Standalone: Unqualified opinion	-
2019	Deloitte & Touche Taiwan Accounting Firm	I-wen WANG Wen-chin LIN	Consolidated: Unqualified opinion Standalone: Unqualified opinion	-
2020	Deloitte & Touche Taiwan Accounting Firm	Wen-chin LIN Chun-hung CHEN	Consolidated: Unqualified opinion Standalone: Unqualified opinion	

II. Financial Analysis for the Last Five Fiscal Years
(I) Financial Analysis - International Financial Reporting Standards

Financial Analysis - Consolidated

Items (Note 2)		Financial Analysis for the Last Five Fiscal Years				
		2016	2017	2018	2019	2020
Financial structure (%)	Debt to asset ratio	43.86	50.69	47.30	49.02	51.46
	Ratio of long-term capital to property, plants and equipment	2,292.41	2,685.72	3,358.61	4,710.67	16,371.37
Solvency (%)	Current ratio	315.75	225.45	270.71	293.47	232.07
	Quick ratio	347.29	195.18	232.51	286.99	217.57
	Interest coverage ratio	3.27	9.38	15.23	8.09	33.50
Management ability	Average receivables turnover ratio (times)	1.79	2.30	2.55	1.89	4.66
	Average collection days	204	159	143	193	78
	Inventory turnover rate (times)	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.
	Average payables turnover ratio (times)	3.62	2.92	2.83	2.25	3.40
	Average inventory turnover days	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.
	Property, plant, and equipment (PP&E) turnover ratio (times)	16.19	22.07	32.25	30.1	84.74
	Total asset turnover ratio (times)	0.56	0.61	0.70	0.53	0.77
Profitability	Return on assets (%)	0.73	2.10	2.36	2.15	4.35
	Return on equity (%)	0.8	3.47	4.21	3.85	8.53
	Ratio of income before tax to paid-in capital (%)	2.04	7.71	11.22	11.01	14.91
	Net income to sales (%)	0.81	3.00	3.04	2.84	5.54
	Earnings per Share (Note 1)	0.13	0.51	0.62	0.57	1.43
Cash Flow	Cash flow ratio (%)	30.95	(12.04)	6.54	29.07	35.53
	Cash flow adequacy ratio (%)	120.01	12.24	8.33	111.45	172.63
	Cash flow reinvestment ratio (%)	8.47	(10.22)	0.46	9.83	21.26
Leverage	Operating leverage	146.1	26.51	18.94	67.22	30.48
	Financial leverage	7.07	1.17	1.08	1.30	1.06

- I. Reasons for any changes in financial ratios up to 20% in the past two years:
1. The disposal of the concrete subsidiary in 2020 resulted in an increase in the ratio of long-term funds to property, plant and equipment/receivable turnover ratio/payable turnover ratio/property, plant and equipment turnover ratio/cash flow ratio.
 2. The current ratio decreased due to the increase of long-term debt maturity within one year.
 3. The growth in profitability in 2020 results in an increase in interest coverage and profitability ratio.
- II. The concrete subsidiary was sold and the income and expenses of the concrete business in 2020 were recognized as a discontinued unit. The return on assets, return on equity, net income and earnings per share in the above table for 2020 are the rates of return including the gain or loss on discontinued operations. If the discontinued operations are excluded, the rates of return on continuing operations are 3.53%, 6.88%, 4.47% and \$1.16, respectively.

Note 1. As of the printing date of the annual report, there is no financial statements for the 1st quarter of 2021 that have been reviewed by a CPA.

Note 2. The financial ratio calculation formula is as follows:

1. Financial structure
 - (1) Debt to asset ratio = total debts / total assets.
 - (2) Ratio of Long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Liquidity (%)
 - (1) Current ratio = Current assets / Current liabilities.
 - (2) Quick ratio = (Current asset - inventories) / Current liabilities
 - (3) Interest coverage ratio = Earnings before interests and taxes (EBIT) / Interest expenses over this period
3. Management ability
 - (1) Receivables turnover ratio (including accounts receivables and notes receivables resulting from business operations) = Net sales / Average accounts receivable in various periods (including accounts receivables and notes receivables resulting from business operations).
 - (2) Average collection days = 365 / Receivables turnover ratio.
 - (3) Inventory turnover ratio = Cost to sales / Average inventory value
 - (4) Payables turnover ratio (including accounts payables and notes payables resulting from business operations) = Costs to sales / Average accounts payables in various periods (including accounts payables and notes payables resulting from business operations).
 - (5) Average inventory turnover days = 365 / Inventory turnover ratio.
 - (6) Property, plant, and equipment (PP&E) turnover ratio = Net sales / Average value of PP&E
 - (7) Total asset turnover ratio = net sales / average total assets.
4. Profitability
 - (1) Return on assets (ROA) = [Post-tax profit or loss + Interest expenses x (1 - interest rates)] / Average total asset value.
 - (2) Return on Equity (ROE) = Post-tax profit or loss / Average total equity value.
 - (3) Net income to sales ratio = Post-tax profit and loss / Net sales.
 - (4) Earnings per share = (Income or loss attributable to owners of parent company – Dividends on preferred shares) / Weighted average number of issued shares.
5. Cash Flow
 - (1) Cash flow ratio = net operating cash flow / current liabilities.
 - (2) Net cash flow adequacy ratio = Net operating cash flow in the most recent five years / (Capital expenditures + Inventory increase + Cash dividend) in the most recent five years.
 - (3) Cash re-investment ratio = (Net operating cash flow – cash dividend) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital).
6. Leverage:
 - (1) (A) Operating leverage = (Net operating income - Changes in operating costs and expenses)/Operating income.
 - (2) Financial leverage = Operating income / (Operating income - Interest expenses).

Financial Analysis - Standalone

Year Items (Note 2)		Financial Analysis for the Last Five Fiscal Years				
		2016	2017	2018	2019	2020
Financial structure (%)	Debt to asset ratio	39.68	44.22	39.92	45.04	46.53
	Ratio of long-term capital to property, plants and equipment	34,868.78	16,763.21	19,094.14	17,891.11	17,558.05
Solvency (%)	Current ratio	147.45	108.39	131.92	144.29	136.78
	Quick ratio	176.95	92.24	102.11	132.27	117.54
	Interest coverage ratio	2.53	7.47	12.02	16.86	39.70
Management ability	Average receivables turnover ratio (times)	5.22	6.47	9.13	10.82	13.67
	Average collection days	70	56	40	34	27
	Inventory turnover rate (times)	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.
	Average payables turnover ratio (times)	3.38	3.03	2.97	3.27	3.58
	Average inventory turnover days	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.
	Property, plant, and equipment (PP&E) turnover ratio (times)	200.12	134.89	111.32	142.87	210.02
	Total asset turnover ratio (times)	0.44	0.44	0.46	0.59	0.83
Profitability	Return on assets (%)	0.78	2.31	2.67	2.38	4.73
	Return on equity (%)	0.81	3.46	4.18	3.86	8.52
	Ratio of income before tax to paid-in capital (%)	1.38	5.95	8.69	9.16	16.66
	Net income to sales (%)	1.10	4.53	5.23	3.78	5.54
	Earnings per Share (Note 1)	0.13	0.51	0.62	0.57	1.43
Cash Flow	Cash flow ratio (%)	41.04	(18.24)	(16.14)	17.49	12.09
	Cash flow adequacy ratio (%)	5.47	(29.45)	(55.19)	(3.74)	44.98
	Cash flow reinvestment ratio (%)	8.55	(10.97)	(7.34)	3.11	3.14
Leverage	Operating leverage	31.15	41.58	65.38	65.74	37.38
	Financial leverage	1.33	1.52	1.78	1.27	1.07
Reasons for any changes in financial ratios up to 20% in the past two years:						
1. The growth of earnings in 2020 resulted in the growth of interest coverage ratio, profitability and cash flow ratio.						
2. The growth in revenue in 2020 resulted in growth in the turnover rate of property, plant and equipment, the turnover rate of total assets, and the turnover rate of receivables.						

Note 1. As of the printing date of the annual report, there is no financial statements for the 1st quarter of 2021 that have been reviewed by a CPA.

Note 2. The financial ratio calculation formula is as follows:

1. Financial structure
 - (1) Debt to asset ratio = total debts / total assets.
 - (2) Ratio of Long-term capital to property, plant and equipment
= (total equity + non-current liabilities) / net property, plant and equipment.
2. Liquidity (%)
 - (1) Current ratio = Current assets / Current liabilities.
 - (2) Quick ratio = (Current asset - inventories) / Current liabilities
 - (3) Interest coverage ratio = Earnings before interests and taxes (EBIT) / Interest expenses over this period
3. Management ability
 - (1) Receivables turnover ratio (including accounts receivables and notes receivables resulting from business operations) = Net sales / Average accounts receivable in various periods (including accounts receivables and notes receivables resulting from business operations).
 - (2) Average collection days = 365 / Receivables turnover ratio.
 - (3) Inventory turnover ratio = Cost to sales / Average inventory value
 - (4) Payables turnover ratio (including accounts payables and notes payables resulting from business operations) = Costs to sales / Average accounts payables in various periods (including accounts payables and notes payables resulting from business operations).
 - (5) Average inventory turnover days = 365 / Inventory turnover ratio.
 - (6) Property, plant, and equipment (PP&E) turnover ratio = Net sales / Average value of PP&E
 - (7) Total asset turnover ratio = net sales / average total assets.
4. Profitability
 - (1) Return on assets (ROA) = [Post-tax profit or loss + Interest expenses x (1 - interest rates)] / Average total asset value.
 - (2) Return on Equity (ROE) = Post-tax profit or loss / Average total equity value.
 - (3) Net income to sales ratio = Post-tax profit and loss / Net sales.
 - (4) Earnings per share = (Income or loss attributable to owners of parent company – Dividends on preferred shares) / Weighted average number of issued shares.
5. Cash Flow
 - (1) Cash flow ratio = net operating cash flow / current liabilities.
 - (2) Net cash flow adequacy ratio = Net operating cash flow in the most recent five years / (Capital expenditures + Inventory increase + Cash dividend) in the most recent five years.
 - (3) Cash re-investment ratio = (Net operating cash flow – cash dividend) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital).
6. Leverage:
 - (1) (A) Operating leverage = (Net operating income - Changes in operating costs and expenses)/Operating income.
 - (2) Financial leverage = Operating income / (Operating income - Interest expenses).

III. The Audit Committee's Review Report for the Most Recent Fiscal Year

Chien Kuo Construction Co., Ltd.

Audit Committee Review Report

Both the 2020 Consolidated Financial Statements and the 2020 Standalone Financial Statements prepared and submitted by the Board of Directors have been audited by CPA I wen WANG and CPA Weng qing LIN of Deloitte & Touche Taiwan. Such two Financial Statements, the Business Report, and the Earnings Distribution Proposals have been reviewed by the Audit Committee, who, after the review, does not believe that there are any non conformities. Therefore, pursuant to relevant requirements of the Securities and Exchange Act and the Company Act, we hereby submit this report.

To
The 2021 Annual Shareholders' Meeting of the Company

Chien Kuo Construction Co., Ltd.

Convener of the Audit Committee: Chin-Pao Tsai

March 25, 2021

- IV. The most recent annual financial report
Please refer to pages 121~209 of this annual report.
- V. Standalone Financial Statements for the Most Recent Fiscal Year That Were Audited and Certified by a CPA
Please refer to pages 210 ~292 of this annual report.
- VI. Financial Difficulties Suffered by the Company and Subsidiaries in The Most Recent Fiscal Year and the Current Fiscal Year Up to the Publication Date of the Annual Report, and the Effects on the Company's Financial Position: None.

Chapter 7. Review, Analysis, and Risks of Financial Status and Performance

I. Financial Position

Unit: NT\$ Thousands

Item \ Year	2020	2019	Difference		Analysis and description of changes
			Amount	%	
Current assets	8,416,966	7,647,907	769,059	10.06	
Property, plant, and equipment	33,577	126,042	(92,465)	(73.36)	1
Other assets	673,364	769,480	(96,116)	(12.49)	
Total assets	9,123,907	8,543,429	580,478	6.79	
Current liabilities	3,626,891	2,606,006	1,020,885	39.17	2
Non-current liabilities	1,068,365	1,581,671	(513,306)	(32.45)	2
Total Liabilities	4,695,256	4,187,677	507,579	12.12	
Capital	2,574,401	2,674,401	(100,000)	(3.74)	
Additional paid-in capital	204,852	201,627	3,225	1.60	
Retained Earnings	1,707,664	1,476,801	230,863	15.63	
Shareholders' Equity	4,428,651	4,355,752	72,899	1.67	

The changes exceed 20% and the amount of change reaches NT\$10 million:

1. Decrease in plant, property and equipment: Mainly due to the sale of subsidiaries and plant and equipment in China
2. Increase in current liabilities: Mainly due to the increase in accounts payable because of the faster progress of factory projects and the increase in long-term loans due within one year.

II. Financial Performance

Unit: NT\$ Thousands

Item \ Year	2020	2019	Difference		Analysis and description of changes
			Amount	%	
Net operating revenue	6,762,818	4,773,012	1,989,806	41.69	1
Operating costs	6,250,304	4,431,879	1,818,425	41.03	1
Gross profit	512,514	341,133	171,381	50.24	1
Operating expenses	290,643	270,130	20,513	7.59	
Operating income	221,871	71,003	150,868	212.48	1
Non-operating income and expenses	161,941	45,549	116,392	255.53	2
Profit before tax of continuing operations	383,812	116,552	267,260	229.31	1,2
Income tax expense	81,837	65,216	16,621	25.49	
Gain (Loss) from Discontinued Operations	72,769	128,228	(55,459)	(43.25)	3
Profit	374,744	179,564	195,180	108.70	

(I) The changes exceed 20% and the amount of change reaches NT\$10 million:

1. The growth in revenue, cost, gross profit and operating income in 2020 compared to 2019 is mainly due to the faster progress of certain plant construction projects in 2020.
2. Increase in non-operating income and expenses: Mainly due to the gain on disposal of subsidiaries, gain on concrete plant and equipment, and gain on valuation of financial assets.

3. Gain (loss) on discontinued operations: Sale of equity interest in concrete subsidiaries and related operations are classified as gain or loss on discontinued operations.
- (II) Forecast of Sales Volume in the Following Year, Basis for Such Forecast, the Possible Impact from Such Forecast on the Company's Future Finance and Business, and the Response Plan: None.

III. Cash Flow

(I) Analysis of Cash Flow Changes for the Most Recent Year

Unit: NT\$ Thousands

Cash amount - beginning of the year (December 31, 2019)	Net cash inflow resulting from operating activities throughout 2020	Net cash outflows from investing and financing activities throughout 2020	Effect of exchange rate changes on cash and cash equivalents	Amount of remaining cash (December 31, 2020)	Remedial measures for expected cash inadequacy	
					Investment plan	Financial plan
2,690,165	1,288,640	(1,346,369)	(14,099)	2,618,337	-	-

1. Operating activities: The cash inflow of NT\$1,288,640 thousand was mainly due to the cash inflow generated by the current profit and the active collection of receivable.
2. Financing activities: The cash outflow in the amount of NT\$(1,079,387) thousand was mainly due to the acquisition of financial assets during the year.
3. Financing activities: The cash outflow in the amount of NT\$(266,982) thousand was mainly due to the buyback of treasury stocks in the current year, the repayment of bank loans, and the distribution of cash dividends during the year.

(II) Improvement plan for insufficient liquidity and cash flow analysis for the next year

Unit: NT\$ Thousands

Cash amount - beginning of the year (December 31, 2020)	Net cash outflow from operating activities throughout 2021	Net cash outflow from investing and financing activities throughout 2021	Amount of remaining cash (December 31, 2021)	Remedial measures for expected cash inadequacy	
				Investment plan	Financial plan
2,618,337	(120,661)	(286,860)	2,210,816	-	-

1. Analysis of changes in cash flows in 2021:
 - (1) Operating activities: Cash inflows of NT\$(120,661) thousands are mainly cash inflows from operating activities.
 - (2) Investing and financing activities: The cash outflow in the amount of NT\$(286,860) thousand was mainly due to distribution of cash dividends and repayment of borrowings during the year.
2. Remedial measures and liquidity analysis for expected cash inadequacy: There was no cash inadequacy in 2021.

IV. Major Capital Expenditures in the Most Recent Fiscal Year and Their Effects on the Company's Finance and Business

(I) Material capital expenditures and sources of funds

Unit: NT\$ Thousands

Planned item	Actual or expected source of funds	Actual or expected completion date	Total funds required	Actual or scheduled use of funds				
				2017	2018	2019	2020	2021
Land development	Own funds	2021	563,100	463,100	-	-	-	100,000

(II) Expected probable benefits: This fund is used to obtain land for investment in the construction of residential buildings and commercial office buildings for sale in order to obtain appropriate profits and to increase corporate value.

V. Reinvestment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits/Losses Generated Thereby, the Plan for Improving Reinvestment Profitability, and Investment Plans for the Coming Fiscal Year

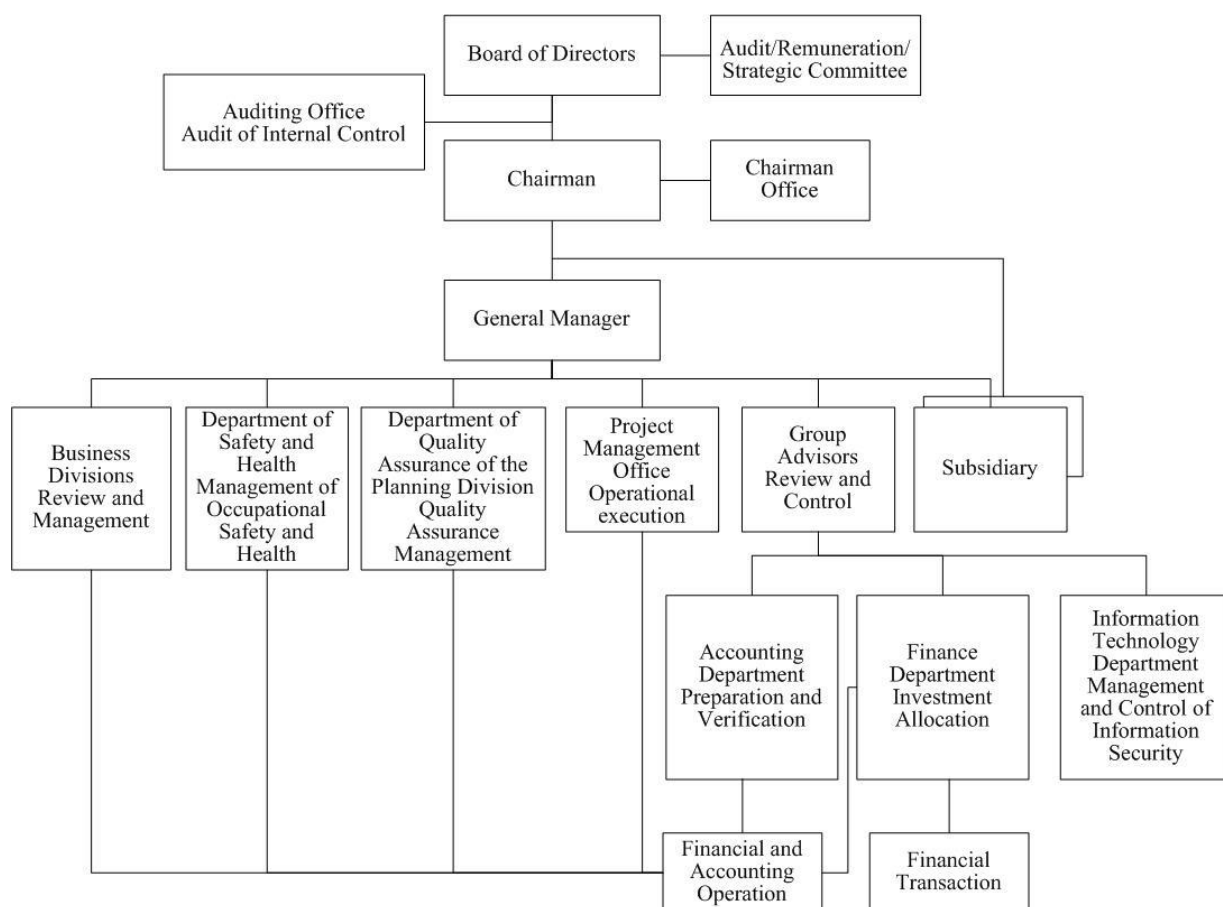
Unit: NT\$ Thousands

Corporation Name	Recognition of investment gains and losses in 2020	Investment policy	Main reason for such profit or loss	Improvement plan	Investment plan for the coming year
Golden Canyon Limited	96,200	In addition to the investment income from the construction of upstream and downstream subsidiaries, the Company's investment strategy will include financial market investment and venture capital investment in 2020 in order to increase capital utilization income.	Operating profits from the invested companies.	Focus on the steady operation of the current business, and at the same time, carry out industrial transformation planning.	Allocate and adjust in line with the overall capital utilization and investment plan of the Group at home and abroad
Yin Ying Holding Limited	117,907				

VI. Analysis and Assessment of Risk Matters for the Most Recent Fiscal Year and the Current Fiscal Year Up to the Publication Date of the Annual Report

(I) Management organization structure and function

1. Organization



2. Risk management function

(1) Internal Control System

In accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" of the Taiwan Financial Supervisory Commission, the Company's internal control system is designed and approved by the board of directors by the manager in accordance with the organizational structure and practical operational items and their control mechanisms. All managers and employees are responsible for following and implementing internal and external practices to enhance the company's activities in accordance with their areas of responsibility and processes.

The Company has set up an audit office as an independent unit directly under the Board of Directors, and staffed with professional auditors to perform audit work. The Audit Office conducts audits in accordance with the operating rules of the internal control system and the approved annual audit plan, and tracks the deficiencies in the improvement plan until completion to ensure compliance and enforcement of the internal control operating rules. In addition to the regular reports to the Board of Directors, reports are also made to the Chairman and the Audit Committee on a regular and ad hoc basis.

(2) Identification of Risks

Each department identifies and manages potential risks at different stages through routine and occasional operations management meetings, cross-departmental and operator coordination and communication meetings, and through continuous management and tracking until identified risks are avoided, eliminated or transferred. Regarding the operation risk management of occupational safety and health and quality assurance, the responsible unit will carry out safety and health and quality assurance audits of related work risks according to the progress of each project, and regularly report the related operation deficiencies and item scores to senior executives for reference, and will follow up until the completion of the deficiencies for improvement. In addition, through the annual self-assessment of the internal control system of each department and unit, we review and discover the process risks and problems faced in practice, and eliminate the risk issues in the operation process through communication and adjustment of the control mechanism.

(3) The division of responsibilities

The Board of Directors shall formulate the relevant operating indicators of their own departmental units according to the objectives of the organization's annual budget, and the supervisors of the various departments shall regularly review the implementation results and abnormal situations to be improved in departmental, inter-departmental, and operational management meetings. For abnormal situations and unregulated high-risk operations are identified, the supervisors shall manage its improvement plan, its progress, and follow-up on such problems.

The Legal Department is responsible for examining the contents of contracting and construction contracts, providing opinions or suggestions for improvement measures for questionable and high-risk projects, and then submitting them to the supervisor for approval before the final version of the contract is approved for printing. The Quality Assurance Department conducts regular quality audits and unscheduled inspections of construction projects on site according to the progress of construction, and follows up on corrections and improvements. The Project Management Department conducts regular statistical analysis and reviews of the progress of construction work and the implementation of construction cost control at each construction site, and follows up on the progress of construction work and cost discrepancies at construction sites and makes corrections. The Finance Department performs review of financial accounting operations and capital flow scheduling operations, and performs routine management and makes professional recommendations on financial transactions and investment management analysis for submission to the supervisor.

In accordance with the annual audit plan approved by the Board of Directors, the Audit Office performs audits of circular operations and routine financial accounting operations, subsidiary monitoring operations, project audits, and annual internal control self-assessment operations.

(II) Implementation of risk policies and assessment criteria:

1. Risk policy:

In order to implement risk management operations and ensure capital adequacy and solvency, the Company establishes different risk management mechanisms and response strategies according to each type of contract and its execution stage, and tracks and manages the list of known potential risks so that they do not exceed the risk appetite amount within the control range as much as possible to ensure the achievement of the Company's sustainable operation goals. Each business unit of the Company will formulate risk management policies, risk management mechanisms and related regulations as a guideline to clearly regulate the responsibilities and operation mechanisms of risk management mechanisms. In accordance with the policies and guidelines, the management staff performs daily risk monitoring, evaluation, measurement and reporting at the operational level, and implements risk control in the business operations related to occupational safety and health, quality assurance, business contracting, operation and collection, project management, and investment and credit.

2. Risk management operations:

In accordance with legal regulations, the internal control system and the company's internal regulations, which have been effectively incorporated into the internal regulations and operational processes, the supervisors of each business unit will know the potential operational risks of the operation and operational processes, and implement internal control management and preventive improvement and correction operations through departmental and operational management meetings, management reports and cross-departmental coordination and communication on a regular basis.

After the audit plan is approved by the Audit Committee and the Board of Directors, the Audit Office conducts audits of circular operations and routine financial operations in accordance with the annual audit plan, and conducts irregular project audits in accordance with the instructions, and reports the audit findings and operational risks in the audit report as scheduled, and requests the responsible supervisor to propose and complete improvement measures as scheduled, and continuously follows up until the projects are completed, and reports and announces them as scheduled in accordance with the regulations.

(III) Analysis and Assessment of Risk Matters

1. Impact on the Company's profit and loss due to changes in interest rates, exchange rates, and inflation, and the future countermeasures:

(1) Impact: Exchange rate changes have a significant impact.

Unit: NT\$ Thousands

Factors	Financial Statements Item	2019		2020	
		Amount	%	Amount	%
Interest Rate	Interest revenue	50,117	1.05%	44,231	0.65%
Interest Rate	Interest expenditure	16,444	0.34%	11,811	0.17%
Changes in exchange rate	Exchange gains and losses	(25,070)	(0.53%)	(18,815)	(0.28%)
Revenue	Operating revenue	4,773,012	100.00%	6,762,818	100.00%

The capital allocation of each of the Group's subsidiaries is subject to changes in the exchange rates of the U.S. dollar to the New Taiwan dollar and the U.S. dollar to the Renminbi in the most recent year, which affects the Company's profit or loss.

Countermeasures: The allocation of funds for each subsidiary has been lowered to minimize the impact of exchange rate changes.

- (2) Impact: The significant fluctuation in the price of raw materials and building materials will reduce operating margins.

Countermeasures: The Company relies on strengthening its clout in procurement and outsourcing, supplemented by improving the estimation ability to submit a tender, so as to carry out the pre-purchase for primary building materials once confirmed our successful bid to fix the risk of price fluctuation, in the hope to acquire favorable material procurement and business contracts.

2. The policies to engage in high-risk, high-leverage investments, lending funds to others, endorsements and guarantees, and the transactions of derivative products, the main reasons for profits and losses, and the future countermeasures:

Impact: None. The Company does not engage in high-risk, highly leveraged investments. The policy on loaning funds to others and making endorsement/guarantee is in line with the Company's Operational Procedures for Loaning of Funds and Making of Endorsements/Guarantees, and has not incurred any material profit or loss. The derivative transactions were handled in accordance with the relevant regulations and controls in the Company's "Procedures for Acquisition and Disposal of Assets" and has not incurred any material loss.

Countermeasures: Not applicable.

3. Future research and development plans and projected R&D investment expense:

In 2015, the Company proposed a new-generation construction strategy, of which the purpose is to become more technological, electronic, automatic, and different, and to improve the core construction competitiveness. In 2017, the preparatory work was conducted, and in 2018, the Department of Technology was officially established. It focuses on application of information and telecommunication technology, the development of professional information software and tools, and the development of new construction techniques. R&D budget is prepared on a yearly basis, and dedicated R&D talents are recruited. Personnel will be added into in the future in accordance with the operating status of the Company, in the hope to have a stable development, and edge towards Construction 4.0 of smart construction.

Table: Annual Budget of the Department of Technology for the Recent Three Years

Year	2019	2020	2021
R&D expense	6.5 million	11.3 million	8.87 million
R&D manpower	7 People	8 People	7 People

4. The impact of changes of important domestic and foreign policies and laws on the Company's finance and business, and the countermeasures:
No significant impact.
5. The impact of changes in technologies and industries on the Company's finance and business, and the countermeasures:
Impact: No significant impact.
Countermeasures: Not applicable.
6. The impacts of changes of corporate image on the company's crisis management and the countermeasures:
Impact: Since the establishment, the Company has adhered to the principle of ethical management as the basis of business management, and established a good corporate image. We have maintained good partnerships with employees, customers and suppliers. Therefore, there is no impact on corporate crisis management due to changes in corporate image.
Countermeasures: We will continue to implement the value of "Integrity, Optimization, Well-being and Harmony" and operate steadily.
7. Anticipated benefits of mergers and acquisition, possible risks, and countermeasure:
Impact: None.
8. Expected benefits and potential risks of any plant expansion and response measures
Impact: The Company's main business is construction contracting service, and hence there is no need to expand the plant.
Countermeasures: Not applicable.
9. Risks and countermeasures for the concentration of purchase and sales
Impact: The Company's main business is construction contracting, and there is no concentration in purchase (purchasing materials and construction subcontracting) and sales (clients of the projects contracted for).
Countermeasures: Not applicable.
10. The impact on the Company, and risks arising from major exchange or transfer of shares by directors, supervisors or major shareholders with over 10% of shareholdings, and the countermeasures:
Impact: None.
Countermeasures: Not applicable.
11. The impact on the Company, and risk due to changes in managerial authority, and the countermeasures:
Impact: None.
Countermeasures: Not applicable.
12. Litigation or non-litigation incidents:
 - (1) Whereas, Shing Tzung Development Co., Ltd ("Shing Tzung" hereinafter) and its responsible person, Lu, Kuo-Feng, were building a commercial-residential hybrid complex that has 5 floors below ground and 26 floors above ground located at Land No. 537, Zhangzhou Section, Kaohsiung City when the diaphragm wall construction, due to poor construction, damaged the neighbors' houses on July 20, 2014. Such incident ("Incident" hereinafter) had caused the houses located at 187th

lane, Ziqiang 3rd Road, Kaohsiung City to tilt largely, to sink, and to depict cracked walls. Due to the Company's active participation in the repair work, a total of 25 house owners transferred a certain amount of their creditors' rights to the Company, by which the Company had petitioned the court for a provisional attachment against Shing Tzung and its responsible person, and for a claim of NT\$25 million plus the statutory delay interest accrued thereon from them. The initial verdict held that Shing Tzung had also paid related expenses for such an incident and thus agreed to that the expense contended to be paid by Shing Tzung should be offset against the credit rights to which the Company might be entitled. Therefore, the plaintiff's case was rejected. The Company has recognized the total amount of NT\$25 million that was previously presented under "payment on behalf of another party" as a loss based on the verdict. In addition, Shing Tzung claimed that it had suffered loss from the Incident, in which case it shall have demanded compensation from the subcontractor responsible for constructing the diaphragm wall. To the contrary, in the face of the insufficient capital stock of the subcontractor, Shing Tzung turned to the Company for compensation for the Incident. The Company had also suffered loss from such Incident. Consequently, the Company filed a claim against Shing Tzung for compensation (including expenses incurred by the Company's participation in the repair work) and demanded that Shing Tzung return the promissory notes of performance guarantee to the Company. Regarding the two lawsuits, the Kaohsiung Qiaotou District Court ruled that the combined company shall pay Shing Tzung NT\$10,477 thousand plus interest calculated at 5% per annum from July 8, 2015 to the settlement date and that Shing Tzung shall pay the combined company NT\$27,382 thousand plus interest calculated at 5% per annum from October 30, 2015 to the settlement date. Both parties appealed to the Kaohsiung Branch of the Taiwan High Court during the legal period, and the first hearing was held on January 4, 2021. The attorney for the head office indicated that the change of attorney required more time to prepare the relevant pleadings. The court scheduled a second oral argument on April 22, 2021, and the judge is only preparing for the proceedings and is unable to assess the outcome of the decision.

- (2) 1. Whereas, the construction of the National Kaohsiung Center for the Arts (Weiwuying) (hereinafter referred to as "the Project") undertaken by the Company was completed on December 16, 2016, and the Ministry of Culture of the Republic of China (hereinafter referred to as "the Ministry") began the initial acceptance inspection on February 20, 2017. During the acceptance process, the Company delivered the completed work in a gradual manner for users' utilization as per the instruction of the Ministry when other interface projects were still undergoing construction using the space. The Ministry even opened some facilities for public use without turning on related equipment to maintain appropriate temperature and humidity, resulting in the Project having unexpected damage and non-conformities. The Ministry 93 required the Company to repair the damaged part, which caused the Project's failure to conform to the acceptance procedures within the time limit. The Ministry even proposed to impose a penalty fine for delay on the Company. The Company believes such application of law wrong and

in violation of the principles of fairness and reasonableness. Therefore, it filed a request for mediation to Complaint Review Board for Government Procurement under the Public Construction Commission of Executive Yuan (hereinafter referred to as "the Commission") on October 9, 2018. The mediation recommendation proposed by the Commission is to pay the overdue penalty of NT\$8,286,572. The Company had agreed to accept within the prescribed time; however, the Ministry refused to accept; therefore, the Commission had issued the Notice of Failed Mediation, and subsequently, the case will be submitted for arbitration. The arbitration has been filed on August 6, 2020 and the arbitration association expects to conduct the last arbitration meeting on May 17, 2021 and expects to make an arbitration judgment in mid-September 2021. The arbitral tribunal is still determining the relevant evidence and therefore the outcome of the arbitration is difficult to assess.

- (3) On March 15, 2013, the Company and Kingland Property Corporation Ltd. (formerly known as DSG Technology Inc., hereinafter referred to as "Kingland") signed a construction contract, under which two parties covenanted to contract the Group for the construction project named "Fu-yi River Residential Construction Project" on Land No. 440, Zhuangjing Section, Xindian District, New Taipei City. The Company had completed the various stages of work as defined by the contract and, together with Kingland, completed the acceptance of the residential units and inspection of communal facilities. Due to a large portion of the residential units being unsold and thus the condominium management committee failed to be established, Kingland, by putting up various excuses, refused to make progress with any follow-up inspections or acceptance, nor the remaining contract payments and additional payments due to the Group. The Company then filed an arbitration on October 22, 2019, and received an arbitration award on April 1, 2021, which determined that FDD should pay the Company NT\$50,080,969 (including tax), and NT\$22,491,496 thereof from November 30, 2018, and NT\$11,649,912 thereof from November 7, 2019, all at an interest rate of 5% per annum from the date of settlement. However, the Company shall pay FDD NT\$7,818,092 (including tax) and interest at the rate of 5% per annum from July 15, 2020 until the date of settlement.

13. Other material risks and countermeasures:

(1) Information risk management

In order to demonstrate the determination to pay attention to information security, to ensure the correctness of information processing within the enterprise and the reliability of hardware, software, peripheral and operation of the network system, and to reduce the risk of information security and satisfy the normal operation of the Company's operations, Since 2014, the Company referred to the CNS17799 Information Security Management System Verification Standard, and formulated its Cyber Security Management Regulations and related management items. The information security management measures implemented by the Company are listed as follows:

Type	Explanation	Related Operations
Authority Management	Personnel account and management measures of authority management	<ol style="list-style-type: none"> Personnel account privilege management audit Periodic check of personnel account

		permissions
Access control	Control measures for personnel access to internal and external systems	1. Internal and external access control measures 2. Operation behavior track record analysis
External threats	Computer virus protection measures	1. Virus protection and malware detection 2. Emails hide computer virus propaganda
System availability	Disposal measures in case of system service interruption	1. Data backup measures, on and off-site backup mechanism 2. Regular disaster recovery drills

In addition to revealing the company's information security policy in the corporate governance section of the company's website, the information security risk management structure has the Information Technology Department as the authority responsible for information security, which is responsible for "planning, promotion, auditing, education and promotion" and is responsible for the implementation of information security prevention, crisis notification and crisis handling mechanisms, as well as the maintenance, management and version control of information security regulations, and holds regular monthly meetings to review and track important work matters. The Audit Office is the supervisory unit for information security monitoring and is responsible for "supervision", formulating relevant audit plans and operating procedures, conducting internal audits, compiling audit reports and recommendations, and following up on the implementation of corrective and preventive measures. In the part of information security policy promotion and information security measures introduction, the organization operation mode - PDCA cycle management is adopted to ensure the achievement of information security objectives and continuous improvement. In addition to the establishment of an information room with a modern environmental control system, implement the access control to the information room, set a double-layer firewall and other necessary measures in network management Disaster recovery exercise for material systems and unscheduled information security communication and audit are carried out each year to strengthen the information security literacy of employees. In 2019 and 2020, the number of user-side audits reached 85 and 120 respectively.

(2) Climate change risk assessment

In recent years, the average surface temperature has been increasing rapidly, resulting in more drastic and unpredictable weather changes, more frequent and significantly more frequent natural disasters, and climate change has become a global and borderless issue, and a lot of resources have been invested in its exploration. Taiwan's authorities and users in recent years on the building energy-saving requirements of the standard gradually strict, for intelligent buildings, healthy buildings and green buildings and other new concepts are also seen to be important. The Company is actively responding to the various issues of climate change and continue to invest in the research and development of green building technologies to assist different types of customers to upgrade their green buildings. Green energy analysis is incorporated into the turnkey project at the design stage, and environmentally friendly design and materials are used in the construction process to assist customers in implementing carbon reduction and energy saving policies. In 2020, the Company applied for the SD550 method, which uses high-strength

reinforcement with high-strength concrete, effectively reducing the cost of reinforcement materials and reinforcement tying costs, resulting in a reduction in the use of main reinforcement in columns and beams. It is expected to be used on the ground floor and first floor of the building, where the stress is the greatest, to reduce the amount of main reinforcement in a single floor by 24% with no change in structural strength, thus indirectly reducing carbon emissions. Together with the government and our industry partners, the Company will contribute to environmental protection and fulfill our corporate social responsibility.

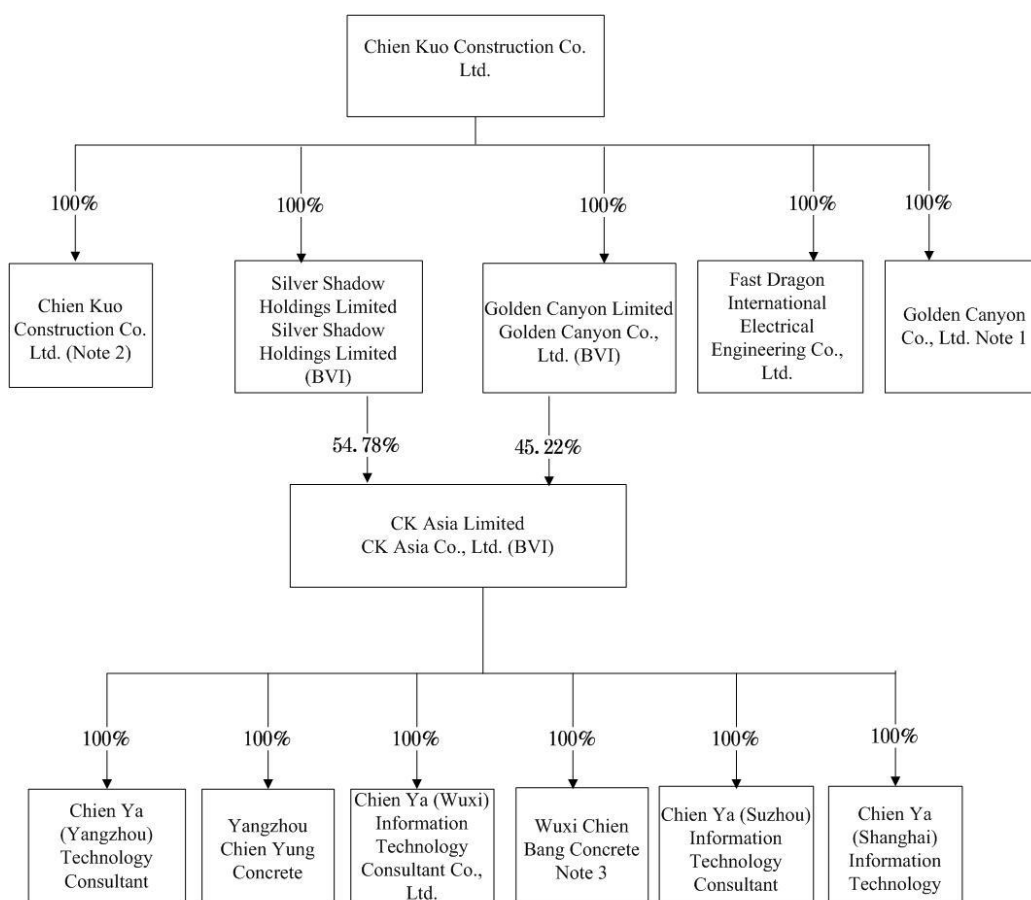
VII. Other Important Matters: None.

Chapter 8. Special items

I. Information on Associates

(I) Consolidated Business Report of Associates

1. Organizational Chart of Associates



Note 1: Golden Canyon Venture Capital Investment Co., Ltd. completed the industrial and commercial establishment on August 17, 2020 and completed the alteration of registration on January 12, 2021.

Note 2: Chien Kuo Building Co., Ltd. completed the alteration of registration on August 6, 2020.

Note 3: Chien Pang (Wuxi) Concrete Co., Ltd. completed all equity transfer procedures on February 5, 2021.

2. Basic information of each associate

Unit: In thousands of New Taiwan Dollars

Company name	Date of incorporation	Address	Paid-in Capital	Main business or production items
Chien Kuo Building Co., Ltd. (Note 1)	1990.04.19	20F, No. 69, Sec. 2, Dunhua S. Rd., Da'an District, Taipei City	NTD100,000	Commission construction companies to build residential buildings and commercial buildings for lease and sale
Fast Dragon International Electrical Engineering Co., Ltd.	2001.10.09	20F, No. 69, Sec. 2, Dunhua S. Rd., Da'an District, Taipei City	NTD50,000	Planning, design and installation of air-conditioning, fire protection, power distribution and other projects
Golden Canyon Venture Capital Investment Co., Ltd. (Note 2)	2020.08.17	20F, No. 69, Sec. 2, Dunhua S. Rd., Da'an District, Taipei City	NTD401,000	Venture capital business
Yin Ying Holding Limited	1995.02.24	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, B.V.I	USD25,037	China reinvestment
Golden Canyon Limited	1996.06.21	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, B.V.I	USD8,714	China reinvestment
Chien Kuo Asia Co., Ltd.	2003.05.29	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands.	USD31	China reinvestment
Chien Ya (Shanghai) Information Technology Co., Ltd.	1996.03.27	No. 99, Fu Texi 1st Road, Shanghai Free Trade Zone	USD4,314	Computer software technology development and consultation
Chien Pang (Wuxi) Concrete Co., Ltd. (Note 3)	2003.04.29	Block E13-1, Shuofang Industrial Park, New District, Wuxi City	USD5,000	Production of commercial concrete, concrete products and concrete additives
Yangzhou Chien Yung Concrete Co., Ltd.	2004.02.26	Qiuzhuang Formation, Wangjia Village, Shiqiao Town, Yangzhou Development Zone	USD2,000	Production and sales of commercial concrete, concrete products and concrete additives
Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	2018.04.28	Qiuzhuang Formation, Wangjia Village, Shiqiao Town, Yangzhou Development Zone	USD8,100	Computer software technology development and consultation
Chien Ya (Suzhou) Information Technology Consulting Co., Ltd.	2019.10.08	Qiuzhuang Formation, Wangjia Village, Shiqiao Town, Yangzhou Development Zone	USD9,725	Computer software technology development and consultation
Chien Ya (Wuxi) Information Technology Consultant Co., Ltd.	2020.01.08	Block E13-1, Shuofang Industrial Park, New District, Wuxi City	USD9,275	Computer software technology development and consultation

Note: The exchange rate of foreign currency for the New Taiwan dollar is as follows:

Description of exchange rate	USD	HKD	RMB
Exchange rate as at December 31, 2020	28.48	3.673	4.3648

Note 1. Chien Kuo Building Co., Ltd. completed the capital alteration of registration on August 6, 2020.

Note 2. Golden Canyon Venture Capital Investment Co., Ltd. completed its business establishment registration on August 17, 2020 and completed the registration process for the change in the capital amount of the new shares issued on January 12, 2021.

Note 3. Chien Pang (Wuxi) Concrete Co., Ltd. completed all equity transfer procedures on February 5, 2021.

3. The industries covered by the all associates and their division of labor :

(1) The industries covered by all associates include construction, production and sales of commercial concrete, concrete products and concrete additives, corporate management consulting, investment and venture capital business.

(2) The division of labor of each associate is as follows:

Golden Canyon Limited, Silver Shadow Holdings Limited, and Chien Kuo Asia Co., Ltd. are a holding company. The rest associates engage in their respective businesses.

4. Information on the same shareholders of companies that are presumed to have a controlling and subordinate relation: None.

5. Information on directors, supervisors and general managers of associates

Unit: In thousand shares

Company name	Title	Name or representative	Shareholding (Note 1)	
			Shares	Shareholding Ratio (%)
Chien Kuo Building Co., Ltd.	Chairman General Manager	Chi-te CHEN (Chien Kuo Construction) Pai-tso SUN	10,000 (Note 2)	100%
Fast Dragon International Electrical Engineering Co., Ltd.	Chairman Director Director Supervisor General Manager	Chang-shiou WU (Chien Kuo Construction) Chi-te CHEN (Chien Kuo Construction) Pai-tso SUN (Chien Kuo Construction) Kua-teng SU Shi-ning DONG	7,000	100%
Golden Canyon Venture Capital Investment Co., Ltd. (Note 3)	Chairman Director Director Supervisor General Manager	Chi-te CHEN (Chien Kuo Construction) Chang-shiou WU (Chien Kuo Construction) Pai-tso SUN (Chien Kuo Construction) Ssu-chia KUNG (Chien Kuo Construction) Tien-hsiang LI	40,100	100%
Yin Ying Holding Limited	Director Director Director	Chi-te CHEN Chang-shiou WU Pai-tso SUN	25,038	100%
Golden Canyon Limited	Director Director Director	Chi-te CHEN Chang-shiou WU Pai-tso SUN	8,714	100%
Chien Kuo Asia Co., Ltd.	Director Director Director	Chi-te CHEN Chang-shiou WU Pai-tso SUN	3,076	100%
Chien Ya (Shanghai) Information Technology Co., Ltd.	Chairman Director Director Supervisor General Manager	Kuo-feng TING Pai-tso SUN Ssu-chia KUNG Shu-fen YANG Kuo-feng TING	Not applicable.	100%
Chien Pang (Wuxi) Concrete Co., Ltd. (Note 4)	Chairman Director Director Supervisor	Kuo-feng TING Chang-shiou WU I-ching LI Ssu-chia KUNG	Not applicable.	100%

Company name	Title	Name or representative	Shareholding (Note 1)	
			Shares	Shareholding Ratio (%)
	General Manager	Kuo-feng TING		
Yangzhou Chien Yung Concrete Co., Ltd.	Chairman Director Director Supervisor General Manager	Kuo-feng TING Chang-shiou WU I-ching LI Ssu-chia KUNG Kuo-feng TING	Not applicable.	100%
Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	Chairman Director Director Supervisor General Manager	Kuo-feng TING Chang-shiou WU I-ching LI Ssu-chia KUNG Kuo-feng TING	Not applicable.	100%
Chien Ya (Suzhou) Information Technology Consulting Co., Ltd.	Chairman Director Director Supervisor General Manager	Kuo-feng TING Chang-shiou WU I-ching LI Ssu-chia KUNG Kuo-feng TING	Not applicable.	100%
Chien Ya (Wuxi) Information Technology Consultant Co., Ltd.	Chairman Director Director Supervisor General Manager	Ssu-chia KUNG Chang-shiou WU Pai-tso SUN Cheng-te CHOU Ssu-chia KUNG	Not applicable.	100%

Note 1. Information related to such an associate is the information on the latest year up to December 31, 2020.

Note 2. Chien Kuo Building Co., Ltd. completed the alteration of registration on August 6, 2020.

Note 3. Golden Canyon Venture Capital Investment Co., Ltd. completed its business establishment registration on August 17, 2020 and completed the registration process for the change in the capital amount of the new shares issued on January 12, 2021.

Note 4. Chien Pang (Wuxi) Concrete Co., Ltd. completed all equity transfer procedures on February 5, 2021.

6. Operating status of each associate

Company name	Capital	Total assets	Total Liabilities	net worth	Operating revenue	Profit or loss	Earnings per Share (after tax)
Chien Kuo Building Co., Ltd.	100,000	100,982	126	100,855	361	720	-
Fast Dragon International Electrical Engineering Co., Ltd.	50,000	468,823	389,395	79,430	1,025,955	27,064	-
Golden Canyon Venture Capital Investment Co., Ltd.	401,000	400,769	438	400,331	0	(669)	-
Golden Canyon Limited	248,169	1,446,600	0	1,446,600	0	96,200	-
Yin Ying Holding Limited	713,068	1,812,134	0	1,812,134	0	117,907	-
Chien Kuo Asia Co., Ltd.	876	1,902,611	0	1,902,611	0	186,831	-
Chien Ya (Shanghai) Information Technology Co., Ltd.	122,872	722,859	546,745	176,115	0	2,848	Note 1
Chien Pang (Wuxi) Concrete Co., Ltd.	142,400	457,840	134,160	323,680	450,453	6,909	Note 1
Yangzhou Chien Yung Concrete Co., Ltd.	56,960	115,632	13,579	102,053	0	66,882	Note 1
Chien Ya (Suzhou) Information Technology Consulting Co., Ltd.	276,968	251,281	9,613	241,668	0	(15,308)	Note 1
Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	230,688	265,979	575	265,405	0	7,953	Note 1
Chien Ya (Wuxi) Information Technology Consultant Co., Ltd.	264,152	277,875	642	277,233	0	(1,473)	Note 1

Note 1. Since the company type is a limited company, it has no shares.

(II) Combined Financial Statements: (See pages 121 to 209).

(III) Consolidated Business Report of Associates: Not applicable.

II. Private Placement of Marketable Securities in the Most Recent Fiscal Year and the Current Fiscal Year Up to the Publication Date of the Annual Report None.

III. Holding or Disposal of the Company's Shares by Subsidiaries in the Most Recent Fiscal Year and the Current Fiscal Year Up to the Publication Date of the Annual Report None.

IV. Other Required Disclosures: None.

V. Occurrence of Matters Having Material Impact on Shareholders' Equity or the Company's Securities Price as Prescribed in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act in the Most Recent Fiscal Year and the Current Fiscal Year up to the Publication Date of the Annual Report None.

Statement regarding the consolidated financial statements of affiliated enterprises

For the year 2020 (from January 1 to December 31, 2020), the Company's entities that are required to be included in the consolidated financial statements of affiliated enterprises under the "Criteria Governing Preparation of Consolidated Business Report of Affiliated Enterprises, Consolidated Financial Statements of Affiliated Enterprises, and Affiliation Reports" are the same as those required to be included in the parent-subsidary consolidated financial statements under the International Financial Reporting Standards 10. Moreover, the related information required to be disclosed for the consolidated financial statements of affiliated enterprises has been fully disclosed in the aforementioned parent-subsidary consolidated financial statements. Consequently, a separate set of consolidated financial statements of affiliated enterprises is not prepared.

Hereby declare by

Company Name: Chien Kuo Construction Co. Ltd.

Responsible person: Chang-shiou Wu

March 25, 2021

Independent Auditors' Report

To: The Board of Directors and Shareholders of Chien Kuo Construction Co., Ltd.

Audit Opinions

We have audited the Consolidated Balance Sheets of Chien Kuo Construction Co., Ltd. and its subsidiaries as of December 31, 2020 and 2019, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements (including the Summary of Significant Accounting Policies) for the annual period from January 1 to December 31, 2020 and 2019.

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of Chien Kuo Construction Co., Ltd. as of December 31, 2020 and 2019, and its consolidated financial performance and consolidated cash flows for the annual periods ended December 31, 2020 and 2019 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and effected by the Financial Supervisory Commission.

Basis for Audit Opinion

We conducted our audit of the financial statements for the year ended December 31, 2020 in accordance with the "Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants," and the generally accepted auditing standards. And, we conducted our audit of the financial statement for the year ended December 31, 2019 in accordance with the "Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants," Order No. 1090360805 issued by the Financial Supervisory Commission on February 25, 2020, and the generally accepted auditing standards. Our responsibility under the above-mentioned regulations will be further explained in the section titled "The Accountants' Responsibility in Auditing the Consolidated Financial Statements." We have stayed independent from Chien Kuo Construction Co., Ltd. as required by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Norm. We believe that we have obtained sufficient and appropriate audit evidence to serve as 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 2020 consolidated financial statements of Chien Kuo Construction Co., Ltd. and its subsidiaries. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters for the consolidated financial statements of Chien Kuo Construction Co., Ltd. and its subsidiaries for 2020 are stated as follows:

Construction contracts

The operating revenue of Chien Kuo Construction Co. Ltd. is primarily derived from construction revenue, which is recognized in cost-based input method by the management in accordance with IFRS 15 "Revenue from Contracts with Customers." Since the percentage of completion is calculated as the ratio of costs input to the total estimated contract costs, the total estimated construction contract costs are a key factor in calculating the percentage of cost input. As estimated costs and contractual activities are evaluated and judged by the management based on the nature of the different construction projects, the estimated amount of the contract, the duration of construction, the undertaking of construction and the construction methods, and they are prone to influence from changes in commodity prices, labor prices and construction items due to long duration of construction contracts. Any significant changes in estimates, once occurred, may lead to a revenue recognized in accordance with the percentage of completion method either consisting of errors, or having significant influence on the misstatement of the financial statements. Consequently, the estimates of the total costs of the construction contracts are deemed a key audit matter.

Our major audit procedures executed in response to this key audit matter included understanding the procedures by which the management estimated the total costs of long-term construction contracts; examining the construction documents, that the management used as evidence for estimating the total costs of construction contracts, in order to assess comprehensively the completeness and reasonableness of the estimates of total costs of long-term construction contracts; and examining whether in the subsequent period the cost of construction contracts were adjusted significantly, and analyzing changes in revenue, costs, and gross profits of each project of construction.

For information about construction contracts, please refer to Note XXII.

Other Matters

Chien Kuo Construction Co., Ltd. has also compiled Financial Statements for 2020 and 2019, and they have also received an unqualified audit opinion from our CPA for your reference.

Responsibility of the Management and the Governing Body for the Consolidated Financial Statements

It is the management's responsibility to fairly present the Consolidated Financial Statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission, and to maintain internal controls which are necessary for the preparation of the Consolidated Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the Consolidated Financial Statements, the responsibility of management includes assessing the ability of Chien Kuo Construction Co., Ltd. and its subsidiaries to continue as going concerns, disclosing related matters, as well as adopting the going-concern basis of accounting, unless the management intends to liquidate Chien Kuo Construction Co., Ltd. and its subsidiaries or terminate the business, or no practicable measure other than liquidation or termination of the business can be taken.

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

The Accountants' Responsibility in Auditing the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. "Reasonable assurance" refers to high level of assurance. Nevertheless, our audit, which was carried out in accordance with the generally accepted auditing standards, does not guarantee that a material misstatement(s) will be detected in the Consolidated Financial Statements. Misstatements may result from fraud or errors. The misstated amounts are material if they could, individually or collectively, be reasonably anticipated to influence the economic decisions of users taken on the basis of the consolidated financial statements.

We have utilized our professional judgment and maintained professional skepticism when exercising auditing work in accordance with the generally accepted auditing standards. We have also:

1. Identified and assessed the risks of a material misstatement(s) due to fraud or errors in the Consolidated Financial Statements; designed and carried out appropriate countermeasures against the assessed risks; and obtained sufficient and appropriate audit evidence to provide the basis for audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or overrides of internal controls, the risk of an undetected material misstatement due to fraud is greater than that due to errors.
2. Acquired necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal controls of Chien Kuo Construction Co., Ltd. and its subsidiaries.
3. Assessed the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Concluded, based on the audit evidence acquired, on the appropriateness of the management's use of the going-concern basis of accounting, and determined whether a material uncertainty exists where events or conditions that might cast significant doubt on the ability of Chien Kuo Construction Co., Ltd. and its subsidiaries to continue as going concerns. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the Consolidated Financial Statements in our audit report of the relevant disclosures therein, or to amend our audit opinion when any inappropriate disclosure was found. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or conditions may cause Chien Kuo Construction Co., Ltd. and its subsidiaries to cease to continue as a going concern.
5. Assessed the overall presentation, structure and content of the Consolidated Financial Statements (including the related notes), and determined whether the Consolidated Financial Statements present fairly the related transactions and events.
6. Acquired sufficient and appropriate audit evidence regarding financial information of entities within Chien Kuo Construction Co., Ltd. and its subsidiaries in order to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion on Chien Kuo Construction Co., Ltd. and its subsidiaries.

We communicated 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 identified during our audit.

We also provided governing bodies with a declaration that we had complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that might possibly be deemed to impair our independence (including relevant preventive measures).

From the matters communicated with those charged with governance, we determined the key audit matters of the consolidated financial statements of Chien Kuo Construction Co., Ltd. and its subsidiaries of 2020. Such matters have been explicitly stated in our audit report, unless laws or regulations prevent their disclosures, or, in extremely rare cases, we decided not to communicate such matters in our audit report in consideration that the adverse impacts of such communication could be reasonably expected to be greater than the public interest it would promote.

Deloitte & Touche

CPA: Wen-chin Lin

CPA: Chun-hung Chen

Securities and Futures Bureau Approval
Document No.:

Taiwan-Finance-Securities-VI-0920123784

Financial Supervisory Commission Approval
Document No.:

Financial-Supervisory-Securities-Auditing-09
90031652

March 25, 2021

Chien Kuo Construction Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

December 31, 2020 and 2019

Unit: NT\$ Thousands

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note VI)	\$ 2,607,033	29	\$ 2,602,762	31
1110	Financial assets at fair value through profit or loss (Note VII)	1,745,016	19	120,073	1
1120	Financial assets at fair value through other comprehensive income (Note VIII)	24,569	-	49,567	1
1136	Financial assets measured at amortized cost (Note IX and XXXII)	292,741	3	140,922	2
1139	Financial assets for hedging (Note XXX)	-	-	1,011	-
1140	Contract assets (Note XXII)	1,928,426	21	1,298,880	15
1150	Notes receivable (Note X)	89,256	1	204,179	2
1170	Accounts receivable (Notes X and XXII)	480,496	5	2,126,231	25
1200	Other receivables	155,105	2	19,778	-
1220	Current tax assets	110,592	1	25,642	-
1310	Inventories	-	-	29,402	-
1323	Inventories (for construction business) (Notes XI and XXXII)	465,926	5	463,577	6
1410	Prepayments (Note XII)	53,591	1	419,594	5
1460	Non-current assets classified as held for sale (Note XIV)	457,839	5	140,725	2
1470	Other current assets	6,376	-	5,564	-
11XX	Total current assets	8,416,966	92	7,647,907	90
	Non-current assets				
1510	Financial assets at fair value through profit or loss (Note VII)	67,355	1	75,969	1
1517	Financial assets at fair value through other comprehensive income (Notes VIII and XXXII)	398,003	5	410,826	5
1535	Financial assets measured at amortized cost (Note IX and XXXII)	5,696	-	5,996	-
1550	Investments accounted for using equity method	-	-	9,652	-
1600	Property, plant, and equipment (Notes XV and XXXII)	33,577	1	126,042	1
1755	Right-of-use assets (Notes XVI and XXXII)	25,049	-	59,128	1
1760	Investment property (Notes XVII and XXXII)	122,643	1	175,427	2
1840	Deferred tax assets	30,965	-	17,021	-
1990	Other non-current assets (Note XXXII)	23,653	-	15,461	-
15XX	Total non-current assets	706,941	8	895,522	10
1XXX	Total assets	\$ 9,123,907	100	\$ 8,543,429	100
	Liabilities and Equity				
	Current liabilities				
2100	Bank loans (Note XVIII and XXXII)	\$ 15,000	-	\$ 53,750	1
2130	Contract liabilities (Note XXII)	435,964	5	261,026	3
2150	Notes payable	10,120	-	143,189	2
2170	Accounts payable (Note 19)	1,810,129	20	1,712,414	20
2200	Other payables	242,799	3	235,798	3
2230	Current tax liabilities	29,520	-	6,379	-
2260	Liabilities related to non-current assets classified as held for sale (Note XIV)	30,274	-	1,454	-
2310	Advanced received due to disposal of investments (Note XIV)	531,083	6	126,384	1
2320	Current portion of long-term bank loans, (Note XVIII)	449,292	5	-	-
2399	Other current liabilities (Notes XVI)	72,710	1	65,612	1
21XX	Total current liabilities	3,626,891	40	2,606,006	31
	Non-current liabilities				
2540	Long-term Bank loans (Note XVIII and XXXII)	499,850	5	948,991	11
2570	Deferred tax liabilities (Note XXIV)	457,330	5	518,591	6
2600	Other non-current liabilities (Notes XVI)	111,185	1	114,089	1
25XX	Total non-current liabilities	1,068,365	11	1,581,671	18
2XXX	Total liabilities	4,695,256	51	4,187,677	49
	Equity attributable to owners of the parent (Note XXI)				
	Capital				
3110	Common stock	2,574,401	28	2,674,401	31
3200	Additional paid-in capital	204,852	2	201,627	2
	Retained earnings				
3310	Legal reserve	645,464	7	626,554	7
3320	Special reserve	23,412	-	50,001	1
3350	Unappropriated earnings	1,038,788	12	800,246	10
3300	Total retained earnings	1,707,664	19	1,476,801	18
3400	Other equity	(58,266)	-	(4,089)	-
31XX	Total equity attributable to owners of the parent	4,428,651	49	4,348,740	51
36XX	Non-controlling interests	-	-	7,012	-
3XXX	Total equity	4,428,651	49	4,355,752	51
	Total liabilities and equity	\$ 9,123,907	100	\$ 8,543,429	100

The accompanying notes are an integral part of the consolidated financial statements.

Chairperson: Chang-shiou Wu

Manager: Chang-shiou Wu

Accounting Manager: Shu-fen Yang

Chien Kuo Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2020 and 2019

Unit: NT\$ Thousands, except for
Earnings per share (in Dollars)

Code		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (Note XXII)	\$ 6,762,818	100	\$ 4,773,012	100
5000	Operating cost (Notes XXIII and XXXI)	<u>6,250,304</u>	<u>93</u>	<u>4,431,879</u>	<u>93</u>
5900	Gross profit	512,514	7	341,133	7
6000	Operating expenses (Notes XXIII and XXXI)	<u>290,643</u>	<u>4</u>	<u>270,130</u>	<u>6</u>
6900	Net operating income	<u>221,871</u>	<u>3</u>	<u>71,003</u>	<u>1</u>
	Non-operating income and expenses (Note XXIII and XXXI)				
7010	Other income	69,048	1	67,568	1
7020	Other gains and losses	105,130	2	(6,681)	-
7050	Finance costs	(11,811)	-	(16,444)	-
7060	Shares of profits of associates accounted for using the equity method	(<u>426</u>)	<u>-</u>	<u>1,106</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>161,941</u>	<u>3</u>	<u>45,549</u>	<u>1</u>
7900	Income before income tax from continuing operations	383,812	6	116,552	2
7950	Income tax expense (Note XXIV)	<u>81,837</u>	<u>1</u>	<u>65,216</u>	<u>1</u>
8000	Net income from continuing operations	301,975	5	51,336	1
8100	Profit from discontinued operations (Note 24 and 23)	<u>72,769</u>	<u>1</u>	<u>128,228</u>	<u>3</u>
8200	Net income	<u>374,744</u>	<u>6</u>	<u>179,564</u>	<u>4</u>

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Code		2020		2019	
		Amount	%	Amount	%
8310	Other comprehensive income Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	(\$ 936)	-	\$ 2,866	-
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(19,852)	-	130,662	3
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	187	-	(573)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of financial statements of foreign operations	(52,321)	(1)	(98,325)	(2)
8367	Unrealized loss from investments in debt instruments at fair value through other comprehensive income	-	-	45	-
8368	Gain or loss on hedging instruments (Note XXX)	(1,042)	-	1,042	-
8399	Income tax related to items that will be reclassified subsequently to profit or loss (Note XXIV)	<u>10,465</u>	<u>-</u>	<u>19,665</u>	<u>-</u>
8300	Other comprehensive income or loss (after tax)	(<u>63,499</u>)	(<u>1</u>)	<u>55,382</u>	<u>1</u>

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Code		2020		2019	
		Amount	%	Amount	%
8500	Total comprehensive income	<u>\$ 311,245</u>	<u>5</u>	<u>\$ 234,946</u>	<u>5</u>
	Net income (loss) attributable to:				
8610	Owners of the parent	\$ 373,905	6	\$ 179,635	4
8620	Non-controlling interest	<u>839</u>	<u>-</u>	<u>(71)</u>	<u>-</u>
8600		<u>\$ 374,744</u>	<u>6</u>	<u>\$ 179,564</u>	<u>4</u>
	Total comprehensive income attributable to:				
8710	Owners of the parent	\$ 310,406	5	\$ 235,017	5
8720	Non-controlling interest	<u>839</u>	<u>-</u>	<u>(71)</u>	<u>-</u>
8700		<u>\$ 311,245</u>	<u>5</u>	<u>\$ 234,946</u>	<u>5</u>
	Earnings per share (Note XXV)				
	From continuing and discontinued operations				
9750	Basic earnings per share	<u>\$ 1.43</u>		<u>\$ 0.57</u>	
9850	Diluted earnings per share	<u>\$ 1.43</u>		<u>\$ 0.57</u>	
	From continuing operations				
9710	Basic earnings per share	<u>\$ 1.16</u>		<u>\$ 0.16</u>	
9810	Diluted earnings per share	<u>\$ 1.15</u>		<u>\$ 0.16</u>	

The accompanying notes are an integral part of the consolidated financial statements.

Chairperson: Chang-shiou Wu Manager: Chang-shiou Wu Accounting Manager: Shu-fen Yang

Chien Kuo Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
From January 1 to December 31, 2020 and 2019

Unit: NT\$ Thousands, except for Dividends per share (in Dollars)

		Equity Attributable to Owners of the Parent											
		Retained earnings					Others						
Code		Capital	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Gains (losses) on hedging instruments	Treasury Stock	Total	Non-controlling interest	Total Equity
A1	Balance, January 1, 2019	\$ 3,343,001	\$ 201,627	\$ 605,987	\$ 67,179	\$ 788,857	(\$ 109,003)	\$ 51,825	\$ -	\$ -	\$ 4,949,473	\$ 11,792	\$ 4,961,265
	Appropriation and distribution of retained earnings for 2018												
B1	Provision of legal reserve	-	-	20,567	-	(20,567)	-	-	-	-	-	-	-
B3	Special capital reserve	-	-	-	(10,002)	10,002	-	-	-	-	-	-	-
B5	Cash dividends appropriated to shareholders - NT\$0.50 per share	-	-	-	-	(167,150)	-	-	-	-	(167,150)	-	(167,150)
B17	Reversal of special capital reserve due to disposal of subsidiaries and branches	-	-	-	(7,176)	7,176	-	-	-	-	-	-	-
E1	Capital reduction	(668,600)	-	-	-	-	-	-	-	-	(668,600)	-	(668,600)
O1	Cash dividends for stockholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(281)	(281)
D1	Net income for 2019	-	-	-	-	179,635	-	-	-	-	179,635	(71)	179,564
D3	Other comprehensive income (net of tax) for 2019	-	-	-	-	2,293	(78,659)	130,706	1,042	-	55,382	-	55,382
D5	Total comprehensive income in 2019	-	-	-	-	181,928	(78,659)	130,706	1,042	-	235,017	(71)	234,946
O1	Non-controlling interest	-	-	-	-	-	-	-	-	-	-	(4,428)	(4,428)
Z1	Balance, December 31, 2019	2,674,401	201,627	626,554	50,001	800,246	(187,662)	182,531	1,042	-	4,348,740	7,012	4,355,752
	Appropriation and distribution of retained earnings for 2019												
B1	Legal reserve	-	-	18,910	-	(18,910)	-	-	-	-	-	-	-
B3	Special reserve	-	-	-	(18,090)	18,090	-	-	-	-	-	-	-
B5	Cash dividends appropriated to shareholders - NT\$0.50 per share	-	-	-	-	(133,720)	-	-	-	-	(133,720)	-	(133,720)
B17	Reversal of special capital reserve due to disposal of subsidiaries and branches	-	-	-	(8,499)	8,499	-	-	-	-	-	-	-
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income by associates	-	-	-	-	(8,573)	-	8,573	-	-	-	-	-
M5	Actual acquisition of partial equity of subsidiary	-	993	-	-	-	-	-	-	-	993	-	993
L1	Purchase of treasury stock	-	-	-	-	-	-	-	-	(97,768)	(97,768)	-	(97,768)
L3	Retirement of treasury stock	(100,000)	2,232	-	-	-	-	-	-	97,768	-	-	-
D1	Net income for 2020	-	-	-	-	373,905	-	-	-	-	373,905	839	374,744
D3	Other comprehensive income (net of tax) for 2020	-	-	-	-	(749)	(41,856)	(19,852)	(1,042)	-	(63,499)	-	(63,499)
D5	Total comprehensive income in 2020	-	-	-	-	373,156	(41,856)	(19,852)	(1,042)	-	310,406	839	311,245
O1	Non-controlling interest	-	-	-	-	-	-	-	-	-	-	(7,851)	(7,851)
Z1	Balance, December 31, 2020	\$ 2,574,401	\$ 204,852	\$ 645,464	\$ 23,412	\$ 1,038,788	(\$ 229,518)	\$ 171,252	\$ -	\$ -	\$ 4,428,651	\$ -	\$ 4,428,651

The accompanying notes are an integral part of the consolidated financial statements.

Chairperson: Chang-shiou Wu

Manager: Chang-shiou Wu

Accounting Manager: Shu-fen Yang

Chien Kuo Construction Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

From January 1 to December 31, 2020 and 2019

Unit: NT\$ Thousands

Code		2020	2019
	Cash flows from operating activities		
A00010	Income before income tax from continuing operations	\$ 383,812	\$ 116,552
A00020	Income before income tax from discontinued operations	<u>75,289</u>	<u>177,873</u>
A10000	Income before income tax	<u>459,101</u>	<u>294,425</u>
A20010	Adjustments to reconcile income (loss):		
A29900	Net gain on disposal of subsidiaries	(99,306)	(34,466)
A22500	Gains on disposal of property, plant and equipment	(67,568)	(3,975)
A21200	Interest income	(44,231)	(50,117)
A20400	Net gain on financial assets at fair value through profit or loss	(37,265)	(11,958)
A20100	Depreciation expense	24,696	36,630
A21300	Dividend income	(23,481)	(27,213)
A24100	Foreign exchange (gain) losses	(33,664)	83,542
A20900	Finance costs	12,413	17,359
A20300	Expected credit loss (reversed gain)	(5,823)	2,927
A23200	Gain on disposal of associates accounted for using equity method	(3,510)	(39)
A24600	Impairment loss of investment properties	2,252	-
A22700	Loss on disposal of investment property	1,838	1,146
A20200	Amortization expenses	1,011	1,741
A22300	Shares of loss (profit) of associates accounted for using the equity method	426	(1,106)
A29900	Profit from lease modification	(208)	(198)
A29900	Other expenses transferred from investment property	-	280
A30000	Changes in operating assets and liabilities, net		
A31125	Contract assets	(629,546)	32,335
A31130	Notes receivable	91,345	(92,151)
A31150	Accounts receivables	1,198,742	421,800
A31180	Other receivables	(72,918)	6,695
A31200	Inventories	10,288	(3,525)
A31200	Construction in progress	(2,349)	-
A31230	Prepayments	361,732	197,552
A31240	Other current assets	(3,002)	(19,099)
A32125	Contract liabilities	184,136	188,284
A32130	Notes payable	(121,766)	(247,257)
A32150	Accounts payable	249,257	(2,369)
A32180	Other payables	6,174	18,453

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Code		2020	2019
A32230	Other current liabilities	(\$ 1,012)	(\$ 13,903)
A32990	Other non-current liabilities	(151)	(7,220)
A33000	Cash inflow generated from operations	1,457,611	788,573
A33100	Interest received	54,302	46,708
A33300	Interest paid	(12,365)	(15,968)
A33500	Income taxes paid	(210,908)	(61,846)
AAAA	Net cash flows from operating activities	<u>1,288,640</u>	<u>757,467</u>
	Cash flows from investing activities		
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	17,648	57,184
B00040	Acquisition of financial assets measured at amortized cost	(292,741)	-
B00100	Acquisition of financial assets at fair value through profit or loss	(3,321,445)	(389,535)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	1,593,516	458,391
B01900	Net cash inflow from disposal of associates	12,250	-
B02200	Net cash outflow from acquisition of subsidiaries	(6,858)	-
B02300	Net cash inflow (outflow) from disposal of subsidiaries	110,710	(12,922)
B02700	Acquisition of property, plant and equipment	(16,601)	(18,406)
B02800	Proceeds from disposal of property, plant and equipment	89,447	5,963
B03800	Decrease (increase) in refundable deposits	(4,140)	9,974
B04500	Acquisition of intangible assets	-	(1,904)
B05350	Proceeds from disposal of right-of-use assets	-	130,660
B05400	Acquisition of investment properties	-	(1,076)
B05500	Proceeds from disposal of investment properties	47,618	39,621
B06700	Decrease in pledged certificate of deposit	141,222	200,145
B07600	Dividends received	18,904	20,960
B09900	Advance received due to disposal of subsidiaries	<u>531,083</u>	<u>126,383</u>
BBBB	Net cash flows from investing activities	<u>(1,079,387)</u>	<u>625,438</u>
	Cash flows from financing activities		
C00100	Increase (decrease) in short-term loans	(38,608)	51,964
C00500	Increase in short-term bills payable	50,000	-
C00600	Decrease in short-term bills payable	(50,000)	-
C01600	Increase in long-term loans	-	149,860
C01700	Repayment of long-term loans	-	(450,000)
C03000	Increase in guarantee deposits received	14,760	18,954
C04020	Repayment of lease principal	(11,646)	(14,863)
C04500	Cash dividends paid	(133,720)	(167,150)
C04700	Capital reduction	-	(668,600)

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<u>Code</u>		<u>2020</u>	<u>2019</u>
C04900	Purchase of treasury stock	(\$ 97,768)	\$ -
C05800	Dividends paid to non-controlling interests	-	(281)
CCCC	Net cash flows from financing activities	(266,982)	(1,080,116)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(14,099)	(68,409)
EEEE	Net increase (decrease) in cash and cash equivalents	(71,828)	234,380
E00100	Cash and cash equivalents at beginning of year	<u>2,690,165</u>	<u>2,455,785</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 2,618,337</u>	<u>\$ 2,690,165</u>

Reconciliation of cash and cash equivalents by the end of the year

<u>Code</u>		<u>December 31, 2020</u>	<u>December 31, 2019</u>
E00210	Cash and cash equivalents reported in the balance sheet	\$ 2,607,033	\$ 2,602,762
E00240	Cash and cash equivalents included in disposal groups classified as held for sale	<u>11,304</u>	<u>87,403</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 2,618,337</u>	<u>\$ 2,690,165</u>

The accompanying notes are an integral part of the consolidated financial statements.

Chairperson: Chang-shiou Wu Manager: Chang-shiou Wu Accounting Manager: Shu-fen Yang

Chien Kuo Construction Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

From January 1 to December 31, 2020 and 2019

(Amount in Thousands of New Taiwan Dollars, Unless Otherwise Stated)

I. Company History

Chien Kuo Construction Co., Ltd. (hereinafter "the Company") was founded in November 1960. It mainly engages in business relating to design, supervision of modification, and construction of various construction projects of different size, as well as trading of construction materials. The Company's stocks, which had been traded on Taipei exchange since February 1, 1999, were transferred to be listed on Taiwan Stock Exchange in October 2003.

The consolidated financial statements were expressed in New Taiwan Dollars, the Company's functional currency.

II. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements were published upon approval by the Board of Directors on March 25, 2021.

III. Application of New and Amended Standards and Interpretations

(I) The first-time application of the amended "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to as "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the following, the application of the amended "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the IFRSs endorsed and issued into effect by the FSC did not result in significant changes on the accounting policies of the combined company:

Amendments to IAS 1 and IAS 8 - "Definition of Materiality"

The combined company adopted the amendments on January 1, 2020. The threshold for materiality was amended to be "could reasonably be expected to influence users" and the disclosures in consolidated financial statements were adjusted by removing immaterial information which may obscure material information.

(II) FSC-endorsed IFRSs that are applicable from 2021 onwards

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB
Amendment to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Date of issue
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 "Interest Rate Benchmark Reform (IRBR) - Phase 2"	Effective for annual reporting periods beginning on or after January 1, 2021
Amendment to IFRS 16, "Covid-19-Related Rent Concessions"	Effective for annual reporting periods beginning on or after June 1, 2020

As of the date the accompanying consolidated financial statements were authorized for issue, the combined company continues in evaluating the impact on its financial position and financial performance as a result of the amendment of the related standards or interpretations. The related impact will be disclosed when the combined company completes the evaluation.

(III) IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 2)
Amendment to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 4)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 5)
Amendment to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 6)
Amendment to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"	January 1, 2022 (Note 7)

Note 1. Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

Note 2. Amendment to IFRS 9 is effective to exchanges of a financial liability or modifications of terms incurred during the annual periods beginning on or after 1 January 2022. Amendment to IFRS 41 "Agriculture" is effective to fair value measurements for annual periods beginning on or after 1 January 2022. Amendment to IFRS 1 "First-time Adoption of IFRS" is retrospectively effective for annual periods beginning on or after 1 January 2022.

Note 3. The Company shall apply this amendment to business combinations for which the acquisition date is beginning on or after January 1, 2022.

Note 4. The Company shall apply this amendment prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 5. This amendment is effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period.

Note 6. The Company shall apply this amendment to the property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 7. The amendment shall apply to contracts for which not all obligations have been fulfilled as of January 1, 2022.

1. Amendment to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"

This amendment prescribes that, as assessing whether a contract is onerous, the 'cost of fulfilling' a contract comprises both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

When initially applying the amendments, the combined company shall recognize the cumulative effect to the retained earnings at the date of initial application.

2. Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendment clarifies whether or not a liability to be classified as non-current, the combined company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the

combined company will exercise that right. The amendment also clarifies that, if the right to defer settlement is subject to compliance with specified conditions, the combined company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendment stipulates that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the combined company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the combined company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation," the aforementioned terms would not affect the classification of the liability.

3. Amendment to IAS 1 "Disclosure of Accounting Policies"

This amendment prescribes that the combined company shall apply the concept of materiality in making decisions about the disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in the combined company's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. This amendment also clarifies that:

Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed by the combined company.

Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial.

Not all accounting policy information relating to material transactions, other events or conditions is itself material.

Moreover, this amendment gives examples to explain that it is likely to consider accounting policy information material to the financial statements if that information relates to material transactions, other events or conditions and the accounting policy:

- (1) Has been changed during the period by the combined company, and this change results in a material change on information of the financial statements;
- (2) Was chosen properly by the combined company from alternatives permitted by IFRS Standards;
- (3) Was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS Standard that specifically applies;
- (4) Relates to an area for which the combined company is required to make significant judgments and assumptions;
- (5) Relates to complex accounting, and users of the combined company's financial statements would otherwise not understand the relating transactions, other events or conditions.

4. Amendment to IAS 8 "Definition of Accounting Estimates"

This amendment defines accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty." The accounting policy may require items in financial statements to be measured at monetary amounts that cannot be observed directly and must instead be estimated. Therefore, an input or a measurement technique has to be used to develop an accounting estimate to achieve this goal. The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

Except the above-mentioned impact, as of the date the consolidated financial statements were authorized for issue, the combined company is continuously assessing the effects on its financial position and financial performance of the amendments to the related standards and interpretations. Any relevant effect will be disclosed when the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The consolidated financial report was prepared in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IFRSs endorsed and issued into effect by FSC.

(II) Basis of preparation

The consolidated financial statements were prepared on a historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less fair value of plan assets.

The fair value measurement is classified into 3 levels based on the observability and importance of related input:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 inputs are unobservable inputs for the asset or liability.

(III) Criteria for Classification of Current and Non-current Assets and Liabilities

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets that are expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents, excluding those that are restricted for being used to exchange or settle liabilities beyond 12 months after the balance sheet date.

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities to be settled within 12 months after the balance sheet date; and
3. Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date.

The Company classifies all other assets or liabilities that are not specified above as non-current.

The combined company is engaged in the construction business, which has an operating cycle of over one year. The normal operating cycle applies when considering the classification of current or non-current for the construction-related assets and liabilities.

(IV) Basis for Consolidation

The consolidated financial statements include the financial reports of the Company and its wholly owned entities. The consolidated statements of comprehensive income include the operating income/loss of the acquired or disposed subsidiaries from the date of acquisition to the date of disposal in the current period. The financial reports of the subsidiaries have been adjusted to bring their accounting policies in line with those used by the combined company. When compiling the consolidated financial statements, all transactions, account balances, income and expenses between the entities were eliminated. A subsidiary's total comprehensive income is attributed to the owners of the Company and non-controlling interests, even if non-controlling interests become having deficit balances in the process.

When a change in the combined company's ownership interests in a subsidiary does not cause a loss of control over the subsidiary, it shall be treated as an equity transaction. The carrying amounts of the combined company and its non-controlling interests have been adjusted to reflect the relative changes in the interest in the subsidiaries. The difference between the adjustment amount of non-controlling interests and the fair value of consideration paid or collected shall be directly recognized in equity attributable to the owners of the Company.

When the combined company loses control over a subsidiary, the gain or loss on disposal is the difference between the following two items: (1) the sum of the fair value of the consideration received and the fair value of the residual investment in such a former subsidiary at the date of loss of control; and (2) the sum of the carrying amount of the assets (including goodwill), liabilities, and non-controlling interests of the former subsidiary at the date of loss of control. The accounting treatment basis on which the combined company recognizes the amounts in other comprehensive income in relation to the subsidiary is the same as that, which must be abided by, for the related assets or liabilities directly disposed of by the combined company.

The combined company takes the fair value of the residual investment in the former subsidiary at the date of loss of control to be the initial investment in an associate recognized.

Please refer to Note 13 and Table 7 and 8 for details, shareholding ratios, and operating items of subsidiaries.

(V) Foreign Currency

In preparing each individual financial statement, transactions denominated in a currency other than the entity's functional currency (i.e. foreign currency) are translated into the entity's functional currency by using the exchange rate at the date of the transaction before they are recorded by each entity.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences arising on the settlement or on translating of monetary items are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss, except for items whose changes in fair value are recognized in other comprehensive income, where the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the exchange rates prevailing on the transaction dates and are not re-translated.

In preparing the consolidated financial statements, assets and liabilities of a foreign operation (i.e. a subsidiary or an associate of which the activities are based or conducted in a country or currency other than those of the Company) are translated into New Taiwan Dollars by using the exchange rates at each balance sheet date. Income and expense items are translated using the average exchange rates of the current period, with exchange differences arising therefrom recognized in other comprehensive income and attributed respectively to owners of the Company and to non-controlling interests.

Upon disposal by the combined company of its ownership interests in a foreign operation, all cumulative exchange differences that are attributable to owners of the Company and relating to such foreign operation are to be reclassified to profit or loss.

(VI) Property, Plant and Equipment

Property, Plant and Equipment (PP&E) are stated at cost and subsequently measured at cost less accumulated depreciation and impairment.

The depreciation of PP&E in its useful life is made on a straight-line basis for each major part/component separately. The combined company reviews the estimated useful lives, residual value and depreciation methods at least once at each financial year-end and applies the changes in accounting estimates prospectively.

When derecognizing PP&E, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in loss or profit.

(VII) Investment Property

Investment property is real estate held for rent or capital appreciation or both.

Investment property is initially measured at costs (including transaction costs) and is subsequently measured at costs less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight-line basis by the combined company.

Investment property under construction is recognized at cost less accumulated impairment loss. Costs include professional service fee and borrowing costs that are eligible for capitalization. Depreciation on such asset is recognized when it reaches the condition for expected use.

In the event of derecognition of an investment property, the difference between its net disposal proceeds and carrying amount is recognized in loss or profit.

(VIII) Impairment of assets related to property, plant and equipment and right-of-use assets

On each balance sheet date, the combined company evaluates whether there is any indication that its property, plant and equipment and right-of-use assets have suffered an impairment loss. If there is an indication that an asset may be impaired, then the combined company estimates the recoverable amount of such asset. If it is not possible to estimate the recoverable amount of an individual asset, the combined company determines the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the fair value minus cost of sales or the value in use, whichever is higher. If the carrying amount of an individual asset or a cash generating unit is less than its recoverable amount, the carrying amount is reduced to its recoverable amount, with an impairment loss recognized in profit or loss.

If an impairment loss is reversed subsequently, the carrying amount of the asset or cash generating unit is raised to its recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversal of impairment loss is recognized in profit or loss.

(IX) Non-current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amounts are expected to be recovered mainly through sale rather than continuous usage. Non-current assets qualified for such classification must be available for immediate sale in their present condition and its sale must be highly probable. A sale is considered highly probable if management at an appropriate level commits to a plan to sell and such sale is expected to be completed within 12 months after the classification date.

If the sale will result in a loss of control over a subsidiary, all assets and liabilities of such subsidiary are classified as held for sale, regardless of whether the combined company will retain a non-controlling interest in the former subsidiary after such sale.

Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated.

(X) Financial Instruments

Financial assets and liabilities are recognized in the balance sheet when the combined company becomes a party to the contract of financial instrument.

Financial assets and liabilities are recognized initially based on fair value plus transaction costs that could be directly attributed to their acquisition or issuance of such financial assets or financial liabilities, if they are not measured at fair value through profit or loss. For financial assets and liabilities that are measured at fair value through profit or loss, such transaction costs are recognized immediately in profit or loss.

1. Financial assets

Regular trading of financial assets is recognized or derecognized in accordance with trade date accounting.

(1) Types of measurement

Financial assets held by the combined company comprise financial assets measured at fair value through profit or loss (FVTPL), financial assets at amortized cost, investments in debt instruments measured at fair value through other comprehensive income (FVTOCI), and investments in equity instruments measured at FVTOCI.

A. Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets mandatorily measured at fair value through profit or loss. Such assets include investments in equity instruments that are not designated by the combined company to be measured at fair value through other comprehensive income and investments in debt instruments that fail to meet the criteria as to be measured at amortized cost or at fair value through other comprehensive income.

Such assets are measured at fair value, of which any dividends and interest accrued are recognized as other revenue and remeasurement gains or losses are recognized in profit or loss. Please refer to Note XXX for the determination of fair value.

B. Financial assets measured at amortized cost

When the combined company's investments in financial assets satisfy the following two conditions simultaneously, they are classified as financial assets measured at amortized cost:

- a. Held under a business model whose purpose of holding such financial assets is to collect the contractual cash flows; and
- b. The contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such assets (including cash and cash equivalents, bills with repurchase agreement, restricted term deposit, notes receivable, accounts receivable and other receivables that are measured at amortized cost) are measured at the amortized cost equal to the gross carrying amount as determined using the effective interest method less any impairment loss; any foreign exchange gain or loss arising therefrom is recognized in profit or loss.

Except for the following two circumstances, interest revenue is calculated by multiplying effective interest rate by the gross carrying amount of such assets:

- a. In the case of purchased or originated credit-impaired financial assets, interest revenue is recognized by applying the credit-adjusted effective interest rate to the amortized cost.
- b. In the case of a financial asset that is not a purchased or originated credit-impaired financial asset but subsequently has become credit-impaired, interest revenue is calculated by applying the effective interest rate to the amortized cost.

Credit-impaired financial assets are those where the issuer or debtor has experienced major financial difficulties or defaults, the debtor is likely to claim bankruptcy or other financial restructuring, or disappearance of an active market for the financial asset due to financial difficulties.

Cash equivalents comprise time deposits that will mature within 6 months after the acquisition date, that are highly liquid and readily convertible to known amount of cash, and that are subject to an insignificant risk of changes in value. Cash equivalents are used to satisfy short-term cash commitments.

- C. Investment in equity instruments measured at fair value through other comprehensive income (FVTOCI)

The combined company may, at initial recognition, make an irrevocable election to designate an equity instrument that is neither held for trading nor contingent consideration arising from a business combination to be measured at FVTOCI.

Investments in an equity instrument measured at FVTOCI are measured at fair value, and any subsequent fair value changes are recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss upon their disposal; instead, they will be transferred to retained earnings.

Dividends of investments in equity instruments measured at FVTOCI are recognized in profit or loss when the combined company's right to receive payment is established, unless such dividends clearly represent the recovery of a part of the investment cost.

(2) Impairment of financial assets and contract assets

The combined company evaluates credit losses based on expected credit loss (ECL) at each balance sheet date for financial assets at amortized cost (including accounts receivable), investments in debt instruments at fair value through other comprehensive income, and impairment losses on contract assets.

Loss allowances are recognized against accounts receivable and contract assets based on the expected credit loss during the term of duration. For all other financial instruments, the combined company recognizes their loss allowance at an amount equal to 12-month expected credit losses if their credit risk has not increased significantly since initial recognition, or otherwise their lifetime expected credit losses.

An ECL is a weighted average credit loss with the risks of default as weights. The 12-month ECL on a financial instrument represents the portion of its lifetime ECL that is expected to result from possible default events within 12 months after the reporting date, whereas the lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument.

Through the loss allowance account, the carrying amount of all financial assets is reduced for the impairment loss, except for the investment in debt instruments measured at FVTOCI for which the impairment loss is recognized in other comprehensive income and does not reduce the carrying amount.

(3) Derecognition of financial assets

The combined company derecognizes financial assets when the contractual rights to the cash inflow from the asset expire or when the company transfers all the risks and rewards of ownership of the financial assets to other enterprises substantially.

On derecognition of a financial asset measured at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss. On derecognition of debt instruments measured at fair value through other comprehensive income in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. On derecognition of equity instruments measured at fair value through other comprehensive income in its entirety, the accumulated profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instruments

The repurchase of equity instruments issued by the Company is recognized in equity as a deduction. The purchase, sale, issue or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

All financial liabilities of the combined company are subsequently measured at amortized cost using the effective interest method.

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

4. Derivatives

The derivative agreements into which the combined company entered include forward foreign exchange contracts to manage the foreign exchange rate risk of the combined company.

If derivatives are embedded in the asset host contract within the scope of IFRS 9 "Financial Instruments," the classification of financial assets is determined by the overall agreement. If derivatives are embedded in the asset host contract out of the scope of IFRS 9 (e.g., embedded in the host contract of financial liabilities), and if the embedded derivatives meet the definition of a derivative instrument of which their risks and characteristics are not closely related to those of the host contract, and the hybrid contracts are not measured at fair value through profit or loss, the derivatives are recognized as separate derivatives.

(XI) Hedge Accounting

The combined company designates a portion of hedging instruments (including derivatives, embedded derivatives, and non-derivatives for hedging exchange rate risks) as cash flow hedges. Foreign exchange risk of a firm commitment is hedged with cash flow hedges.

Cash Flow Hedges

For a hedging instrument designated as and qualified for a cash flow hedge, the effective portion of fair value changes is recognized in other comprehensive income, whereas the ineffective portion is immediately recognized in profit or loss. When a hedged item is recognized in profit or loss, the amount previously recognized in other comprehensive income is reclassified to profit or loss for the same period and recognized in the consolidated statements of comprehensive income under items associated with the hedged item. However, in case that a hedge of a forecast transaction will result in recognition of a non-financial asset or non-financial liability, the amount previously recognized in other comprehensive income is transferred from equity to the original cost of such a non-financial asset or non-financial liability.

The combined company prospectively suspends hedge accounting only when the hedge relationship ceases to meet the criteria of hedge accounting, i.e., when a hedging instrument is expired, sold, terminated, or executed. Prior to the occurrence of a forecast transaction, the amount that had previously been recognized in other comprehensive income in the period during which the hedge still remained effective is recognized in equity. However, in case the forecast transaction is no longer expected, the amount that had been previously recognized in other comprehensive income is immediately recognized in profit or loss.

(XII) Revenue Recognition

After identifying the performance obligations of contracts with the customers, the combined company allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are met.

1. Revenue from the sale of goods

Revenue from the sale of goods comes from sales of concrete. When concrete is delivered to a customer's specified location, the customer has the right to use the product and bears the risk of obsolescence. Therefore, revenue and accounts receivable are recognized at that time.

2. Revenue from construction contracts

For real estate construction contracts, the combined company recognizes revenue over the construction period and measures the progress on the basis of costs incurred relative to the total expected costs because costs incurred by the construction works are directly related to the progress in satisfying a performance obligation. A contract asset is recognized during the construction and is reclassified to accounts receivable at the point at which it is invoiced to the customer. If the payment received exceeds the revenue recognized to date, the combined company recognizes a contract liability for the difference. Certain payments retained by the customer as specified in the contract is intended to ensure that the combined company adequately completes all its contractual obligations. Such retention receivables are recognized as contract assets until the combined company satisfies its performance obligations.

If the outcome of the performance obligations cannot be measured reliably, construction revenue is recognized only to the extent of the expenses incurred for satisfaction of performance obligations that are expected to be recovered.

(XIII) Leases

The combined company evaluates whether a contract is (or includes) a lease on the contract establishment date.

1. The combined company as lessor

Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Under operating leases, lease payments after deducting lease incentives are recognized as revenue on a straight-line basis over the relevant lease term.

2. The combined company as lessee

Except that payments for leases of low-value assets and short-term leases to which exemption is applicable are recognized as expenses on a straight-line basis over the lease term, other leases are recognized as right-of-use assets and lease liabilities on the lease start date.

Right-of-use assets are initially measured at cost (including the initially measured amount of lease liabilities, the lease payments paid before the lease start date less the lease incentives received, the initial direct cost, and the estimated cost of restoring underlying assets), and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, and the re-measurement of the lease liabilities are adjusted accordingly. Right-of-use assets are separately presented on the consolidated balance sheets.

Right-of-use assets are depreciated on a straight-line basis from the lease start date to the end of the useful life or the expiration of the lease term, whichever is earlier.

A lease liability is initially measured at the present value of lease payments (including fixed payments and in-substance fixed payments). When the interest rate implicit in a lease can be readily determined, lease payments are discounted using the interest rate. If the interest rate implicit in a lease cannot be easily determined, lease payments are discounted using the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expenses are amortized over the lease term. In the case that future lease payments change as a result of a change in the lease term, the combined company remeasures the lease liability and correspondingly adjusts the right-of-use asset, except in the case when the carrying amount of the right-of-use asset has reduced to zero, in which case any residual remeasured amount shall be recognized in profit or loss. Lease liabilities are separately presented on the consolidated balance sheets.

(XIV) Employee benefits

1. Short-term employee benefits

Related liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

Payments that should be contributed to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service.

The defined benefit cost under defined benefit retirement plans (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. The cost of services (including the cost of services of the current period and the cost of services of the previous period, and profit and loss from repayment) and the net interest of the net defined benefit liability (asset) are recognized as employee benefit expenses as they occur. Remeasurement (comprising actuarial gains and losses, and return on plan assets net of interests) is recognized in other comprehensive income and included in retained earnings, and is not recycled to profit or loss in subsequent periods.

The net defined benefit liabilities (assets) are the shortfall (surplus) of the defined benefit retirement plan. A net defined benefit asset shall not exceed the present value of the contributions to be refunded from the plan, or the reductions in future contributions.

3. Termination benefits

The combined company will recognize the termination benefits liability when it is no longer able to revoke the termination benefits offer or when it recognizes the related restructuring costs (whichever is earlier).

(XV) Income Tax

Income tax expenses are the sum of current-period income tax and deferred income tax.

1. Current-period income tax

An extra tax is levied on the unappropriated earnings pursuant to the Income Tax Act of the Republic of China and is recorded as income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

Adjustments to income tax payable from previous years are recognized in the income tax of current period.

2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income.

Deferred tax liabilities are generally recognized based on all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that there is taxable income to be applied to temporary difference reductions or loss credits.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the combined company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deductible temporary differences associated with such investment and equity, when it is probable that sufficient taxable income will be available to realize such temporary difference, a deferred tax asset is recognized, but only to the extent of the amount that is expected to be reversed in the foreseeable future. The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. The carrying amount of items that were not previously recognized as a deferred tax asset is also reviewed at each balance sheet date and is raised when it becomes probable that sufficient taxable profit will be available in the future to recover all or part of the asset.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected realization of assets or settlement of liabilities. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. Measurement of deferred income tax liabilities and assets is a reflection of the tax consequences resulting from the means by which the combined company expects to recover or settle the carrying amount of its assets and liabilities at the balance sheet date.

3. Current and deferred taxes for the year

Current income tax and deferred income tax are recognized in profit or loss, except that for items associated with other comprehensive income, such taxes are recognized in other comprehensive income.

V. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

When the combined company adopts accounting policies, the management must make judgments, estimates and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from these estimates.

The management shall continue to review the estimates and basic assumptions. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

Construction contracts

Revenue and cost of construction contracts are recognized separately based on the percentage of completion of contractual activities, and the percentage of completion is measured at the proportion of the contract costs incurred to date to the estimated total contract costs. Changes in incentives and compensations stipulated in the contracts will only be included in and recognized as contract revenue when relevant uncertainties are subsequently eliminated and the probability of reversing the amount of accumulated contract revenue is quite low.

As estimated costs and contractual activities are evaluated and judged by the management based on the nature of the different construction projects, the estimated amount of the contract, the duration of construction, the undertaking of construction and the construction methods, they may affect the calculation of the percentage of completion and the profit or loss of construction.

VI. Cash and Cash Equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and revolving funds	\$ 2,670	\$ 2,195
Bank checks and demand deposits	1,155,328	676,954
Cash equivalents (time deposits with original maturity date within 6 months)		
Bank time deposits	<u>1,449,035</u>	<u>1,923,613</u>
	<u>\$ 2,607,033</u>	<u>\$ 2,602,762</u>

The interest rate intervals of time deposits on the balance sheet date are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Time deposits	0.40%~3.40%	0.15%~2.79%

VII. Financial Instruments at Fair Value through Profit or Loss

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Mandatorily measured at fair value through profit or loss</u>		
Current		
Derivative financial assets		
Structured notes (I)	\$ 399,851	\$ -
Structured deposits	465,688	-
Non-derivative financial assets		
Domestic listed stocks	75,770	-
Beneficiary certificates	<u>803,707</u>	<u>120,073</u>
	<u>1,745,016</u>	<u>120,073</u>
Non-current		
Private equity funds	<u>67,355</u>	<u>75,969</u>
	<u>\$ 1,812,371</u>	<u>\$ 196,042</u>

- (I) Structured notes not yet matured as of the balance sheet date are notes linked up with the stock prices of underlying securities which pay a fixed interest before their maturity dates no matter what the stock prices are. If a price trigger was set up and the stock price is higher than the early exercise price, the note will mature earlier to redeem the principal plus the fixed interest; if the stock price on the maturity date is less than the exercise price, in addition to the fixed interest, the notes will be converted into stocks holding the underlying securities at the exercise price. Contracts not yet maturing are as follows:

December 31, 2020

<u>Subject Securities</u>	<u>Amount (Thousands)</u>	<u>Maturity Date</u>	<u>Interest rate</u>	<u>Exercise Price</u>
ADOBE INC. (ADBE)	USD1,000	April 9, 2021	10%	USD396.1580
ADVANCED MICRO DEVICES, INC. (AMD)	USD1,000	March 18, 2021	12%	USD 72.7982
SALESFORCE.COM INC (CRM)	USD1,000	February 5, 2021	8%	USD206.2025
NETFLIX, INC. (NFLX)	USD1,000	March 31, 2021	12%	USD456.2408
NETFLIX, INC. (NFLX)	USD1,000	April 9, 2021	10%	USD401.5073
PAYPAL HOLDINGS, INC. (PYPL)	USD1,000	April 9, 2021	10%	USD172.0163
QUALCOMM INCORPORATED (QCOM)	USD1,000	April 9, 2021	10%	USD121.1840
SEA LIMITED (SE)	USD1,000	March 18, 2021	10%	USD146.5504
SHOPIFY INC (SHOP)	USD1,000	March 18, 2021	10%	USD841.6549
ISHARES SILVER TRUST (SLV)	USD1,000	March 3, 2021	8%	USD 18.9654
SQUARE, INC. (SQ)	USD1,000	March 18, 2021	12%	USD173.1476
TESLA, INC. (TSLA)	USD1,000	April 9, 2021	10%	USD341.2078
TESLA, INC. (TSLA)	USD1,000	March 18, 2021	10%	USD390.5603
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD (TSM)	USD1,000	March 18, 2021	10%	USD 87.1565

VIII. Financial assets at fair value through other comprehensive income

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Investment in equity instruments</u>		
Current		
Domestic listed stocks	\$ 24,569	\$ 28,825
Foreign listed stocks	-	20,742
	<u>24,569</u>	<u>49,567</u>
Non-current		
Domestic listed stocks	398,003	410,826
	<u>\$ 422,572</u>	<u>\$ 460,393</u>

The combined company invested in domestic and foreign common stock pursuant to its medium-term and long-term strategies for the purpose of making a profit. The management elected to designate these investments to be measured at fair value through other comprehensive income as they believed that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the aforementioned strategy of holding these investments for long-term purposes.

Details of financial instruments pledged at fair value through other comprehensive income are provided in Note XXXII.

IX. Financial Assets at Amortized Cost

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Restricted bank deposit (1)	\$ 63,364	\$ -
Restricted bank term deposit (1)	199,360	-
Restricted bills with repurchase agreement (1)	30,017	-
Pledged certificate of deposit	-	140,922
	<u>\$ 292,741</u>	<u>\$ 140,922</u>
<u>Non-current</u>		
Pledged certificate of deposit	<u>\$ 5,696</u>	<u>\$ 5,996</u>

(1) The above restricted financial assets are held by the combined company in accordance with The Management, Utilization, and Taxation of Repatriated Offshore Funds Act (hereinafter referred to as the "Repatriated Offshore Funds Act"), and their application is subject to the restriction of the Repatriated Offshore Funds Act.

The interest rate intervals of time deposits and bonds with repurchase agreement on the balance sheet date are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Restricted bank term deposit	0.35%	-
Restricted bills with repurchase agreement	0.63%~0.75%	—
Pledged certificate of deposit	0.50%	0.15%~2.49%

Details of pledged financial assets measured at amortized cost are provided in Note XXXII.

X. Notes Receivables and Accounts Receivables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	<u>\$ 89,256</u>	<u>\$ 204,179</u>
<u>Accounts receivables</u>		
Measured at amortized cost		
Gross Carrying Amount	\$ 555,335	\$ 2,229,438
Less: Allowance losses	(<u>74,839</u>)	(<u>103,207</u>)
	<u>\$ 480,496</u>	<u>\$ 2,126,231</u>

Accounts receivables

The credit policy of the combined company is mainly contract-based, and the notes receivable and accounts receivable are not interest-bearing. To minimize credit risk, the management of the combined company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the combined company reviews the recoverable amount of each individual account receivable on the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes that the combined company's credit risk has been significantly reduced.

The combined company recognizes allowance for uncollectible accounts for accounts receivable as lifetime ECL for the duration of contract. The lifetime ECL is determined by reference to the past default records and the current financial position of different groups of customers, as well as by taking into consideration the projected GDP and related indicators of such industries.

The combined company writes off accounts receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivables. For accounts receivable that have been written off, the combined company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, they are recognized in profit or loss.

Aging analysis of notes receivable of the combined company is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Not overdue	<u>\$ 89,256</u>	<u>\$204,179</u>

Aging analysis of accounts receivable of the combined company is as follows:

	December 31, 2020	December 31, 2019
Not overdue	\$ 414,218	\$ 1,545,027
Less than 180 days	64,019	501,198
181~360 days	16,134	64,691
More than 361 days	60,964	118,522
Total	<u>\$ 555,335</u>	<u>\$ 2,229,438</u>

Changes in loss allowance for accounts receivable are as follows:

	2020	2019
Balance - beginning of year	\$ 103,207	\$ 104,195
Add: Impairment loss recognized (reversed)	(5,823)	2,927
Less: Reclassification of non-current assets held for sale	(23,459)	-
Exchange difference	914	(3,915)
Balance - end of year	<u>\$ 74,839</u>	<u>\$ 103,207</u>

XI. Inventories (for construction business)

	December 31, 2020	December 31, 2019
Xinzhi Section, Xinzhuang District	<u>\$465,926</u>	<u>\$463,577</u>

The combined company acquired the land sitting at the northern part of the industrial zone in Xinzhuang Dist. in July 2017. The purpose of holding such land is to construct commercial buildings for sale. The land is also pledged to financial institutions for loans. Please refer to Notes XVIII and XXXII.

XII. Prepayments

	December 31, 2020	December 31, 2019
Prepayments for construction contracts	\$ 37,210	\$ 44,985
Tax overpaid retained	7,926	6,597
Prepaid insurance	4,122	4,556
Prepayments for purchases	-	358,750
Others	4,333	4,706
	<u>\$ 53,591</u>	<u>\$419,594</u>

XIII. Subsidiaries

(I) Subsidiaries included in the consolidated financial statements

The entities of the Consolidated Financial Report are as follows:

Investor	Name of Subsidiary	Business Activities	Percentage of Ownership		Description
			December 31, 2020	December 31, 2019	
The Company	Golden Canyon Limited (Golden Canyon)	Investment	100%	100%	Please refer to Note XXVII
	Silver Shadow Holding Limited (Silver Shadow)	Investment	100%	100%	
	Shun Long International Electrical Engineering Co., Ltd. (Shun Long)	Mechanical, electrical and plumbing engineering, undertaking and equipment/wholesale and retail	100%	86.61%	
	Chien Kuo Development Co., Ltd. (Chien Kuo)	Building construction commission; public	100%	100%	

Investor	Name of Subsidiary	Business Activities	Percentage of Ownership		Description
			December 31, 2020	December 31, 2019	
Subsidiaries of Golden Canyon and Silver Shadow	Development)	housing lease			
	WeBIM Services Co., Ltd. (WeBIM Services)	Construction technology	(Note 1)	(Note 1)	Please refer to Notes XXVI and XXXI.
	Anping Property Co., Ltd. (Anping Property)	Housing and building development and lease	-	100%	(Note 2)
	Golden Canyon Venture Capital Investment Co., Ltd. (Golden Canyon Venture Capital)	Venture capital investment	100%	-	(Note 3)
	Chien Kuo Construction Consultant (Kunshan) Co., Ltd. (Chien Kuo Construction Consultant)	Engineering technology; procurement planning; installation consultation	-	100%	(Note 4)
	CK Asia Co., Ltd. (CK Asia)	Investment	100%	100%	
	CK Asia (Shanghai) Information Technology Co., Ltd. (Shanghai Information)	Computer software technology development and consultation	100%	100%	
	Yangzhou Chien Yung Concrete Co., Ltd. (Yangzhou Chien Yung)	Production and sale of concrete and concrete products	100%	100%	
	Suzhou Chien Hua Concrete Co., Ltd. (Suzhou Chien Hua)	Production and sale of concrete and concrete products	-	100%	Please refer to Notes XIV and XXVI.
	Wuxi Chien Bang Concrete Co., Ltd. (Wuxi Chien Bang)	Production and sale of concrete and concrete products	100%	100%	Please refer to Notes XIV
	Nantong Chien Cheng Concrete Co., Ltd. (Nantong Chien Cheng)	Production and sale of concrete and concrete products	-	-	Please refer to Note XXVI.
	Chien Ya (Yangzhou) Technology Consultant Co., Ltd. (Chien Ya Yangzhou)	Computer software technology development and consultation	100%	100%	
	Chien Ya (Suzhou) Information Technology Consultant Co., Ltd. (Chien Ya Suzhou)	Computer software technology development and consultation	100%	100%	
	Chien Ya (Wuxi) Information Technology Consultant Co., Ltd. (Chien Ya Wuxi)	Computer software technology development and consultation	100%	-	(Note 5)

The subsidiaries of the consolidated financial statements are as follows:

- (1) Since January 22, 2019, the combined company has lost its control on WeBIM Services and adopted the equity method for valuation. The remaining equity of WeBIM Services was disposed of on August 17, 2020.
 - (2) Anping Property was liquidated in December 2020.
 - (3) Golden Canyon Venture Capital was established on August 17, 2020 as a wholly-owned subsidiary of the Company.
 - (4) Chien Kuo Construction Consultant was liquidated on May 20, 2020.
 - (5) Chien Ya Wuxi was divided from Wuxi Chien Bang and newly established.
- (II) Subsidiaries not included in the consolidated financial statements: None.

XIV. Non-current Assets Held for Sale and Disposal Group Held for Sale

(I) Discontinued operations

On August 12, 2020, the combined company entered into a contract to dispose of Wuxi Chien Bang, a subsidiary responsible for concrete business of the combined company. No impairment loss was recognized in respect of the subsidiary classified as held for sale because the selling price exceeded the carrying amount of the relevant net assets. The disposal of the subsidiary in charge of concrete business is consistent with the combined company's long-term business strategy focusing on construction business. As the subsidiary meets the definition of a discontinued operation, it is expressed as a discontinued operation.

Information on the profit or loss and cash flows of the discontinued operation is as follows:

	2020	2019
Sales	\$ 450,448	\$ 1,558,745
Cost of goods sold	(416,587)	(1,349,673)
Gross profit	33,861	209,072
Selling and marketing expenses	(16,736)	(33,870)
General and administrative expenses	(18,945)	(73,048)
Net operating income (loss)	(1,820)	102,154
Other income	6,213	22,518
Other gains and losses	71,498	54,116
Finance costs	(602)	(915)
Income before income tax	75,289	177,873
Income tax expense	(2,520)	(49,645)
Gain from discontinued operations	<u>\$ 72,769</u>	<u>\$ 128,228</u>
Gain from discontinued operations attributable to:		
Owners of the parent	\$ 72,769	\$ 128,228
Non-controlling interest	<u>-</u>	<u>-</u>
	<u>\$ 72,769</u>	<u>\$ 128,228</u>
Cash flows		
Operating activities	\$ 889,590	\$ 576,563
Investing activities	102,699	3,451
Financing activities	(41,608)	43,536
Net cash inflow	<u>\$ 950,681</u>	<u>\$ 623,550</u>

(II) Non-current assets held for sale

1. The Board of Directors of the combined company resolved to sell the equity of Suzhou Chien Hua to Kunshan Shen Kun United Concrete Co., Ltd. on June 11, 2019. As of December 31, 2019, advance transfer payment of \$126,383 thousand (RMB 29,409 thousand) was received. The disposal was completed on February 11, 2020. Please refer to Note XXVI for relevant information.

Assets and liabilities classified in disposal groups held for sale are as follows:

	<u>December 31, 2019</u>
Cash	\$ 87,403
Property, plant, and equipment	<u>53,322</u>
Total non-current assets held for sale	<u>\$ 140,725</u>
Other payables	<u>\$ 1,454</u>
Liabilities directly associated with non-current assets held for sale	<u>\$ 1,454</u>
Equity directly associated with non-current assets held for sale	(<u>\$ 26,848</u>)

2. The Board of Directors of the combined company resolved to sell all equity of Wuxi Chien Bang to Wuxi City De Kai New Material Technology Ltd. Co. (De Kai) on July 30, 2020. The two parties executed an equity transfer agreement on August 12, 2020. As of December 31, 2020, advance transfer payment of \$531,083 thousand (RMB 121,674 thousand) was received. The major terms of the equity transfer agreement are as follows:

- (1) The transfer date of assets was on September 14, 2020. The transfer date of equity was as the date of change in the registered stockholder from Wuxi Chien Bang to De Kai;
- (2) The total transfer price of the equity shall be not less than RMB 126,000 thousand, including accounts receivables, inventories, land, plants, machines and equipment, and remaining assets of non-cash or cash equivalents;
- (3) The liabilities incurred by Wuxi Chien Bang prior to the transfer date of assets was disposed of by Wuxi Chien Bang prior to the transfer date of equity;
- (4) The profit or loss incurred by Wuxi Chien Bang prior to the transfer date of business belonged to the combined company; and
- (5) If force majeure events occur after the transfer date of assets, making the equity transfer agreement unfulfillable, De Kai shall return the fixed assets of Wuxi Chien Bang in original condition as of the transfer date of assets to the combined company within 15 days after the termination of the contract. Upon receipt and inspection, the combined company shall refund the received amount without interest minus the annual usage fee of RMB 3,000 thousand.

Assets and liabilities classified in disposal groups held for sale are as follows:

	December 31, 2020
Cash	\$ 10,256
Notes receivable	16,923
Accounts receivables	326,980
Other receivables	12,102
Inventories	7,784
Prepayments	909
Other current assets	394
Property, plant, and equipment	78,098
Right-of-use assets	4,393
Total non-current assets held for sale	<u>\$ 457,839</u>
Accounts payable	\$ 9,693
Other payables	10,196
Contract liabilities	9,338
Other current liabilities	1,047
Liabilities directly associated with non-current assets held for sale	<u>\$ 30,274</u>
Equity directly associated with non-current assets held for sale	(<u>\$ 83,092</u>)

The combined company has completed all the above equity transfer procedures on February 5, 2021, and the proceeds of NT\$549,964 thousand (RMB 126,000 thousand) have been fully collected.

Since the proceeds expected to be received from the aforementioned transaction are anticipated to exceed the carrying amount of related net assets, recognition of a significant impairment loss is not required when classifying such units as disposal groups held for sale.

XV. Property, Plant and Equipment

	Freehold land	Buildings	Machinery equipment	Transportatio n equipment	Office equipment	Leasehold improvements	Other Equipment	Total
<u>Cost</u>								
Balance, January 1, 2019	\$ 15,742	\$ 118,804	\$ 171,567	\$ 75,056	\$ 17,672	\$ 17,942	\$ 92,261	\$ 509,044
Addition	-	3,388	6,202	1,027	790	115	6,884	18,406
Disposal	-	(336)	(18,850)	(44,561)	(5,022)	(595)	(697)	(70,061)
Reclassified to held for sale	-	(40,165)	(69,589)	-	(5,165)	-	(35,757)	(150,676)
Net exchange differences	-	(4,798)	(6,282)	(1,209)	(453)	-	(3,611)	(16,353)
Balance, December 31, 2019	<u>\$ 15,742</u>	<u>\$ 76,893</u>	<u>\$ 83,048</u>	<u>\$ 30,313</u>	<u>\$ 7,822</u>	<u>\$ 17,462</u>	<u>\$ 59,080</u>	<u>\$ 290,360</u>
<u>Accumulated depreciation</u>								
Balance, January 1, 2019	\$ -	\$ 58,051	\$ 127,402	\$ 66,855	\$ 14,735	\$ 4,644	\$ 46,291	\$ 317,978
Depreciation expense	-	4,518	5,173	1,952	762	3,149	4,187	19,741
Disposal	-	(229)	(17,967)	(41,922)	(4,865)	(464)	(296)	(65,743)
Reclassified to held for sale	-	(22,659)	(50,700)	-	(4,119)	-	(19,877)	(97,355)
Net exchange differences	-	(2,446)	(4,545)	(1,028)	(364)	-	(1,920)	(10,303)
Balance, December 31, 2019	<u>\$ -</u>	<u>\$ 37,235</u>	<u>\$ 59,363</u>	<u>\$ 25,857</u>	<u>\$ 6,149</u>	<u>\$ 7,329</u>	<u>\$ 28,385</u>	<u>\$ 164,318</u>
Net Worth as of December 31, 2019	<u>\$ 15,742</u>	<u>\$ 39,658</u>	<u>\$ 23,685</u>	<u>\$ 4,456</u>	<u>\$ 1,673</u>	<u>\$ 10,133</u>	<u>\$ 30,695</u>	<u>\$ 126,042</u>

	Freehold land	Buildings	Machinery equipment	Transportatio n equipment	Office equipment	Leasehold improvements	Other Equipment	Total
<u>Cost</u>								
Balance as of January 1, 2020	\$ 15,742	\$ 76,893	\$ 83,048	\$ 30,313	\$ 7,822	\$ 17,462	\$ 59,080	\$ 290,360
Addition	-	4,728	2,364	200	39	367	3,119	10,817
Disposal	-	(12,098)	(33,423)	(1,754)	(2,799)	(115)	(37,257)	(87,446)
Reclassified to held for sale	-	(76,046)	(51,554)	(25,336)	(1,577)	-	(14,207)	(168,720)
Reclassification of prepayment for equipment	-	7,092	-	-	-	-	-	7,092
Net exchange differences	-	1,173	645	488	42	-	92	2,440
Balance, December 31, 2020	<u>\$ 15,742</u>	<u>\$ 1,742</u>	<u>\$ 1,080</u>	<u>\$ 3,911</u>	<u>\$ 3,527</u>	<u>\$ 17,714</u>	<u>\$ 10,827</u>	<u>\$ 54,543</u>
<u>Accumulated depreciation</u>								
Balance as of January 1, 2020	\$ -	\$ 37,235	\$ 59,363	\$ 25,857	\$ 6,149	\$ 7,329	\$ 28,385	\$ 164,318
Depreciation expense	-	2,199	2,432	1,300	307	3,048	2,299	11,585
Disposal	-	(7,858)	(32,038)	(554)	(2,016)	(115)	(22,986)	(65,567)
Reclassified to held for sale	-	(30,830)	(29,607)	(25,185)	(1,303)	-	(3,697)	(90,622)
Net exchange differences	-	456	355	420	41	-	(20)	1,252
Balance, December 31, 2020	<u>\$ -</u>	<u>\$ 1,202</u>	<u>\$ 505</u>	<u>\$ 1,838</u>	<u>\$ 3,178</u>	<u>\$ 10,262</u>	<u>\$ 3,981</u>	<u>\$ 20,966</u>
Net Worth as of December 31, 2020	<u>\$ 15,742</u>	<u>\$ 540</u>	<u>\$ 575</u>	<u>\$ 2,073</u>	<u>\$ 349</u>	<u>\$ 7,452</u>	<u>\$ 6,846</u>	<u>\$ 33,577</u>

Depreciation expenses of the combined company's property, plant and equipment were computed by significant component using the straight-line method over the following estimated useful lives:

Buildings	
Main buildings of plant	61 years
Rooftop construction	22 years
Dock construction	22 years
Others	22 years
Leasehold improvements	1~6 years
Machinery equipment	5~22 years
Transportation equipment	6~12 years
Office equipment	4~7 years
Other Equipment	4~22 years

For the amount of property, plant, and equipment pledged by the combined company as collateral against its secured borrowings and credit lines for performance guarantee, please refer to Note XXXII.

XVI. Lease Agreements

(I) Right-of-use assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount of right-of-use assets		
Land	\$ -	\$ 15,285
Buildings	23,543	40,389
Transportation equipment	1,506	3,454
	<u>\$ 25,049</u>	<u>\$ 59,128</u>

	<u>2020</u>	<u>2019</u>
Additions to right-of-use assets	<u>\$ 13,318</u>	<u>\$ 1,847</u>
Depreciation expense of right-of-use assets		
Land	\$ 239	\$ 1,961
Buildings	9,849	11,856
Transportation equipment	<u>1,947</u>	<u>1,786</u>
	<u>\$ 12,035</u>	<u>\$ 15,603</u>

In May 2019, the combined company applied to the National Property Administration of the Ministry of Finance for termination of the superficies for the land located in Miao Shou Section, Anping District, Tainan City. Such superficies had been terminated and acknowledged in August 2019. The right of use assets of \$181,607 thousand had been derecognized and a gain on lease modification of \$198 thousand recognized. The combined company had received the refunded right-of-use consideration of \$130,660 thousand on October 16, 2019.

For the amount of right-of-use assets pledged by the combined company as collateral against its secured borrowings, please refer to Note XXXII.

(II) Lease liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount of lease liabilities		
Current (listed as other current liabilities)	<u>\$ 9,408</u>	<u>\$ 13,010</u>
Non-current (recognized in other non-current liabilities)	<u>\$ 15,955</u>	<u>\$ 31,204</u>

The discount rate intervals of the lease liabilities are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Land	1.65%	1.65%
Buildings	1.65%	1.65%
Transportation equipment	3.00%	3.00%
(III) Other lease information		
	<u>2020</u>	<u>2019</u>
Short-term lease expense	<u>\$ 6,360</u>	<u>\$ 3,995</u>
Total cash outflow on lease	<u>\$ 18,006</u>	<u>\$ 18,858</u>

XVII. Investment Property

	2020	2019
<u>Cost</u>		
Balance - beginning of year	\$ 207,348	\$ 258,353
Addition	-	1,076
Disposal	(62,262)	(51,801)
Listed as other expense	-	(280)
Balance - end of year	<u>\$ 145,086</u>	<u>\$ 207,348</u>
<u>Accumulated depreciation and impairment</u>		
Balance - beginning of year	\$ 31,921	\$ 41,669
Depreciation expense	1,076	1,286
Impairment loss	2,252	-
Disposal	(12,806)	(11,034)
Balance - end of year	<u>\$ 22,443</u>	<u>\$ 31,921</u>
Net amount - end of year	<u>\$ 122,643</u>	<u>\$ 175,427</u>
Fair Value	<u>\$ 152,426</u>	<u>\$ 201,774</u>

Depreciation expenses of investment property are computed using the straight-line method over 3~50 years of useful lives.

The fair value of the investment property is derived by reference to the most recent closing prices of properties sold in the adjacent area.

For the amount of investment property pledged by the combined company as collateral against its secured borrowings, please refer to Note XXXII.

XVIII. Loans

(I) Short-term loans

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured loans (Note XXXII)</u>		
Credit line loans	<u>\$ -</u>	<u>\$ 41,750</u>
Annual interest rate (effective rate)	-	4.57%
Date due	-	June 9, 2020
<u>Unsecured loans</u>		
Credit line loans	<u>\$ 15,000</u>	<u>\$ 12,000</u>
Annual interest rate (effective rate)	1.45%	1.68%
Date due	January 20, 2021	January 15, 2020

(II) Long term loan

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured loans (Note XXXII)</u>		
Bank loans (1)	<u>\$350,000</u>	<u>\$350,000</u>
<u>Unsecured loans</u>		
Long-term commercial paper payable (2)	600,000	600,000
Less: discount on long-term commercial paper payable	(<u>858</u>)	(<u>1,009</u>)
	599,142	598,991
Less: Current portion	(<u>449,292</u>)	-
	<u>149,850</u>	<u>598,991</u>
Long-term loans	<u>\$499,850</u>	<u>\$948,991</u>
Annual interest rate (effective rate)	1.35%~1.68%	1.49%~1.68%

1. To obtain land held for construction (classified as inventories (for construction business)), the combined company entered into the medium-term and long-term loan contract with the bank in June 2017. The maturity date is July 12, 2022. Interest is being paid monthly, and the principal should be repaid in full upon maturity. The land is pledged as collateral.
2. The long-term commercial promissory papers issued by the combined company are issued cyclically according to the contract. Since the original contract period is more than 12 months and the combined company intends to continue the long-term refinancing, it is classified as long-term commercial promissory note.

The long-term commercial papers payable that have not matured on the balance sheet date are as follow:

December 31, 2020

<u>Guarantor/Accepting Institution</u>	<u>Nominal Amount</u>	<u>Discounted Amount</u>	<u>Carrying Amount</u>	<u>Interest interval</u>	<u>Collateral</u>
Shanghai Commercial and Savings Bank	\$ 300,000	(\$ 466)	\$ 299,534	1.648%	None
Entie Commercial Bank	150,000	(242)	149,758	1.678%	None.
Mega International Commercial Bank	<u>150,000</u>	(<u>150</u>)	<u>149,850</u>	1.360%	None.
	<u>\$ 600,000</u>	(<u>\$ 858</u>)	<u>\$ 599,142</u>		

December 31, 2019

<u>Guarantor/Accepting Institution</u>	<u>Nominal Amount</u>	<u>Discounted Amount</u>	<u>Carrying Amount</u>	<u>Interest interval</u>	<u>Collateral</u>
Shanghai Commercial and Savings Bank	\$ 300,000	(\$ 526)	\$ 299,474	1.648%	None
Entie Commercial Bank	150,000	(273)	149,727	1.678%	None
Mega International Commercial Bank	<u>150,000</u>	<u>(210)</u>	<u>149,790</u>	1.487%	None
	<u>\$ 600,000</u>	<u>(\$ 1,009)</u>	<u>\$ 598,991</u>		

XIX. Accounts Payable

Accounts payable include construction retainage payable for construction contracts. Construction retainage payable is not interest-bearing, and will be paid at the end of the retention period of each construction contract. The aforesaid retention period, usually more than one year, is the normal business cycle of the combined company.

XX. Post-retirement Benefit Plans

(I) Defined Contribution Plan

The pension system applicable to the combined company under the "Labor Pension Act" is a defined contribution plan under government administration, to which the combined company contributes 6% of employees' monthly salary and wages to their personal accounts at the Bureau of Labor Insurance.

(II) Defined Benefit Plans

The combined company's pension system under the "Labor Standards Act" is a defined benefit pension plan managed by the government. Pension payment to an employee is calculated based on her/his number of service years and average salary/wage of the last 6 months prior to approved retirement. The combined company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to a retirement fund that is deposited with Bank of Taiwan under the name of The Supervisory Committee of Workers' Retirement Fund. Before the end of year, if the balance at the retirement fund is not sufficient to pay employees who will meet the retirement criteria next year, a lump-sum deposit for the shortfall should be made before the end of March of the following year. The retirement fund is managed by the Bureau of Labor Funds, Ministry of Labor, and the combined company does not have rights to influence its investment management strategy.

The funds for defined benefit plans included in the consolidated balance sheets are as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	\$ 38,752	\$ 36,027
Fair value of plan assets	(35,806)	(33,681)
Net defined benefit liabilities (listed as other non-current liabilities)	<u>\$ 2,946</u>	<u>\$ 2,346</u>

Changes in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
January 1, 2019	<u>\$ 41,152</u>	(\$ 34,143)	<u>\$ 7,009</u>
Service costs			
Current service cost	390	-	390
Past service cost and settlement gain or loss	(841)	-	(841)
Interest expense (income)	<u>408</u>	(<u>345</u>)	<u>63</u>
Recognized in profit and loss	(<u>43</u>)	(<u>345</u>)	(<u>388</u>)
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	(1,240)	(1,240)
Actuarial loss - Experience adjustments	(2,645)	-	(2,645)
Actuarial gain - Change in demographic and financial assumptions	<u>1,019</u>	<u>-</u>	<u>1,019</u>
Recognized in other comprehensive income	(<u>1,626</u>)	(<u>1,240</u>)	(<u>2,866</u>)
Contribution from employer	-	(1,409)	(1,409)
Benefits paid	(2,512)	2,512	-
Settlements	(<u>944</u>)	<u>944</u>	<u>-</u>
December 31, 2019	<u>36,027</u>	(<u>33,681</u>)	<u>2,346</u>
Service costs			
Current service cost	333	-	333
Interest expense (income)	<u>250</u>	(<u>236</u>)	<u>14</u>
Recognized in profit and loss	<u>583</u>	(<u>236</u>)	<u>347</u>
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	(1,206)	(1,206)
Actuarial loss - Experience adjustments	852	-	852
Actuarial gain - Change in demographic assumptions	<u>1,290</u>	<u>-</u>	<u>1,290</u>
Recognized in other comprehensive income	<u>2,142</u>	(<u>1,206</u>)	<u>936</u>
Contribution from employer	-	(<u>683</u>)	(<u>683</u>)
December 31, 2020	<u>\$ 38,752</u>	(<u>\$ 35,806</u>)	<u>\$ 2,946</u>

The amounts recognized in profit or loss for the defined benefit plans are summarized by function as follows:

	2020	2019
By function		
Operating costs	\$ 202	\$ 318
Operating expenses	<u>145</u>	<u>(706)</u>
	<u>\$ 347</u>	<u>(\$ 388)</u>

The combined company has the following risks owing to the implementation of the pension system under the "Labor Standards Act":

1. Investment risk: The pension funds are invested in local and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor, or through its designated agencies. However, the rate of return on plan assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.
2. Interest rate risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation. However, the return on the debt investments of the plan assets will also increase. Those two will partially offset each other.
3. Payroll risk: The present value of the defined benefit obligation is calculated by reference to the future salary of plan participants. As such, an increase in the salary of the plan participants will raise the present value of the defined benefit obligation.

The present value of the combined company's defined benefit obligations is calculated by certified actuaries and the major assumptions on the measurement date are as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.30%	0.70%
Expected growth rate of salary	2.00%	2.00%

If reasonable changes occur in major actuarial assumptions respectively with other assumptions unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

	December 31, 2020	December 31, 2019
Discount rate		
Increase by 0.25%	(\$ 813)	(\$ 810)
Decrease by 0.25%	<u>\$ 838</u>	<u>\$ 836</u>
Expected growth rate of salary		
Increase by 0.25%	<u>\$ 822</u>	<u>\$ 823</u>
Decrease by 0.25%	<u>(\$ 802)</u>	<u>(\$ 802)</u>

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Expected contribution amounts within 1 year	<u>\$ 680</u>	<u>\$ 660</u>
Average maturity period of defined benefit obligations	8 years	9 years

XXI. Equity

(I) Capital

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Authorized shares (in 1,000 shares)	<u>500,000</u>	<u>500,000</u>
Authorized capital	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of issued and paid shares (in 1,000 shares)	<u>257,440</u>	<u>267,440</u>
Issued capital	<u>\$ 2,574,401</u>	<u>\$ 2,674,401</u>

The par value of common stock issued is \$10 per share. Each share is entitled to the right to vote and receive dividend.

To adjust the capital structure and increase the return on equity of the stockholders of the Company, the Board of Directors resolved on June 21, 2019 for a capital reduction for which cash was paid as return of capital to stockholders. The amount of capital reduction was \$668,600 thousand, 66,860 thousand shares were subtracted and the capital reduction ratio was 20%. The share capital is 267,440 thousand shares after the capital reduction. The aforementioned capital reduction, after being approved and put into effect by the Financial Supervisory Commission on September 4, 2019, had its record date set on September 23, 2019 and had completed registration modification on October 8, 2019, and the capital reduction refunds were fully paid to shareholders in December 2019.

To maintain the Company's credit and stockholders' equity, the Board of Directors resolved on March 27, 2020 to purchase treasury stock and set the record date for capital reduction on August 14, 2020. The paid-in capital is 257,440 thousand shares after the retirement of 10,000 thousand shares of treasury stock.

(II) Additional paid-in capital

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>May be used to offset deficits,</u> <u>appropriated as cash dividends or</u> <u>transferred to capital (1)</u>		
Stock issuance premium	\$ 190,053	\$ 197,435
Treasury stock transactions	13,528	3,914
Difference between the share price and carrying amount of the acquired shares of the subsidiary	993	-
<u>May only be used to offset deficits</u>		
Adjustment in additional paid-in capital of subsidiaries using equity method	73	73
<u>May not be used for any purpose</u>		
Employee stock options	<u>205</u>	<u>205</u>
	<u>\$ 204,852</u>	<u>\$ 201,627</u>

- (1) This type of additional paid-in capital may be used to offset deficits, if any, or to distribute cash dividends or to transfer to capital, but the transfer is up to a certain ratio of paid-in capital every year.

(III) Retained earnings and dividend policy

According to the earnings appropriation policy set forth in the Articles of Incorporation of the Company, the annual net income, if any, should be used to pay off all the taxes and duties, as well as to compensate prior years' deficits. The remaining amount, if any, should be appropriated in the following order:

1. Provide legal reserve pursuant to laws and regulations.
2. Provide (or reverse) special reserves pursuant to laws and regulations or for operating necessities.
3. The remaining balance, along with undistributed earnings of prior years, shall be proposed by the Board of Directors for earnings distribution, which shall then be resolved by the Stockholders' Meeting.

Please refer to Note XXIII (VI) - "Remuneration for Employees and Directors" for the policy of employee and director bonus distribution stipulated in the Articles of Incorporation.

The Company's dividend policy takes into account the environment and growth of the industry, long-term financial plans and optimization of stockholders' value. Cash dividends to be appropriated in a year should not be less than 10% of the total dividends to be appropriated for the year.

The Company appropriates and reverses special reserves in accordance with the regulations in Jin-Guan-Zheng-Fa's Letter No. 1010012865 from the FSC and "Q&A on the Applicability of the Appropriation of Special Reserve after the Adoption of the International Financial Reporting Standards (IFRSs)." If other stockholders' equity deductions are reversed afterward, the reversal may be applicable for the appropriation of earnings.

The Company shall set aside a legal reserve until it equals the Company's paid-in capital. Such legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be distributed in cash.

The Company's proposals of earnings appropriation for 2019 and 2018 were resolved in the annual stockholders' meetings on June 23, 2020 and June 21, 2019, respectively, as follows:

	Proposal of Earnings Appropriation		Dividends per share (NT\$)	
	2019	2018	2019	2018
Legal reserve	\$ 18,910	\$ 20,567		
Reversal of special reserve	(18,090)	(10,002)		
Cash dividends	133,720	167,150	\$ 0.50	\$ 0.50

The Company's proposal of earnings appropriation and dividends per share for 2020, as proposed by the Board of Directors on March 25, 2021, is as follows:

	Proposal of Earnings Appropriation	Dividends per share (NT\$)
Legal reserve	\$ 37,308	
Special capital reserve	34,854	
Cash dividends	205,952	\$ 0.80

The distribution of earnings for 2020 is subject to the resolution of the annual stockholders' meeting to be held on June 23, 2021.

(IV) Treasury Stock

Accounting Item	Purchase for Cancellation (In 1,000 Shares)
Number of shares as of January 1, 2020	\$ -
Increase for the year	10,000
Cancellation for the year	(10,000)
Number of shares as of December 31, 2020	\$ -

Treasury stock held by the Company may not be pledged nor assigned rights such as dividend appropriation and voting rights in accordance with the Securities and Exchange Act.

XXII. Revenue

(I) Revenue from contracts with customers

	<u>2020</u>	<u>2019</u>
Revenue from construction	\$ 6,762,457	\$ 4,771,507
Others	<u>361</u>	<u>1,505</u>
	<u>\$ 6,762,818</u>	<u>\$ 4,773,012</u>

The real estate construction contracts of the construction department specify the adjustment for price index fluctuations, performance bonus and penalties for delay, and the combined company estimates the most possible amount for transaction price by reference to the past contracts of similar conditions and scale.

(II) Contract balance

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>Construction Segment</u>	<u>Discontinued Segment</u>	<u>Construction Segment</u>	<u>Discontinued Segment</u>
Accounts receivable (Note X)	<u>\$ 401,058</u>	<u>\$ 79,438</u>	<u>\$ 587,678</u>	<u>\$ 1,538,553</u>
Contract assets				
Property construction	\$ 1,161,737	\$ -	\$ 654,002	\$ -
Construction Retainage				
Receivable	<u>766,689</u>	<u>-</u>	<u>644,878</u>	<u>-</u>
	<u>\$ 1,928,426</u>	<u>\$ -</u>	<u>\$ 1,298,880</u>	<u>\$ -</u>
Contract liabilities				
Property construction	\$ 435,964	\$ -	\$ 250,748	\$ -
Receipts in advance	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,278</u>
	<u>\$ 435,964</u>	<u>\$ -</u>	<u>\$ 250,748</u>	<u>\$ 10,278</u>

(III) Contracts with customers that have not been fully completed

The aggregate amount of the amortized transaction price of which the performance obligations have not been satisfied and the anticipated years to recognize the revenue for the construction contracts signed by the combined company as of December 31, 2020 are as follows:

<u>Anticipated years to recognize revenue</u>	<u>December 31, 2020</u>
2021 ~ 2024	<u>\$ 8,893,381</u>

XXIII. Net income from continuing operations

(I) Other Income

	2020	2019
Interest income	\$ 44,231	\$ 50,117
Dividend income	23,481	27,213
Non-payable warranty liability transferred to revenue	-	10,504
Others	7,549	2,252
Less: Discontinued operations	(6,213)	(22,518)
	<u>\$ 69,048</u>	<u>\$ 67,568</u>

(II) Other Gains and Losses

	2020	2019
Gain from disposal of subsidiaries, net	\$ 99,306	\$ 34,324
Loss on foreign currency exchange, net	(18,815)	(25,070)
Gain on valuation of financial assets at fair value through profit or loss	37,265	11,958
Gain on disposal of associates, net	3,510	-
Impairment loss on investment properties	(2,252)	-
Loss on disposal of investment property	(1,838)	(1,146)
Gain on disposal of property, plant and equipment, net	67,568	3,975
Litigation compensation gain (loss)	(2,394)	13,878
Gain on lease modification	208	198
Others	(5,930)	9,318
Less: Discontinued operations	(71,498)	(54,116)
	<u>\$ 105,130</u>	<u>(\$ 6,681)</u>

(III) Finance Costs

	2020	2019
Interest expenses		
Interest on bank loan	\$ 11,851	\$ 16,008
Interest on lease liabilities	562	1,351
Less: Discontinued operations	(602)	(915)
	<u>\$ 11,811</u>	<u>\$ 16,444</u>

(IV) Depreciation and Amortization Expenses

	2020	2019
Property, plant, and equipment	\$ 11,585	\$ 19,741
Right-of-use assets	12,035	15,603
Investment property	1,076	1,286
Intangible assets	1,011	1,741
Total	<u>\$ 25,707</u>	<u>\$ 38,371</u>
Depreciation expenses by function		
Operating costs	\$ 1,856	\$ 2,336
Operating expenses	15,955	17,464
Other gains and losses	1,038	1,247
Discontinued operations	5,847	15,583
	<u>\$ 24,696</u>	<u>\$ 36,630</u>
Amortization expenses by function		
Operating costs	\$ -	\$ -
Operating expenses	1,011	1,741
	<u>\$ 1,011</u>	<u>\$ 1,741</u>

(V) Employee Benefits

	2020	2019
Short-term employee benefits	\$ 505,906	\$ 360,119
Post-employment benefits		
Defined contribution plans	18,456	14,370
Defined benefit plans	347	(388)
Termination benefits	23,909	1,855
	<u>\$ 548,618</u>	<u>\$ 375,956</u>
By function		
Operating costs	\$ 271,425	\$ 140,690
Operating expenses	221,040	108,767
Discontinued operations	56,153	126,499
	<u>\$ 548,618</u>	<u>\$ 375,956</u>

(VI) Remuneration for Employees and Directors

According to the Articles of Incorporation, the Company appropriates 0.1% to 3% of its income before tax and remuneration for employees and directors as employee remuneration, and no more than 3% of such income as directors' remuneration. Remunerations for employees and directors for 2020 and 2019 were resolved by the Board of Directors on March 25, 2021 and March 27, 2020 respectively.

	2020		2019	
	Cash	Percentage (%)	Cash	Percentage (%)
Employee remuneration	\$ 13,686	3%	\$ 7,799	3%
Director's remuneration	<u>13,686</u>	3%	<u>7,799</u>	3%
	<u>\$ 27,372</u>		<u>\$ 15,598</u>	

If changes are made to the amount after the publication of the consolidated annual financial report, they apply in accordance with accounting estimation changes and will be included in the financial statements of the following year.

For information on the Company's remunerations for employee and Directors as resolved by the Board of Directors in 2021, please visit the "Market Observation Post System" of Taiwan Stock Exchange.

XXIV. Income Tax

(I) Income Tax Recognized in Profit or Loss

Major components of income tax expenses are as follows:

	<u>2020</u>	<u>2019</u>
Current period income tax		
Income tax expenses recognized in the current year	\$ 68,721	\$ 98,363
Additional tax on undistributed earnings	2,728	1,684
Adjustments for previous years	(89)	(1,805)
Tax levied separately by the Repatriated Offshore Funds Act	<u>77,550</u>	<u>-</u>
	148,910	98,242
Deferred income tax		
Income tax expenses recognized in the current year	(64,553)	16,619
Less: Income tax from discontinued operations	<u>(2,520)</u>	<u>(49,645)</u>
Income tax expenses recognized in profit or loss	<u>\$ 81,837</u>	<u>\$ 65,216</u>

Reconciliation for accounting income and income tax expenses is as follows:

	<u>2020</u>	<u>2019</u>
Income before income tax from continuing operations	\$ 383,812	\$ 116,552
Income before income tax from discontinued operations	<u>75,289</u>	<u>177,873</u>
Income before income tax	<u>\$ 459,101</u>	<u>\$ 294,425</u>
Income tax expenses calculated based on income before income tax and the statutory tax rate	\$ 111,695	\$ 66,275
Effects on the deferred income tax of subsidiaries' earnings	(93,618)	48,641
Permanent difference	221	6,949
Exemptions	(12,631)	(5,056)
Unrecognized loss carryforwards	(13,456)	-
Adjustments on income tax expenses of prior years	(89)	(1,805)
Additional tax on undistributed earnings	2,728	1,684
Tax levied separately by the Repatriated Offshore Funds Act	77,550	-
Tax on capital gain from disposal of subsidiaries	13,665	-
Realized loss from domestic investment using equity method	(3,913)	-
Others	2,205	(1,827)
Less: Income tax from discontinued operations	<u>(2,520)</u>	<u>(49,645)</u>
Income tax expenses recognized in profit or loss	<u>\$ 81,837</u>	<u>\$ 65,216</u>

(II) Income tax recognized in other comprehensive income

	2020	2019
<u>Deferred income tax</u>		
Income tax expenses recognized in the period		
Exchange differences arising from translation of financial statements of foreign operations	\$ 10,465	\$ 19,665
Remeasurement of defined benefit plans	<u>187</u>	(<u>573</u>)
Income tax recognized in other comprehensive income	(<u>\$ 10,652</u>)	(<u>\$ 19,092</u>)

(III) Deferred Income Tax Assets and Liabilities

Changes in deferred income tax assets and liabilities are as follows:

2020

	Balance - beginning of year	Recognized in profit and loss	Recognized in other comprehensive income	Balance - end of year
<u>Deferred income tax assets</u>				
Warranty Cost	\$ 4,533	\$ 1,034	\$ -	\$ 5,567
Construction proceeds temporarily estimated	5,084	13,380	-	18,464
Unrealized construction loss	3,492	49	-	3,541
Impairment loss	2,679	(1,783)	-	896
Loss carryforwards	282	(282)	-	-
Others	<u>951</u>	<u>1,359</u>	<u>187</u>	<u>2,497</u>
	<u>\$ 17,021</u>	<u>\$ 13,757</u>	<u>\$ 187</u>	<u>\$ 30,965</u>
<u>Deferred tax liabilities</u>				
Gains or losses from investment accounted for using equity method	\$ 491,035	(\$ 50,796)	\$ -	\$ 440,239
Exchange differences on translation of foreign operations	15,827	-	(10,465)	5,362
Reserve for land value increment tax	10,814	-	-	10,814
Others	<u>915</u>	<u>-</u>	<u>-</u>	<u>915</u>
	<u>\$ 518,591</u>	<u>(\$ 50,796)</u>	<u>(\$ 10,465)</u>	<u>\$ 457,330</u>

2019

	Balance - beginning of year	Recognized in profit and loss	Recognized in other comprehensive income	Balance - end of year
<u>Deferred tax assets</u>				
Warranty Cost	\$ 3,506	\$ 1,027	\$ -	\$ 4,533
Construction proceeds temporarily estimated	1,914	3,170	-	5,084
Unrealized construction loss	3,043	449	-	3,492
Impairment loss	4,705	(2,026)	-	2,679
Loss carryforwards	64,028	(63,746)	-	282
Others	2,547	(1,023)	(573)	951
	<u>\$ 79,743</u>	<u>(\$ 62,149)</u>	<u>(\$ 573)</u>	<u>\$ 17,021</u>
<u>Deferred tax liabilities</u>				
Gains or losses from investment accounted for using equity method	\$ 533,638	(\$ 42,603)	\$ -	\$ 491,035
Exchange differences on translation of foreign operations	35,492	-	(19,665)	15,827
Reserve for land value increment tax	10,814	-	-	10,814
Unrealized exchange gains	2,927	(2,927)	-	-
Others	915	-	-	915
	<u>\$ 583,786</u>	<u>(\$ 45,530)</u>	<u>(\$ 19,665)</u>	<u>\$ 518,591</u>

(IV) Income Tax Approval

The tax authorities have approved the profit-seeking enterprise income tax returns of the Company and domestic subsidiaries as follows:

Company Name	Approval year
The Company	2018
Chien Kuo Building Co., Ltd.	2018
Shun Long International Electrical Engineering Co., Ltd.	2018

XXV. Earnings Per Share

Unit: NT\$

	2020	2019
<u>Basic earnings per share</u>		
From continuing operations	\$ 1.16	\$ 0.16
From discontinued operations	<u>0.27</u>	<u>0.41</u>
Total basic earnings per share	<u>\$ 1.43</u>	<u>\$ 0.57</u>
<u>Diluted earnings per share</u>		
From continuing operations	\$ 1.15	\$ 0.16
From discontinued operations	<u>0.28</u>	<u>0.41</u>
Total diluted earnings per share	<u>\$ 1.43</u>	<u>\$ 0.57</u>

Net income and the weighted average number of shares of common stock used for calculation of earnings per share are as follows:

Net income

	2020	2019
Net income attributable to owners of the Company	\$373,905	\$179,635
Less: Net income from discontinued operations used for calculation of basic earnings per share of discontinued operations	(<u>72,769</u>)	(<u>128,228</u>)
Net income used for calculation of basic/diluted earnings per share of continuing operations	<u>\$301,136</u>	<u>\$ 51,407</u>

Number of shares

	2020	2019
		Unit: In 1,000 Shares
Weighted average number of shares of common stock used for the calculation of basic earnings per share	260,603	315,982
Effect of potentially dilutive shares of common stock:		
Employee remuneration	<u>1,296</u>	<u>944</u>
Weighted average number of shares of common stock used for the calculation of diluted earnings per share	<u>261,899</u>	<u>316,926</u>

If the combined company may choose between stocks or cash for distribution for employee remuneration, it assumes stocks would be distributed in the calculation of diluted EPS. The potential shares of common stock with dilutive effect shall be incorporated in the weighted average number of shares outstanding when calculating the diluted EPS. Such dilutive effect of potential shares of common stock is still included in the calculation of diluted earnings per share before the stockholders' meeting in the following year resolves the number of shares to be distributed to employees.

XXVI. Disposal of Subsidiaries

The combined company completed the disposal of all equity of Suzhou Chien Hua and Nantong Chien Cheng and partial equity of WeBIM Services on February 11, 2020, January 7, 2019 and January 22, 2019, respectively, and lost control over such subsidiaries. Proceeds from the disposal of Suzhou Chien Hua, Nantong Chien Cheng and WeBIM Services were \$250,662 thousand (RMB 60,620 thousand), \$129,079 thousand (RMB 29,500 thousand), and \$5,500 thousand, respectively.

(I) Analysis on assets and liabilities over which control was lost

	Suzhou Chien Hua	Nantong Chien Cheng	WeBIM Services
Current assets			
Cash and cash equivalents	\$ 13,569	\$ 2,218	\$ 16,204
Notes and accounts receivables	135,065	9,078	6,146
Other receivables	58,648	37,470	-
Inventories	11,376	246	-
Prepayments	2,160	283	-
Other current assets	-	259	-
Non-current assets			
Property, plant, and equipment	51,306	26,630	328
Deferred income tax assets	-	-	283
Right-of-use assets	4,358	-	-
Other non-current assets	-	12,064	577
Current liabilities			
Notes payable	(10,865)	-	-
Other payables	(140,941)	(2,019)	(4,562)
Deferred tax liabilities	-	-	(28)
Other current liabilities	-	(9,089)	(103)
Net assets disposed	<u>\$ 124,676</u>	<u>\$ 77,140</u>	<u>\$ 18,845</u>

(II) Gain (loss) on disposal of subsidiaries

	Suzhou Chien Hua	Nantong Chien Cheng	WeBIM Services
Consideration received	\$ 250,662	\$ 129,079	\$ 5,500
Net assets disposed of (Suzhou Chien Hua and Chien Cheng: 100%; WeBIM Services: 76.5%)	(124,676)	(77,140)	(14,417)
Remaining equity listed as investment using equity method at fair value (49%)	-	-	8,546
Accumulated exchange difference due to net assets of a subsidiary reclassified from equity to profit or loss as a result of losing control over the subsidiary	(26,680)	(17,102)	-
Gains (losses) on disposal	<u>\$ 99,306</u>	<u>\$ 34,837</u>	<u>(\$ 371)</u>

(III) Net cash outflow from disposal of subsidiaries

	Suzhou Chien Hua	Nantong Chien Cheng	WeBIM Services
Consideration received in cash and cash equivalents	\$ 250,662	\$ 129,079	\$ 5,500
Less: Advance receipts - beginning of year	(126,383)	(129,079)	-
Less: Balance of cash and cash equivalents disposed	(<u>13,569</u>)	(<u>2,218</u>)	(<u>16,204</u>)
	<u>\$ 110,710</u>	<u>(\$ 2,218)</u>	<u>(\$ 10,704)</u>

XXVII. Equity Transactions with Non-controlling Interests

On March 12, 2020, the combined company acquired 13.39% of Shun Long Electrical Engineering's equity from the Company's employees and the Chairman resulting in an increase on the shareholding ratio from 86.61% to 100%.

As the above-mentioned transaction did not change the control over the subsidiary, the combined company treated the transaction as an equity transaction.

Cash consideration paid	<u>Shun Long</u> \$ 6,858
Carrying amount of the subsidiary's net assets that should be transferred out of non-controlling interest with calculations based on the changes in equity	(<u>7,851</u>)
Difference in equity transactions	(<u>\$ 993</u>)
<u>Adjustment account for difference in equity transactions</u>	
Additional paid-in capital - difference between the share price and carrying amount of the acquired shares of the subsidiary	<u>\$ 993</u>

The aforementioned cash consideration of \$6,858 thousand was paid in full on April 6, 2020.

XXVIII. Information on Cash Flows of Investment Activities of Non-cash Transactions

By the end of 2020, financial assets at fair value through profit or loss of \$7,884 thousand and \$141,759 thousand that the combined company purchased and disposed of are recognized as other payables and other receivables, respectively, at the year-end due to settlement-date lag.

XXIX. Capital Risk Management

The objective of the combined company's capital management is to ensure that the Group can continue as a going concern, that an optimal capital structure is maintained to lower the cost of capital, and that returns are provided to stockholders. To maintain or adjust the capital structure, the combined company may adjust dividends paid to stockholders, refund capital to stockholders or issue new shares to lower its debts.

XXX. Financial Instruments

(I) Fair value of financial instruments that are not measured at fair value

Please refer to the information stated in the consolidated balance sheets. The management of the combined company believes that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values, such that their carrying amounts recognized in the consolidated balance sheets are used as a reasonable basis for estimating their fair values.

(II) Fair value of financial instruments that are measured at fair value on a recurring basis

1. Fair value level

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit or loss</u>				
Structured notes	\$ -	\$ 399,851	\$ -	\$ 399,851
Domestic listed stocks	75,770	-	-	75,770
Domestic funds	529,819	-	-	529,819
Foreign Fund	273,888	-	-	273,888
Private equity funds	-	-	67,355	67,355
Structured deposits	-	465,688	-	465,688
Total	<u>\$ 879,477</u>	<u>\$ 865,539</u>	<u>\$ 67,355</u>	<u>\$ 1,812,371</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Domestic listed stocks	<u>\$ 422,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,572</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit or loss</u>				
Domestic funds	\$ 120,073	\$ -	\$ -	\$ 120,073
Private equity funds	-	-	75,969	75,969
Total	<u>\$ 120,073</u>	<u>\$ -</u>	<u>\$ 75,969</u>	<u>\$ 196,042</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Domestic listed stocks	<u>\$ 460,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 460,393</u>
<u>Financial assets for hedging</u>				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 1,011</u>	<u>\$ -</u>	<u>\$ 1,011</u>

There was no transfer between Level 1 and Level 2 fair value measurements in 2020 and 2019.

2. Valuation techniques and inputs applied to Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Structured notes	Measured by option valuation model
Forward exchange contracts	Discounted cash flow: Future cash flows are estimated based on end-of-period observable forward exchanges and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Structured deposits	The fair values of structured deposits are measured at the rates of return derived from the structure of deposit principals and derivatives.

3. Valuation techniques and inputs applied to Level 3 fair value measurement

Fair value of private equity is estimated by using the valuation reports of the fund companies.

The unobservable inputs applied by the combined company were a 10% discount for lack of liquidity and a 10% discount for lack of minority interest as of December 31, 2020 and 2019. When other inputs are held constant, a 1% discount would decrease the fair value by NT\$1,639 thousand and NT\$844 thousand, respectively.

(III) Types of financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$ 1,812,371	\$ 196,042
Financial assets for hedging	-	1,011
Financial assets measured at amortized cost (Note 1)	3,630,327	5,099,868
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments	422,572	460,393
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	3,027,190	3,094,142

Note 1. The balance includes financial assets at amortized cost, which comprise cash and cash equivalents, restricted bank deposit, term deposit, and bills with repurchase agreement, notes receivable, accounts receivable, other receivables, and pledged certificate of deposit.

Note 2. The balance includes financial liabilities at amortized cost, which comprise notes payable, accounts payable, other payables, and short-term and long-term loans.

(IV) Financial risk management objectives and policies

The daily operations of the combined company are subject to a number of financial risks, including market risk (including foreign exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk. The overall financial risk management policy of the combined company focuses on the uncertainties in the financial market to reduce the potentially adverse effects on the financial position and performance of the combined company.

Financial risk management of the combined company is carried out by its finance department based on the policies approved by the Board of Directors. Through cooperation with the combined company's operating units, the finance department is responsible for identifying, evaluating and hedging financial risks. The Board of Directors has established written principles with respect to the overall risk management, and there are policies in writing for specified scope and matters, such as foreign exchange rate risk, interest rate risk, credit risk, utilization of derivatives and non-derivatives, and investment of remaining circulating capital.

1. Market risk

(1) Foreign exchange rate risk

The combined company has repatriated its offshore funds with the applicable Repatriated Offshore Funds Act; therefore, the combined company is exposed to the risk of fluctuation in the exchange rate.

Please refer to Note XXXV for details on carrying amounts of non-functional currency valuation assets on the balance sheet dates.

Sensitivity analysis

The combined company is exposed mainly to RMB and USD fluctuations.

The following table details the combined company's sensitivity to a 1% increase or decrease in New Taiwan Dollars against the relevant foreign currencies. The rate of 1% is the sensitivity rate used when reporting foreign currency risk internally to the key management, and represents the management's assessment of the reasonably possible range of changes in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies and is used to adjust the translation at the end of the period to a 1% change in the exchange rate. The positive figures in the table below show the increases in income before tax when the currency appreciates by 1% against the combined entity's functional currency.

	Effect on Profit or Loss	
	2020	2019
RMB	\$ 3,986	\$ 160
USD	2,004	-

Hedge accounting

In order to reduce the cash flow risk exposure to proceeds derived from disposal of subsidiaries, the combined company entered into forward exchange contracts to hedge against the exchange rate risk of the foreign currency firm commitment. The combined company assesses the hedge effectiveness by comparing the fair value changes of the forward exchange contracts and the changes in virtual derivatives.

The hedge ineffectiveness of the hedging relationship is mainly from the impact of the credit risk of the combined company and the counterparty on the fair value of the forward exchange contracts. Such credit risk does not affect the fair value change of the hedged item caused by exchange rate changes, nor does it affect the timing of occurrence of the anticipated transactions being hedged. There are no other sources of hedge ineffectiveness during the hedging period.

Details of the exchange rate risk of the combined company are as follows:

December 31, 2019

Unit: In Thousands of New Taiwan Dollars/Foreign Currency						
Hedging Instrument	Currency	Contract Amount	Maturity Date	Balance Sheet Item	Carrying Amount	
					Assets	Liabilities
Cash Flow Hedges Forward exchange contracts	RMB/USD	RMB 60,000/USD 8,617	June 2020	Financial assets for hedging	\$1,011	\$ -

For the above forward exchange contract designated as hedging instrument for cash flow hedge, a hedging loss of \$1,042 thousand and a hedging gain of \$1,042 thousand were recognized in other comprehensive income for the year ended December 31, 2020 and 2019.

(2) Interest rate risk

The interest rate risk of the combined company is mainly from cash and cash equivalents. Cash and cash equivalents held at floating interest rates expose the combined company to the cash flow interest rate risk. Part of such risk is offset by loans made at floating rates. Cash and cash equivalents held and loans made at fixed interest rates expose the combined company to the fair value interest rate risk. The policy of the combined company is to dynamically adjust the proportion of instruments of fixed interest rates and those of floating interest rates based on the overall trend of interest rates.

The carrying amounts of financial assets and financial liabilities of the combined company with exposure to interest rate on the balance sheet dates are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Fair value interest rate risk		
- Financial assets	\$ 1,684,108	\$ 2,070,531
- Financial liabilities	489,655	547,165
Cash flow interest rate risk		
- Financial assets	1,218,692	676,954
- Financial liabilities	499,850	499,790

Sensitivity analysis

The sensitivity analysis below is prepared based on the risk exposure of derivative and non-derivative instruments to the interest rates at balance sheet date. For liabilities at floating interest rates, the analysis assumes they are outstanding throughout the reporting period if they are outstanding at the balance sheet date. A 100 basis point increase or decrease is used when reporting the interest rate risk internally to the key management, and represents the management's assessment of the reasonably possible range of changes in interest rates.

If interest rate increases/decreases by 100 basis points, other variables held constant, the combined company's income before tax will increase/decrease by \$7,188 thousand and \$1,772 thousand for 2020 and 2019, respectively.

(3) Other price risk

Investments in beneficiary certificates and domestic listed equity instruments expose the combined company to the equity price risk. The group diversifies its investment portfolio to manage the price risk of investments in equity instruments.

Sensitivity analysis

The sensitivity analysis below is based on the exposure to equity price risk at the balance sheet date.

For the years ended December 31, 2020 and 2019, if equity prices rise/fall by 10%, the pre-tax income would increase/decrease by \$181,237 thousand and \$19,604 thousand, respectively, due to the increase/decrease in the fair value of financial assets measured at fair value through profit or loss.

For the years ended December 31, 2020 and 2019, if equity prices rise/fall by 10%, the pre-tax other comprehensive income would increase/decrease by \$42,257 thousand and \$46,039 thousand, respectively, due to the increase/decrease in the fair value of financial assets measured at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk of financial loss of the combined company arising from default by clients or counterparties of financial instruments on the contractual obligations. The policy of the combined company in response to credit risk is as follows:

Client

The combined company's established internal credit policy requires that all entities within the combined company manage and conduct a credit analysis on every new client before stipulating the terms and conditions of payment and delivery. The internal risk control assesses clients' credit quality by taking into account their financial position, past experience, and other factors. Individual risk limits are set by the management based on internal or external ratings. The utilization of credit limits is regularly monitored.

As the group of clients of the combined company is vast and they are unrelated, the concentration of credit risk is low.

3. Liquidity risk

- (1) The cash flow forecast is performed by each operating entity of the Company and compiled by the Company's finance department. The finance department monitors the forecast of circulating capital needs of the Company to ensure that the Company's funds are adequate to finance its operations.
- (2) The following tables detail the combined company's non-derivative financial liabilities grouped by the maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flows disclosed below, including those of interest and principals, are undiscounted.

December 31, 2020

	<u>Less than 1 Year</u>	<u>1~2 Year(s)</u>	<u>2~5 Years</u>
Non-interest-bearing liabilities	\$ 1,985,801	\$ 60,271	\$ 16,976
Lease liabilities	10,557	9,628	5,724
Fixed interest rate instruments	464,292	-	-
Floating interest rate instruments	-	499,850	-
	<u>\$ 2,460,650</u>	<u>\$ 569,749</u>	<u>\$ 22,700</u>

December 31, 2019

	<u>Less than 1 Year</u>	<u>1~2 Year(s)</u>	<u>2~5 Years</u>
Non-interest-bearing liabilities	\$ 2,015,326	\$ 70,174	\$ 5,901
Lease liabilities	13,655	12,301	20,132
Fixed interest rate instruments	53,750	299,474	149,727
Floating interest rate instruments	-	-	499,790
	<u>\$ 2,082,731</u>	<u>\$ 381,949</u>	<u>\$ 675,550</u>

The above amounts of non-derivative financial asset and liability instruments with floating interest rates are subject to change due to differences between the floating rates and the interest rates estimated as of the balance sheet date.

(3) Financing facilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Credit line of unsecured bank loan		
- Amount used	\$ 615,000	\$ 612,000
- Amount unused	<u>1,651,429</u>	<u>1,489,817</u>
	<u>\$ 2,266,429</u>	<u>\$ 2,101,817</u>
Credit line of secured bank loan		
- Amount used	\$ 350,000	\$ 391,750
- Amount unused	<u>100,000</u>	<u>273,123</u>
	<u>\$ 450,000</u>	<u>\$ 664,873</u>

(V) Transfer of financial assets

The combined company has transferred with endorsement a part of its banker's accepted draft receivable in mainland China to suppliers for the purpose of paying off its accounts payable. Since the risks and returns of such bank acceptance drafts have been substantially transferred, the combined company has derecognized the banker's acceptance drafts receivable and the corresponding accounts payables. However, if such derecognized drafts fail to be accepted by banks when due, the suppliers are entitled to demand for a settlement to be made by the combined company. Therefore, the combined company still has continuing involvement in such drafts.

The maximum risk exposure of the combined company's continuing involvement in the above derecognized drafts is their face amount, which totaled \$62,291 thousand and \$323,907 thousand as of December 31, 2020 and 2019, respectively, and will be due within 5 months and 9 months after the balance sheet date, respectively. Having considered the credit risks of such derecognized drafts, the combined company determines that the fair value of its continuing involvement is immaterial.

For the annual periods ended December 31, 2020 and 2019, the combined company did not recognize any gain or loss for its banker's acceptance drafts that were transferred with endorsement, nor for its continuing involvement in such drafts in the current period or cumulatively over the previous periods.

XXXI. Related Party Transactions

In preparing the consolidated financial statements, all transactions, account balances, income and expenses between the Company and its subsidiaries have been eliminated in full and are not disclosed in this note accordingly. In addition to those disclosed in other notes, material transactions between the combined company and other related parties are as follows.

(I) Names and relationships of related parties

<u>Name of Related Party</u>	<u>Relationship with the combined company</u>
WeBIM Services	It became an associate of the Company since January 22, 2019.
Chien Hwei Investment Co., Ltd.	The chairman of Chien Hwei Investment is the vice chairman of the Company.
Chien Kuo Foundation for Arts and Culture	The chairman of the foundation is the vice chairman of the Company.
Mark Lee	Chairman of WeBIM Services
Tzu-chiang Yang	Director of the Company
Pang-yen Yang	Director of the Company

(II) Other related party transactions

1. Construction costs

<u>Category of related parties</u>	<u>2020</u>	<u>2019</u>
Associates	<u>\$ 1,124</u>	<u>\$ 2,045</u>

It is the cost paid for entrusting associates to provide services such as architectural model drawing, and is handled in accordance with general terms and condition.

2. Lease agreements as a lessee

The combined company rents the office from other related parties based on the local rental standards. The rent is paid on a monthly basis.

<u>Accounting item</u>	<u>Category of Related Parties</u>	<u>2020</u>	<u>2019</u>
Acquisition of right-of-use assets	Other related parties	<u>\$ 12,532</u>	<u>\$ -</u>

<u>Accounting item</u>	<u>Category of Related Parties</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Lease liabilities	Other related parties	<u>\$ 10,088</u>	<u>\$ 21,847</u>

<u>Accounting item</u>	<u>Category of Related Parties</u>	<u>2020</u>	<u>2019</u>
Interest expenses	Other related parties	<u>\$ 224</u>	<u>\$ 400</u>
Rental Expenses	Other related parties	<u>\$ 100</u>	<u>\$ 72</u>

3. Lease agreements as a lessor (operating lease)

The combined company rents the office out to other related parties based on the local rental standards. The fixed rent is collected on a monthly basis according to the lease agreement.

<u>Accounting item</u>	<u>Category of Related Parties</u>	<u>2020</u>	<u>2019</u>
Rent income	Other related parties	<u>\$ 1,143</u>	<u>\$ -</u>

4. Equity transactions

The combined company sold 49% and 27.5%, respectively, of the equity of WEBIM Services to the chairman of WEBIM Services on August 17, 2020 and January 22, 2019. The disposal proceeds were \$12,250 thousand and \$5,500 thousand, respectively.

5. Donation expenditure

Category of Related Parties	2020	2019
Other related parties	<u>\$ 1,800</u>	<u>\$ 1,800</u>

The combined company donated broadcast production fees to associates.

6. Acquisition of financial assets

The combined company invested in CSVI VENTURES, L.P. with \$18,624 thousand (USD 600 thousand) in April 2019. The key decision maker of the fund is the Company's director.

(III) Remuneration to key management

	2020	2019
Short-term employee benefits	\$ 82,132	\$ 50,881
Termination benefits	-	280
Post-employment benefits	<u>1,237</u>	<u>1,196</u>
	<u>\$ 83,369</u>	<u>\$ 52,357</u>

The remuneration to Directors and other key management is determined by the Remuneration Committee based on individual performance and market trends.

XXXII. Pledged Assets

The combined company's assets listed below were provided as collateral against bank loans, collateral against litigations, deposits for construction performance obligation, and deposits for acceptance drafts:

	December 31, 2020	December 31, 2019
Inventories (for construction business)	\$ 463,577	\$ 463,577
Financial assets at fair value through other comprehensive income - non-current	129,939	133,177
Pledged time deposit certificates (classified as financial assets at amortized cost)	5,696	146,918
Investment property	30,974	31,548
Property, plant, and equipment	-	16,382
Right-of-use assets	-	4,414
Other restricted assets (classified as other non-current assets)	<u>13,897</u>	<u>8,833</u>
	<u>\$ 644,083</u>	<u>\$ 804,849</u>

XXXIII. Significant Contingent Liabilities and Unrecognized Contract Commitments

Except for those disclosed in other notes, significant commitments and contingencies of the combined company on the balance sheet date are as follows:

- (I) The construction project of the National Kaohsiung Center for the Arts (Weiwuying) (hereinafter referred to as "the Project") undertaken by the combined company was completed on December 16, 2016, and the Ministry of Culture of the Republic of China (hereinafter referred to as "the Ministry") began the initial acceptance inspection on February 20, 2017. Per instructions of the Ministry during the acceptance inspection process, work completed in phases was delivered for use, while other interface projects were still undergoing construction within the same space. The Ministry even allowed public access to some facilities without turning on related equipment to maintain appropriate temperature and humidity, which resulted in unexpected damage and deficiencies to the Project. The Ministry required the combined company to repair the damaged part, which caused the Project's failure to conform to the acceptance procedures within the time limit. As a result, the Ministry proposed to impose a default penalty on the combined company for the delay. The combined company deemed such application of law was wrong and in violation of the principles of fairness and reasonableness. Therefore, it filed a request for mediation to the Complaint Review Board for Government Procurement under the Public Construction Commission of the Executive Yuan (hereinafter referred to as the "Commission") on October 9, 2018. Due to no consensus reached during the mediation of the Commission, the combined company submitted a request for arbitration on August 6, 2020. The arbitration association planned to process the last arbitration meeting on May 17, 2021, and to make a judgment on the arbitration in mid-September 2021. The arbitration board is still judging the related evidence such that results of the arbitration are difficult to evaluate.
- (II) Shing Tzung Development Co., Ltd (hereinafter referred to as "Shing Tzung") and its responsible person, Kuo-feng Lu, constructed a commercial-residential hybrid complex that has 5 floors below ground and 26 floors above ground at Land No. 537, Lingzhou Section, Kaohsiung City. Due to poor construction of diaphragm walls, buildings at Lane 187, Ziqiang 3rd Road suffered severe tilts, wall cracks and subsidence on July 20, 2014. Due to the combined company's active participation in the repair work, a total of 25 house owners transferred a certain amount of their creditors' rights to the combined company, by which the combined company had petitioned the court for a provisional attachment against Shing Tzung and its

responsible person, and for a claim of \$25 million plus the statutory delay interest accrued thereon from them. In 2018, the court held an initial judgment that Shing Tzung had also paid related expenses for such an incident and thus agreed to the contention of Shing Tzung that the expenses already paid by Shing Tzung should offset the credit rights to which the combined company might be entitled. Therefore, the plaintiff's case was rejected. Based on the court judgment, the combined company has recognized as a loss the total amount of \$25 million that was previously recognized as "payment on behalf of another party."

In addition, Shing Tzung claimed that it had suffered loss from the incident and should have demanded compensation from the subcontractor responsible for constructing the diaphragm wall. However, Shing Tzung turned to the combined company for compensation for the incident because the subcontractor had insufficient capital. The combined company also had suffered loss from the incident and, consequently, filed a claim against Shing Tzung for compensation (including expenses incurred by the combined company's participation in the repair work) and demanded that Shing Tzung return the promissory notes of performance guarantee to the combined company. Regarding the two lawsuits, the Kaohsiung Qiaotou District Court ruled that the combined company shall pay Shing Tzung \$10,477 thousand plus interest calculated at 5% per annum from July 8, 2015 to the settlement date and that Shing Tzung shall pay the combined company \$27,382 thousand plus interest calculated at 5% per annum from October 30, 2015 to the settlement date. The two parties appealed to the Taiwan High Court Kaohsiung Branch Court during the legal period and the first court hearing was held on January 4, 2021. The lawyer of Shing Tzung stated that it took more time to prepare the related document due to the change of lawyer, such that the court scheduled to conduct a second verbal argument on April 22, 2021. The judge is currently processing the preparation procedures, such that results of the judgment are unable to evaluate.

- (III) On March 15, 2013, the combined company and Kingland Property Corporation Ltd. (formerly known as DSG Technology Inc., hereinafter referred to as "Kingland") signed a construction contract, under which two parties covenanted to contract the combined company for the construction project named "Fu-yi River Residential Construction Project" on Land No. 440, Zhuangjing Section, Xindian District, New Taipei City. The combined company had completed the various stages of work as specified by the contract and, together with Kingland, completed the acceptance of the residential units and inspection of communal facilities. Due to a large portion of

the residential units being unsold and thus the condominium management committee failed to be established, Kingland, by putting up various excuses, refused to make progress with any follow-up inspections or acceptance, and furthermore refused to make the remaining contract payments and additional payments due to the combined company. As a consequence, on October 22, 2019, the combined company submitted a request for arbitration, demanding Kingland to pay the payables due and the loss suffered by the combined company of \$57,370 thousand to the combined company. The arbitration meeting was finished on March 5, 2021 and an arbitration judgment by the arbitration court is expected by the end of April 2021.

- (IV) As of December 31, 2020, the performance guarantee letters issued by the bank for construction projects of the combined company amounted to \$1,561,871 thousand.
- (V) As of December 31, 2020, the guaranteed bills issued by the combined company for business needs amounted to \$342,013 thousand.

XXXIV. Other Matters

As of the date of approval and issue of the consolidated financial statements, the combined company has concluded that the outbreak of COVID 19 has no material impact on its operational capability, fundraising, and impairment of assets. The combined company will continue to monitor and evaluate future developments of the outbreak.

XXXV. Information on Foreign-Currency-Denominated Assets and Liabilities with Significant Influence

Information on financial assets and liabilities of the combined company which are denominated in foreign currencies with significant influence is as follows:

Unit: Foreign currency/NT\$1,000

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB	\$ 91,320	0.1433 (RMB:USD)	\$ 398,594
USD	7,036	28.48 (USD:NTD)	<u>200,385</u>
			<u>\$ 598,979</u>

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB	\$ 3,718	0.1433 (RMB:USD)	<u>\$ 15,978</u>

The unrealized gain or loss on foreign currency exchange with significant influence is as follows:

	2020		2019	
		Gain (Loss) on Foreign Currency Exchange, Net		Loss on Foreign Currency Exchange, Net
	<u>Exchange Rate</u>		<u>Exchange Rate</u>	
<u>Financial assets</u>				
RMB	0.1449 (RMB:USD)	\$ 10,372	0.1450 (RMB:USD)	(\$ 8,284)
USD	29.55 (USD:TWD)	(<u>7,130</u>)	30.91 (USD:TWD)	<u>-</u>
		<u>\$ 3,242</u>		(<u>\$ 8,284</u>)

XXXVI. Supplementary Disclosures

Information on (I) significant transactions and (II) invested companies is as follows:

1. Loaning Provided to Others: Please refer to Appendix 1.
2. Endorsements/Guarantees Provided for Others: Please refer to Appendix 2.
3. Marketable Securities Held at the End of the Period (Excluding investment in Subsidiaries, Associates and Joint Ventures): Please refer to Appendix 3.
4. Marketable Securities Acquired and Disposed of Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: None.
5. Acquisition of Real Estate Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: None.
6. Disposal of Real Estate Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: None.
7. Purchases from or Sales to Related Parties Amounting to NT\$100 million or 20% of the Paid-in Capital or More: Please refer to Appendix 4.
8. Receivables from Related Parties Amounting to NT\$100 Million or 20% of the Paid-in Capital or More: Please refer to Appendix 5.
9. Engaging in Derivatives Trading: Please refer to Note VII and XXX.
10. Others: Inter-company Business Relationships and Significant Inter-company Transactions Please refer to Appendix 6.
11. Information on Invested Companies: Please refer to Appendix 7.

(III) Information on investments in Mainland China

1. Information on invested companies in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, gain or loss on investments, carrying amount of investment at the end of the period, gain or loss on repatriated investment and ceiling of investments in mainland China: Please refer to Appendix 8.
2. Any of the following significant transactions with invested companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms and unrealized gain or loss: None.
 - (1) Purchase amount and percentage, and the ending balance and percentage of the related payables.
 - (2) Sales amount and percentage, and the ending balance and percentage of the related receivables.
 - (3) Property transaction amount and the resulting gain or loss.
 - (4) Ending balances and purposes of endorsements/guarantees or collateral provided.
 - (5) The maximum balance, ending balance, interest rate range and total amount of current-period interest of financing facilities.
 - (6) Other transactions with significant impact on profit or loss or financial position for the period, such as provision or receipt of service.

- (IV) Information on major shareholders: List of all shareholders with ownership of 5% or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Please refer to Appendix 9.

XXXVII. Segment Information

The information is provided to the main business decision-makers to allocate resources and to evaluate the performance of each department, focusing on the category of product delivered or service provided. The combined company mainly engages in design, supervision and undertaking of construction projects and trading of building materials. The consolidated statements of comprehensive income present the operating results regularly reviewed by the decision-maker. There are no other business units of significance such that disclosing information on reportable segments in the financial statements is no longer required.

(I) Major Customers

Individual customers from whom at least 10% of net revenue of the combined company is generated are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
10381719	\$ 1,300,628	\$ 706,025
10326634	1,117,447	935,262
10335434	862,406	437,978
10286230	800,879	546,859
10461612	<u>735,555</u>	<u>-</u>
	<u>\$ 4,816,915</u>	<u>\$ 2,626,124</u>

Chien Kuo Construction Co. Ltd. and Subsidiaries
Loans Provided to Others
January 1 to December 31, 2020

Appendix 1

Unit: NT\$ Thousands

No.	Financing Company	Counter-party	Financial Statement Account	Related Party (Y/N)	Maximum Balance	Ending Balance	Actual Amount Used	Interest Rate Range	Nature of Financing (Note 1)	Amount of Transaction	Reason for short-term financing	Allowance for Doubtful Debts	Collateral		Limit on Loans Granted to a Single Party	Total Loan Limit	Note
													Item	Value			
0	Chien Kuo Construction Co., Ltd.	Chien Kuo Building Co., Ltd.	Other receivables	Yes	\$ 300,000	\$ -	\$ -	1.2%	(1)	\$ -	Operating capital	\$ -	-	\$ -	20% of the parent's net worth \$ 860,487	40% of the parent's net worth \$ 1,720,974	
1	Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	Other receivables	Yes	245,459	-	-	5%	(1)	-	Operating capital	-	-	-	100% of the Company's net worth 257,298	100% of the company's net worth 257,298	
2	Chien Kuo Building Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Other receivables	Yes	20,000	20,000	20,000	1.45%~1.68%	(1)	-	Operating capital				20% of the company's net worth 20,027	40% of the company's net worth 40,054	

Note 1. The nature of financing is described as follows:

(1) For the purpose of short-term financing.

Note 2. Where there involves a foreign currency, it is translated to New Taiwan Dollars by using the exchange rate as of December 31, 2020 (RMB1 = NT\$4.3648).

Chien Kuo Construction Co. Ltd. and Subsidiaries
Endorsements/Guarantees Provided for Others
January 1 to December 31, 2020

Appendix 2

Unit: NT\$ Thousands

No.	Endorsements/guarantees Provider Company Name	Parties Being Endorsed/guaranteed		Limit of Endorsements/ guarantees for a Single Entity (Note 1)	Highest Balance up to the Current Month	Outstanding Endorsements/gu arantees - Ending	Actual Amount Used	Endorsements/gu arantees Secured with Collateral	Ratio of Cumulative Endorsements/ guarantees to the Net Equity Stated in the Latest Financial Statements	Limit of Endorsements/ guarantees (Note 2)	Endorsements /guarantees Provided by Parent for Subsidiary	Endorsements /guarantees Provided by Subsidiary for Parent	Endorsements /guarantees for Entities in China	Note
		Company Name	Relationship											
0	Chien Kuo Construction Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Subsidiary	\$ 2,151,218	\$ 100,000	\$ 100,000	\$ 24,730	\$ -	2.32%	\$ 4,302,435	Y	N	N	Financing endorsements/guarantees
0	Chien Kuo Construction Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	Sub-subsidiary	2,151,218	448,293	-	-	-	-	4,302,435	Y	N	Y	Financing endorsements/guarantees

Note 1. The limit on endorsements/guarantees provided for each guaranteed party is calculated as follows:

- (1) The limit on endorsements/guarantees made to companies in the same industry should be 200% of net worth of stockholders' equity.
- (2) The limit on endorsements/guarantees made to other guaranteed parties should be 50% of net worth of stockholders' equity.

Note 2. The maximum endorsements/guarantees amount allowable is calculated as follows:

- (1) The maximum endorsements/guarantees amount allowable to companies in the same industry should be 400% of net worth of stockholders' equity.
- (2) The maximum endorsements/guarantees amount allowable to other guaranteed parties should be 100% of net worth of stockholders' equity.

Chien Kuo Construction Co. Ltd. and Subsidiaries
Marketable Securities Held at the End of the Period
December 31, 2020

Appendix 3

Unit: NT\$ Thousands

Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	Financial Statement Account	Ending Balance				Note
				Number of Shares (in Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Chien Kuo Construction Co., Ltd.	<u>Funds</u>							
	Eastspring Investments Export Fund	-	Financial assets at fair value through profit or loss - current	200	\$ 11,261	-	\$ 11,261	—
	Allianz Global Investors Taiwan Technology Fund	—	"	211	18,558	-	18,558	—
	Union Money Type Fund	—	"	6,011	80,000	-	80,000	—
	Jih Sun Money Type Fund	—	"	6,020	90,000	-	90,000	—
	FSITC Money Type Fund	—	"	445	80,000	-	80,000	—
	Capital Money Type Fund	—	"	4,918	80,000	-	80,000	—
	Mega Diamond Money Type Fund	—	"	7,115	90,000	-	90,000	—
	Taishin Ta-Chong Money Type Fund	—	"	5,586	80,000	-	80,000	—
	Wan Chan Venture Capital Co. Ltd.	—	Financial assets at fair value through profit or loss - non-current	1,800	17,100	0.05	17,100	—
	<u>Stock</u>							
	United Microelectronics Corporation	—	Financial assets at fair value through profit or loss - current	150	7,072	-	7,072	-
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	"	11	5,830	-	5,830	-
	Novatek Microelectronics Corp.	—	"	20	7,380	-	7,380	—
	FOCALTECH SYSTEMS CO., LTD.	—	"	30	2,805	0.01	2,805	—
	Alchip Technologies, Ltd.	-	"	10	6,210	0.02	6,210	-
	RichWave Technology Corp.	-	"	10	3,945	0.02	3,945	-
	Visual Photonics Epitaxy Co., Ltd.	-	"	35	3,920	0.02	3,920	-
	Yageo Corporation	—	"	7	3,626	-	3,626	—
	Walsin Technology Corp.	—	"	15	3,458	-	3,458	—
	Unimicron Technology Corporation	—	"	66	5,768	-	5,768	—
	eMemory Technology Inc.	—	"	5	2,975	0.01	2,975	—
	Gudeng Precision Industry Co., Ltd.	—	"	12	3,276	0.02	3,276	—
	Parade. Technologies, Ltd.	—	"	1	1,110	-	1,110	—
	Sino-American Silicon Products Inc.	—	"	28	4,970	-	4,970	—
	Advanced Wireless Semiconductor Co.	—	"	70	9,450	0.04	9,450	—
	Hong Plastic Technology Co., Ltd.	—	"	10	3,975	0.03	3,975	—

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Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	Financial Statement Account	Ending Balance				Note
				Number of Shares (in Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Golden Canyon Limited Company	Chia Hsin Cement Corporation	-	Financial assets at fair value through other comprehensive income - current	1,114	\$ 21,231	0.14	\$ 21,231	-
	Taiwan Cement Corporation	—	Financial assets at fair value through other comprehensive income - non-current	6,191	267,453	0.11	267,453	(Note 2)
	Chia Hsin Cement Corporation	-	"	6,853	130,550	0.88	130,550	(Note 3)
	<u>Funds</u>	-						
	iShares MSCI USA Value Factor ETF	-	Financial assets at fair value through profit or loss - current	2	5,940	-	5,940	-
	US Technology Fund	—	"	9	21,557	-	21,557	—
	Global Healthcare Fund	—	"	1	13,191	-	13,191	-
	PVG GCN VENTURES, L.P.	—	Financial assets at fair value through profit or loss - non-current	-	22,118	5.00	22,118	—
	CSVI VENTURES, L.P.	(Note 1)	"	-	28,137	5.16	28,137	-
	<u>Stock</u>							
Silver Shadow Holding Limited	Chia Hsin Cement Corporation	-	Financial assets at fair value through other comprehensive income - current	175	3,338	0.02	3,338	-
	<u>Funds</u>							
	BlackRock Global Funds	-	Financial assets at fair value through profit or loss - current	21	31,686	-	31,686	-
	iShares MSCI Brazil ETF	-	"	25	26,500	-	26,500	-
	iShares Global Clean Energy ETF	-	"	8	6,675	-	6,675	-
	iShares MSCI India ETF	-	"	21	24,055	-	24,055	-
	iShares Russell 2000 ETF	-	"	1	7,259	-	7,259	-
	US Global Jets ETF	-	"	14	8,796	-	8,796	-
	iShares PHLX SOX Semiconductor	-	"	2	20,734	-	20,734	-
	iShares MSCI USA Value Factor ETF	-	"	12	28,712	-	28,712	-
CK Asia (Shanghai) Information Technology Co., Ltd.	<u>Funds</u>							
	Harvest Shanghai and Shenzhen 300 Exchange-Traded Fund	-	"	500	11,349	-	11,349	-
	China International Enron Return Commingled Securities Investment Fund	-	"	7,962	44,036	-	44,036	-
	China International Frontline Technology Flexible Configuration Commingled Securities Investment Fund	-	"	1,801	23,398	-	23,398	-

Note 1. The chief decision makers of the fund are the directors of the Company.

Note 2. Among them, 2,126 thousand shares are pledged to the Court as collateral against the litigation between the combined company and Shing Tzung.

Note 3. Among them, 2,000 thousand shares are pledged to the bank as collateral for the performance of construction contracts.

Note 4. For information regarding investment of subsidiaries, please refer to Appendix 7 and Appendix 8.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Purchases from or Sales to Related Parties Amounting to NT\$100 Million or 20% of the Paid-in Capital or More
January 1 to December 31, 2020

Appendix 4

Unit: NT\$ Thousands

Company name	Related party	Relationship	Transaction Situation				Situations and Reasons of Transaction Terms Different from General Transaction Terms (Note 1)		Notes and Accounts Receivable (Payable)		Note (Note 2)
			Purchases (Sales)	Amount	Ratio to Total Purchases (Sales)	Credit period	Unit Price	Credit period	Balance	Ratio to Total Notes or Accounts Receivable (Payable)	
Chien Kuo Construction Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Subsidiary	Purchases	\$ 1,017,246	16.15%	Pursuant to the agreement	-	-	(\$ 374,180)	19.02%	
Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Construction Co., Ltd.	Parent	Sales	1,017,246	99.15%	Pursuant to the agreement	-	-	374,180	96.97%	

Note 1. If related party transaction terms are different from general transaction terms, situations and reasons for the differences should be specified in the unit price and the credit period columns.

Note 2. In case of advance receipts (prepayments), reasons, the terms of the agreement, the amount and differences from the general transaction type shall be specified in the Note column.

Note 3. Paid-in capital refers to the parent's paid-in capital. When the issuer's stock has no par value, or the par value is not NT\$10 per share, the maximum transaction amount related to 20% of the paid-in capital is calculated based on 10% of equity attributable to owners of the parent in the balance sheet.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Receivables from Related Parties Amounting to NT\$100 Million or 20% of the Paid-in Capital or More
January 1 to December 31, 2020

Appendix 5

Unit: NT\$ Thousands, unless otherwise specified

Company Name	Related party	Relationship	Balance Dues from Related Parties	Turnover Rate	Overdue Receivables from Related Parties		Subsequently Recovered Amount from Related Party (Note 1)	Loss Allowance Provided
					Amount	Action Taken		
Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Construction Co., Ltd.	Parent	Accounts receivables \$374,180	3.16	\$ -	\$ -	\$ 272,806	\$ -

Note 1. Amount received as of March 25, 2021.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Inter-company Business Relationships and Significant Inter-company Transactions
January 1 to December 31, 2020

Appendix 6

Unit: NT\$ Thousands

No.	Company Name	Counter-party	Nature of Relationship (Note 1)	Transaction Details			
				Financial Statement Account	Amount	Transaction Terms	Ratio to total Revenue or Total Assets
0	Chien Kuo Construction Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	(1)	Other prepayments	\$ 20,163	Note 2	0.22%
			(1)	Construction costs	1,017,246	Note 2	15.04%
			(1)	Contract assets - property construction	1,951,937	Note 2	21.39%
			(1)	Accounts payable	374,180	Note 2	4.10%
			(1)	Accounts payable - provisional estimate	76,240	Note 2	0.84%
1	Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Building Co., Ltd.	(3)	Other payables	20,000	Note 3	0.22%

Note 1. Note 1. The nature of relationship is divided into the following three categories:

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

Note 2. Conducted in line with ordinary terms.

Note 3. Loan funds.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Information on Invested Companies and Their Locations, etc.
January 1 to December 31, 2020

Appendix 7

Unit: NT\$ Thousands

Investor	Invested Company	Location	Main Businesses	Original Investment Amount		End of the Current Period			Profit or Loss of Invested Company in the Current Period	Investment Profit/Loss Recognized in the Current Period	Note
				December 31, 2020	December 31, 2019	Shares	Ratio (%)	Carrying Amount			
Chien Kuo Construction Co., Ltd.	Golden Canyon Limited	British Virgin Islands	Investment	\$ 272,267	\$ 272,267	8,714	100.00	\$ 1,446,600	\$ 96,200	\$ 96,200	Subsidiary
	Silver Shadow Holding Limited	British Virgin Islands	Investment	815,907	815,907	25,038	100.00	1,812,134	117,907	117,907	Subsidiary
	Chien Kuo Building Co., Ltd.	Taiwan	Building construction commission; public housing lease	144,065	144,065	10,000	100.00	100,855	720	720	Subsidiary
	Shun Long International Electrical Engineering Co., Ltd.	Taiwan	Mechanical, electrical and plumbing engineering, undertaking and equipment/wholesale and retail	51,219	44,361	7,000	100.00	79,430	27,064	26,225	Subsidiary
	WeBIM Services Co., Ltd.	Taiwan	Construction technology	-	8,546	-	-	-	(870)	(426)	Note 4
	Anping Property Co., Ltd.	Taiwan	Housing and building development and lease	-	140,000	-	-	-	(66)	(66)	Subsidiary
	Golden Canyon Venture Capital Investment Co., Ltd.	Taiwan	Venture capital business	401,000	-	40,100	100.00	400,331	(669)	(669)	Subsidiary
Silver Shadow Holding Limited	CK Asia Co., Ltd.	British Virgin Islands	Investment	878,510	878,510	1,685	54.78	1,042,245	186,831	Note 3	Sub-subsubsidiary
Golden Canyon Limited	CK Asia Co., Ltd.	British Virgin Islands	Investment	782,106	782,106	1,391	45.22	860,366	186,831	Note 3	Sub-subsubsidiary

Note 1. Where there involves a foreign currency, it is translated into New Taiwan Dollars by using the exchange rate at December 31, 2020 (US\$1 = NT\$28.48), except for profit or loss items, which are translated into New Taiwan Dollars by using the average exchange rate over January 1 - December 31, 2020 (US\$1 = NT\$29.55).

Note 2. For investment in investees in mainland China, please refer to Appendix 8.

Note 3. The gains or losses of an invested company are incorporated into those of its investor. To avoid confusion, they are not separately presented here.

Note 4. On August 17, 2020, the Company sold all of its equity interest in WeBIM Services Co., Ltd. to Meng-chung Lee, chairman of WeBIM Services Co., Ltd.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Information on Investments in Mainland China
January 1 to December 31, 2020

Appendix 8

Unit: NT\$ Thousand, unless otherwise specified.

Investee in Mainland China	Main Businesses	Paid-in Capital	Method of Investment	Cumulative Investment Amount Remitted from Taiwan - Beginning of the Period	Investment Amount Remitted or Received for the Current Period		Ending balance of Accumulated Outflow of Investment from Taiwan	Profit or Loss of Invested Company in the Current Period	Percentage of Ownership (Direct or Indirect)	Investment Gains (Losses) Recognized for the Current Period (Note 1)	Carrying Amount - End of the period (Note 1)	Investment Gains Repatriated by the End of the Current Period	Note
					Remitted	Received							
Shanghai Chien Kuo Concrete Co., Ltd.	Production and sale of concrete and concrete products	\$ 142,742	Investment through a company founded in a third region	\$ 16,145	\$ -	\$ -	\$ 16,145	\$ -	-	\$ -	\$ -	\$ 4,416	Note 4
CK Asia (Shanghai) Information Technology Co., Ltd.	Computer software technology development and consultation	122,872	Investment through a company founded in a third region	68,326	-	-	68,326	2,848	100%	2,848	176,115	41,113	
Suzhou Chien Hua Concrete Co., Ltd.	Production and sale of concrete and concrete products	113,920	Investment through a company founded in a third region	182,036	-	-	182,036	7,070	-	7,070	-	-	Note 4
Chien Ya (Suzhou) Information Technology Consultant Co., Ltd.	Computer software technology development and consultation	276,968	Investment through a company founded in a third region	-	-	-	-	(15,308)	100%	(15,308)	241,668	-	Note 5
Kunshan Jianshan New Timbering Co., Ltd.	Production and sale of concrete and concrete products	284,800	Investment through a company founded in a third region	2,391	-	2,391	-	-	-	-	-	69,338	Note 4
Wuxi Chien Bang Concrete Co., Ltd.	Production and sale of concrete and concrete products	142,400	Investment through a company founded in a third region	214,059	-	-	214,059	6,909	100%	6,909	323,680	32,445	
Chien Ya (Wuxi) Information Technology Consultant Co., Ltd.	Computer software technology development and consultation	264,152	Investment through a company founded in a third region	-	-	-	-	(1,473)	100%	(1,473)	277,233	-	Note 6
Changzhou Chien An Concrete Co., Ltd.	Production and sale of concrete and concrete products	71,200	Investment through a company founded in a third region	-	-	-	-	-	-	-	-	21,542	Note 4
Nantong Chien Cheng Concrete Co., Ltd.	Production and sale of concrete and concrete products	57,672	Investment through a company founded in a third region	34,672	-	34,672	-	-	-	-	-	221,161	Note 4
Chien Ya (Nantong) Information Technology Consultant Co., Ltd.	Computer software technology development and consultation	142,400	Investment through a company founded in a third region	161,500	-	-	161,500	-	-	-	-	4,405	Note 4, 7
Yangzhou Chien Yung Concrete Co., Ltd.	Production and sale of concrete and concrete products	56,960	Investment through a company founded in a third region	197,041	-	-	197,041	66,882	100%	66,882	102,053	168,105	
Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	Computer software technology development and consultation	230,688	Investment through a company founded in a third region	-	-	-	-	7,953	100%	7,953	265,405	-	Note 8
Shanghai Chien Chung Concrete Co., Ltd.	Production and sale of concrete and concrete products	71,200	Investment through an existing company in a third region	-	-	-	-	-	-	-	-	-	Note 4

Investee in Mainland China	Main Businesses	Paid-in Capital	Method of Investment	Cumulative Investment Amount Remitted from Taiwan - Beginning of the Period	Investment Amount Remitted or Received for the Current Period		Ending balance of Accumulated Outflow of Investment from Taiwan	Profit or Loss of Invested Company in the Current Period	Percentage of Ownership (Direct or Indirect)	Investment Gains (Losses) Recognized for the Current Period (Note 1)	Carrying Amount - End of the period (Note 1)	Investment Gains Repatriated by the End of the Current Period	Note
					Remitted	Received							
Changzhou Changlong Stevedoring Co., Ltd.	Cargo handling	2,182	Investment through an existing company in a third region	-	-	-	-	-	-	-	-	-	Note 4
Jiangsu Solid Construction & Engineering Co., Ltd.	Construction consultation	59,808	Investment through a company founded in a third region	-	-	-	-	-	-	-	-	14,562	Note 4
Chien Kuo Construction Consultant (Kunshan) Co., Ltd.	Construction consultation	17,088	Investment through a company founded in a third region	-	-	-	-	398	-	398	-	5,368	Note 4
A total of seven invested companies including Loudi Chien Kuo Mining Co., Ltd.	Quarrying	1,134,074	Investment through an existing company in a third region and others	36,840	-	36,840	-	-	-	-	-	1,681,827	Note 4

Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Upper limit on investment authorized by MOEAIC
\$868,785 (Note 3)	\$958,162 (Note 2)	\$ 2,657,191

Note 1. The amount was recognized based on the audited financial statements of investees in the same period.

Note 2. The amount authorized by the Investment Commission, MOEA was \$1,512,351 thousand, of which \$554,189 thousand was the earnings of invested companies in mainland China remitted to the third regions, and was not included in the calculation of the limit on investment.

Note 3. The amount remitted from Taiwan of \$868,785 thousand included the following expenditures:

(1) Loss on investment:

Investee in Mainland China	Original Investment Amount	Repatriated Investment Amount	Loss on Investment
Shanghai Chien Chung Concrete Co., Ltd.	\$ 33,553	\$ 14,058	\$ 19,495
Shanghai Ruihui Trading Co., Ltd.	9,210	916	8,294
Nanjing Jianxing Concrete Co., Ltd.	25,728	25,618	110
Jianxiang Management Consultant (Shanghai) Co., Ltd.	1,779	-	1,779

(2) Of the amount, \$163,869 thousand (USD 5,682 thousand) originated from the funds of the third regions.

Note 4. Shanghai Chien Kuo Concrete Co., Ltd. had been liquidated on December 9, 2016. Suzhou Chien Hua Concrete Co., Ltd. was disposed of and the equity transfer was completed on February 11, 2020. Kunshan Jianshan New Timbering Co., Ltd. was disposed of and the equity transfer was completed on August 23, 2017. Changzhou Chien An Concrete Co., Ltd. was disposed of and the equity transfer was completed on October 31, 2013. Nantong Chien Cheng Concrete Co., Ltd. was disposed of and the equity transfer was completed on January 7, 2019. Chien Ya (Nantong) Information Technology Consultant Co., Ltd. had been liquidated on December 6, 2019. Shanghai Chien Chung Concrete Co., Ltd. had been liquidated in 2015. Changzhou Changlong Stevedoring Co., Ltd. had been liquidated on July 12, 2019. Jiangsu Solid Construction & Engineering Co., Ltd. had been liquidated on July 24, 2019. Chien Kuo Construction Consultant (Kunshan) Co., Ltd. had been liquidated on May 20, 2020. Loudi Chien Kuo Mining Co., Ltd. had been liquidated on August 15, 2016. Guangxi Hefa Mining Co., Ltd. was disposed of and the equity transfer was completed on September 22, 2017.

Note 5. New shares divided from Suzhou Chien Hua Concrete Co., Ltd.

Note 6. New shares divided from Wuxi Chien Bang Concrete Co., Ltd.

Note 7. New shares divided from Nantong Chien Cheng Concrete Co., Ltd.

Note 8. New shares divided from Yangzhou Chien Yung Concrete Co., Ltd.

Chien Kuo Construction Co., Ltd. and Subsidiaries

Information on Major Shareholders

December 31, 2020

Appendix 9

Unit: In 1,000 Shares

Name of Major Stockholders	Shares	
	Number of Shares Held	Percentage of Shares Held
Chien Hwei Investment Co., Ltd.	46,012	17.87%
Chi-te Chen	18,844	7.31%
Chen-ching Chen	13,586	5.27%

Note: Information on major shareholders in this table is provided by Taiwan Depository & Clearing Corporation according to information on shareholders holding at least 5% or greater of ordinary shares and preferred shares (including treasury shares) that have been issued and delivered without physical registration by the Company on the last business day at the end of the current quarter. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

Independent Auditors' Report

To: The Board of Directors and Shareholders of Chien Kuo Construction Co., Ltd.

Audit Opinions

We have audited the Balance Sheets of Chien Kuo Construction Co., Ltd. as of December 31, 2020 and 2019, the Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes to the Financial Statements (including the Summary of Significant Accounting Policies) for the annual period from January 1 to December 31, 2020 and 2019.

In our opinion, the aforementioned Financial Statements present fairly, in all material respects, the financial position of Chien Kuo Construction Co. Ltd. as of December 31, 2020 and 2019, and its financial performance and cash flows for the annual periods ended December 31, 2020 and 2019 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Basis for Audit Opinion

We conducted our audits of the financial statements as of and for the year ended December 31, 2020 in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants," and the auditing standards generally accepted in the Republic of China. And, we conducted our audit of the financial statement for the year ended December 31, 2019 in accordance with the "Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants," Order No. 1090360805 issued by the Financial Supervisory Commission on February 25, 2020, and the generally accepted auditing standards. Our responsibility under the above-mentioned regulations will be further explained in the section titled "The Accountants' Responsibility in Auditing the Financial Statements." We have stayed independent from Chien Kuo Construction Co. Ltd. as required by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the norm. We believe that we have obtained sufficient and appropriate audit evidence to serve as 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 2020 financial statements of Chien Kuo Construction Co., Ltd. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters for the financial statements of Chien Kuo Construction Co., Ltd. for 2020 are stated as follows:

Construction contracts

The operating revenue of Chien Kuo Construction Co. Ltd. is primarily derived from construction revenue, which is recognized in cost-based input method by the management in accordance with IFRS 15 "Revenue from Contracts with Customers." Since the percentage of completion is calculated as the ratio of costs input to the total estimated contract costs, the total estimated construction contract costs are a key factor in calculating the percentage of cost input. As estimated costs and contractual activities are evaluated and judged by the management based on the nature of the different construction projects, the estimated amount of the contract, the duration of construction, the undertaking of construction and the construction methods, and they are prone to influence from changes in commodity prices, labor prices and construction items due to long duration of construction contracts. Any significant changes in estimates, once occurred, may lead to a revenue recognized in accordance with the percentage of completion method either consisting of errors, or having significant influence on the misstatement of the financial statements. Consequently, the estimates of the total costs of the construction contracts are deemed a key audit matter.

Our major audit procedures executed in response to this key audit matter included understanding the procedures by which the management estimated the total costs of long-term construction contracts; examining the construction documents, that the management used as evidence for estimating the total costs of construction contracts, in order to assess comprehensively the completeness and reasonableness of the estimates of total costs of long-term construction contracts; and examining whether in the subsequent period the cost of construction contracts were adjusted significantly, and analyzing changes in revenue, costs, and gross profits of each project of construction.

For information about construction contracts, please refer to Note XIX.

Responsibility of the Management and the Governing Body for the Financial Statements

It is the management's responsibility to fairly present the Financial Statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission, and to maintain internal controls which are necessary for the preparation of the Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the Financial Statements, the responsibility of management includes assessing the ability of Chien Kuo Construction Co., Ltd. to continue as going concerns, disclosing related matters, as well as adopting the going-concern basis of accounting, unless the management intends to liquidate Chien Kuo Construction Co., Ltd. or terminate the business, or no practicable measure other than liquidation or termination of the business can be taken.

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

The Accountants' Responsibility in Auditing the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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" refers to high level of assurance. Nevertheless, our audit, which was carried out in accordance with the generally accepted auditing standards, does not guarantee that a material misstatement(s) will be detected in the Financial Statements. Misstatements may result from fraud or errors. The misstated amounts are material if they could, individually or collectively, be reasonably anticipated to influence the economic decisions of users taken on the basis of the financial statements.

We have utilized our professional judgment and maintained professional skepticism when exercising auditing work in accordance with the generally accepted auditing standards. We have also:

1. Identified and assessed the risks of a material misstatement(s) due to fraud or errors in the Financial Statements; designed and carried out appropriate countermeasures against the assessed risks; and obtained sufficient and appropriate audit evidence to provide the basis for audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or overrides of internal controls, the risk of an undetected material misstatement due to fraud is greater than that due to errors.
2. Acquired necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal controls of Chien Kuo Construction Co., Ltd. and its subsidiaries.
3. Assessed the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Concluded, based on the audit evidence acquired, on the appropriateness of the management's use of the going-concern basis of accounting, and determined whether a material uncertainty exists where events or conditions that might cast significant doubt on the ability of Chien Kuo Construction Co., Ltd. and its subsidiaries to continue as going concerns. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the Financial Statements in our audit report of the relevant disclosures therein, or to amend our audit opinion when any inappropriate disclosure was found. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or conditions may cause Chien Kuo Construction Co., Ltd. to cease to continue as a going concern.
5. Assessed the overall presentation, structure and content of the Financial Statements (including the related notes), and determined whether the Financial Statements present fairly the related transactions and events.
6. Acquired sufficient and appropriate audit evidence regarding financial information of entities within Chien Kuo Construction Co., Ltd. in order to express an opinion on the Financial Statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion on Chien Kuo Construction Co., Ltd.

We communicated 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 identified during our audit.

We also provided governing bodies with a declaration that we had complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that might possibly be deemed to impair our independence (including relevant preventive measures).

From the matters communicated with those charged with governance, we determined the key audit matters of the financial statements of Chien Kuo Construction Co., Ltd. of 2020. Such matters have been explicitly stated in our audit report, unless laws or regulations prevent their disclosures, or, in extremely rare cases, we decided not to communicate such matters in our audit report in consideration that the adverse impacts of such communication could be reasonably expected to be greater than the public interest it would promote.

Deloitte & Touche

CPA: Wen-chin Lin

CPA: Chun-hung Chen

Securities and Futures Bureau Approval
Document No.:
Taiwan-Finance-Securities-VI-0920123784

Financial Supervisory Commission Approval
Document No.:
Financial-Supervisory-Securities-Auditing-09
90031652

March 25, 2021

Chien Kuo Construction Co., Ltd.

Balance Sheets

December 31, 2020 and 2019

Unit: NT\$ Thousands

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current assets				
1100	Cash (Notes VI)	\$ 329,047	4	\$ 380,687	5
1110	Financial assets at fair value through profit or loss (Note VII)	605,589	7	-	-
1120	Financial assets at fair value through other comprehensive income (Note VIII)	21,231	-	24,909	-
1136	Financial assets measured at amortized cost (Note IX and XXXII)	292,741	3	16,500	-
1140	Contract assets (Note IXX)	1,586,371	19	1,298,880	17
1150	Notes receivable (Note X)	7,500	-	13,125	-
1170	Accounts receivable (Notes X and IXX)	389,456	5	578,046	7
1200	Other receivables	51,305	1	7,723	-
1323	Inventories (for construction business) (Notes XI and XXVII)	465,926	6	463,577	6
1410	Prepayments	64,921	1	96,574	1
1470	Other current assets	6,371	-	5,279	-
11XX	Total current assets	<u>3,820,458</u>	<u>46</u>	<u>2,885,300</u>	<u>36</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss (Note VII)	17,100	-	8,100	-
1520	Financial assets at fair value through other comprehensive income (Notes VIII and XXXII)	398,003	5	410,826	5
1550	Investments accounted for using equity method (Note XII)	3,839,350	46	4,362,248	55
1600	Property, plant, and equipment (Notes XXXII)	31,262	1	33,053	1
1755	Right-of-use assets (Notes XVI)	25,049	-	32,178	1
1760	Investment property (Notes XVII and XXVII)	97,761	1	150,507	2
1840	Deferred tax assets (Note XXI)	29,616	1	15,534	-
1990	Other non-current assets (Note XXVII)	23,635	-	15,393	-
15XX	Total noncurrent assets	<u>4,461,776</u>	<u>54</u>	<u>5,027,839</u>	<u>64</u>
1XXX	Total assets	<u>\$ 8,282,234</u>	<u>100</u>	<u>\$ 7,913,139</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities				
2130	Contract liabilities (Note IXX)	\$ 86,448	1	\$ 245,696	3
2170	Notes payable (Note XVI and XXVI)	1,966,847	24	1,549,723	19
2200	Other payables	209,576	3	145,350	2
2230	Current tax liabilities	20,092	-	2,071	-
2320	Current portion of long-term bank loans, (Note XV)	449,292	5	-	-
2399	Other current liabilities (Notes XIII)	60,982	1	56,750	1
21XX	Total current liabilities	<u>2,793,237</u>	<u>34</u>	<u>1,999,590</u>	<u>25</u>
	Non-current liabilities				
2540	Long-term Bank loans (Note XV)	499,850	6	948,991	12
2570	Deferred tax liabilities (Note XXI)	457,330	6	518,591	7
2600	Other non-current liabilities (Notes XIII and XVII)	103,166	1	97,227	1
25XX	Total non-current liabilities	<u>1,060,346</u>	<u>13</u>	<u>1,564,809</u>	<u>20</u>
2XXX	Total liabilities	<u>3,853,583</u>	<u>47</u>	<u>3,564,399</u>	<u>45</u>
	Equity (Note XVIII)				
	Capital				
3110	Common stock	2,574,401	31	2,674,401	34
3200	Additional paid-in capital	204,852	2	201,627	3
	Retained earnings				
3310	Legal reserve	645,464	8	626,554	8
3320	Special reserve	23,412	-	50,001	1
3350	Unappropriated earnings	1,038,788	13	800,246	9
3300	Total retained earnings	1,707,664	21	1,476,801	18
3400	Other equity	(58,266)	(1)	(4,089)	-
3XXX	Total equity	<u>4,428,651</u>	<u>53</u>	<u>4,348,740</u>	<u>55</u>
	Total liabilities and equity	<u>\$ 8,282,234</u>	<u>100</u>	<u>\$ 7,913,139</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.

Chairperson: Chang-shiou Wu

Manager: Chang-shiou Wu

Accounting Manager: Shu-fen Yang

Chien Kuo Construction Co., Ltd.
Statements of Comprehensive Income
January 1 to December 31, 2020 and 2019

Unit: NT\$Thousands, except for Earnings per share (in Dollars)

Code		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (Note XXII)	\$ 6,753,748	100	\$ 4,756,126	100
5000	Operating cost (Notes XX and XXVI)	<u>6,300,283</u>	<u>93</u>	<u>4,440,872</u>	<u>94</u>
5900	Gross profit	453,465	7	315,254	6
6000	Operating expenses (Notes XX and XXVI)	<u>272,776</u>	<u>4</u>	<u>242,905</u>	<u>5</u>
6900	Net operating income	<u>180,689</u>	<u>3</u>	<u>72,349</u>	<u>1</u>
	Non-operating income and expenses				
7010	Other income (Notes XX and XXVI)	44,882	1	41,290	1
7020	Other gains and losses (Notes XX)	(25,523)	-	(10,827)	-
7050	Finance costs (Notes XX and XXVI)	(11,081)	-	(15,448)	-
7060	Shares of profits of associates accounted for using the equity method (Notes XII)	<u>239,891</u>	<u>3</u>	<u>157,599</u>	<u>3</u>
7000	Total non-operating income and expenses	<u>248,169</u>	<u>4</u>	<u>172,614</u>	<u>4</u>
7900	Income before income tax	428,858	7	244,963	5
7950	Income tax expense (Note XXI)	<u>54,953</u>	<u>1</u>	<u>65,328</u>	<u>1</u>
8200	Net income	<u>373,905</u>	<u>6</u>	<u>179,635</u>	<u>4</u>
8310	Other comprehensive income Items that will not be reclassified subsequently to profit or loss:				

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Code		2020		2019	
		Amount	%	Amount	%
8311	Remeasurement of defined benefit plans (Note XVII)	(\$ 936)	-	\$ 2,866	-
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(16,501)	-	131,227	3
8330	Shares of other comprehensive income from subsidiaries accounted for using the equity method	(3,351)	-	(565)	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss (Note XXI)	187	-	(573)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8380	Shares of other comprehensive income from subsidiaries accounted for using the equity method	(53,363)	(1)	(97,238)	(2)
8399	Income tax related to items that will be reclassified subsequently to profit or loss (Note XXI)	<u>10,465</u>	<u>-</u>	<u>19,665</u>	<u>-</u>
8300	Other comprehensive income or loss (after tax)	(<u>63,499</u>)	(<u>1</u>)	<u>55,382</u>	<u>1</u>
8500	Total comprehensive income	<u>\$ 310,406</u>	<u>5</u>	<u>\$ 235,017</u>	<u>5</u>
	Earnings per share (Note XXII)				
9750	Basic earnings per share	<u>\$ 1.43</u>		<u>\$ 0.57</u>	
9850	Diluted earnings per share	<u>\$ 1.43</u>		<u>\$ 0.57</u>	

The accompanying notes are an integral part of the financial statements.

Chairperson: Chang-shiou Wu Manager: Chang-shiou Wu Accounting Manager: Shu-fen Yang

Chien Kuo Construction Co., Ltd.
Statements of Changes in Equity
From January 1 to December 31, 2020 and 2019

Unit: NT\$ Thousands, except for Dividends per share (in Dollars)

Code		Retained earnings					Others				
		Capital	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Gains (losses) on hedging instruments	Treasury Stock	Total Equity
A1	Balance, January 1, 2019	\$ 3,343,001	\$ 201,627	\$ 605,987	\$ 67,179	\$ 788,857	(\$ 109,003)	\$ 51,825	\$ -	\$ -	\$ 4,949,473
	Appropriation and distribution of retained earnings for 2018										
B1	Legal reserve	-	-	20,567	-	(20,567)	-	-	-	-	-
B17	Reversal of special reserve	-	-	-	(10,002)	10,002	-	-	-	-	-
B5	Cash dividends - NT\$0.50 per share	-	-	-	-	(167,150)	-	-	-	-	(167,150)
B17	Reversal of special capital reserve due to disposal of subsidiaries and branches	-	-	-	(7,176)	7,176	-	-	-	-	-
E3	Capital reduction	(668,600)	-	-	-	-	-	-	-	-	(668,600)
D1	Net income for 2019	-	-	-	-	179,635	-	-	-	-	179,635
D3	Other comprehensive income (net of tax) for 2019	-	-	-	-	2,293	(78,659)	130,706	1,042	-	55,382
D5	Total comprehensive income in 2019	-	-	-	-	181,928	(78,659)	130,706	1,042	-	235,017
Z1	Balance, December 31, 2019	2,674,401	201,627	626,554	50,001	800,246	(187,662)	182,531	1,042	-	4,348,740
	Appropriation and distribution of retained earnings for 2019										
B1	Legal reserve	-	-	18,910	-	(18,910)	-	-	-	-	-
B17	Reversal of special reserve	-	-	-	(18,090)	18,090	-	-	-	-	-
B5	Cash dividends appropriated to shareholders - NT\$0.50 per share	-	-	-	-	(133,720)	-	-	-	-	(133,720)
B17	Reversal of special capital reserve due to disposal of subsidiaries and branches	-	-	-	(8,499)	8,499	-	-	-	-	-
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income by associates	-	-	-	-	(8,573)	-	8,573	-	-	-
M5	Actual acquisition of partial equity of subsidiary	-	993	-	-	-	-	-	-	-	993
L1	Purchase of treasury stock	-	-	-	-	-	-	-	-	(97,768)	(97,768)
L3	Retirement of treasury stock	(100,000)	2,232	-	-	-	-	-	-	97,768	-
D1	Net income for 2020	-	-	-	-	373,905	-	-	-	-	373,905
D3	Other comprehensive income (net of tax) for 2020	-	-	-	-	(749)	(41,856)	(19,852)	(1,042)	-	(63,499)
D5	Total comprehensive income in 2020	-	-	-	-	373,156	(41,856)	(19,852)	(1,042)	-	310,406
Z1	Balance, December 31, 2020	<u>\$ 2,574,401</u>	<u>\$ 204,852</u>	<u>\$ 645,464</u>	<u>\$ 23,412</u>	<u>\$ 1,038,788</u>	<u>(\$ 229,518)</u>	<u>\$ 171,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,428,651</u>

The accompanying notes are an integral part of the financial statements.

Chairperson: Chang-shiou Wu

Manager: Chang-shiou Wu

Accounting Manager: Shu-fen Yang

Chien Kuo Construction Co., Ltd.

Statements of Cash Flows

From January 1 to December 31, 2020 and 2019

Unit: NT\$ Thousands

Code		2020	2019
	Cash flows from operating activities		
A10000	Income before income tax	\$ 428,858	\$ 244,963
A20010	Adjustments to reconcile income (loss):		
A22400	Shares of profits of subsidiaries and associates accounted for using equity method	(239,891)	(157,599)
A21300	Dividend income	(22,755)	(26,178)
A20100	Depreciation expense	17,322	16,448
A20400	Net gain on financial assets at fair value through profit or loss	(14,617)	-
A20900	Finance costs	11,081	15,448
A24100	Foreign exchange (gain) loss	7,528	3
A23200	Gain on disposal of associates accounted for using equity method	(3,510)	-
A24600	Impairment loss of investment properties	2,252	-
A22700	Loss on disposal of investment property	1,838	1,146
A21200	Interest income	(1,197)	(2,151)
A20200	Amortization expenses	1,011	1,741
A29900	Profit from on lease modification	(96)	-
A22500	Net loss on disposal of property, plant and equipment	3	131
A29900	Net loss on disposal of subsidiaries	-	371
A30000	Changes in operating assets and liabilities, net		
A31115	Financial assets at fair value through profit or loss	-	(8,100)
A31125	Contract assets	(287,491)	5,419
A31130	Notes receivable	5,625	13,713
A31150	Accounts receivables	188,590	(317,075)
A31180	Other receivables	(22)	555
A31200	Construction in progress	(2,349)	-
A31230	Prepayments	31,653	26,070
A31240	Other current assets	(1,092)	667
A32125	Contract liabilities	(159,248)	187,966
A32150	Accounts payable	417,124	386,375
A32180	Other payables	56,237	26,688
A32230	Other current liabilities	4,348	(898)
A32990	Other non-current liabilities	(335)	(7,221)
A33000	Cash inflow generated from operations	440,867	408,482
A33100	Interest received	1,174	2,156

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Code		2020	2019
A33300	Interest paid	(\$ 10,206)	(\$ 14,826)
A33500	Income taxes paid	(94,057)	(46,070)
AAAA	Net cash flows from operating activities	<u>337,778</u>	<u>349,742</u>
	Cash flows from investing activities		
B00100	Acquisition of financial assets at fair value through profit or loss	(725,964)	-
B00040	Acquisition of financial assets at amortized cost	(292,741)	-
B00200	Proceeds and disposal of financial assets at fair value through profit or loss	89,371	-
B01900	Net cash inflow from disposal of associates	12,250	-
B02200	Net cash outflow from acquisition of subsidiaries	(407,858)	-
B02300	Net cash inflow from disposal of subsidiaries	5,767	5,500
B02400	Capital reduction and return of share proceeds from subsidiary	120,000	453,474
B02700	Acquisition of property, plant and equipment	(3,429)	(4,133)
B03800	Decrease (increase) in refundable deposits	(4,190)	343
B04500	Acquisition of intangible assets	-	(1,904)
B05400	Acquisition of investment properties	-	(1,076)
B05500	Proceeds from disposal of investment properties	47,618	39,621
B06700	Decrease (increase) in pledged certificate of deposit	16,500	(8,800)
B07600	Dividends received	<u>991,513</u>	<u>477,964</u>
BBBB	Net cash flows from investing activities	(<u>151,163</u>)	<u>960,989</u>
	Cash flows from financing activities		
C00500	Increase in short-term bills payable	50,000	-
C00600	Decrease in short-term bills payable	(50,000)	-
C01600	Increase in long-term loans	-	149,860
C01700	Repayment of long-term loans	-	(450,000)
C03000	Increase in guarantee deposits received	11,695	15,317
C04020	Repayment of lease principal	(10,934)	(11,098)
C04500	Cash dividends paid	(133,720)	(167,150)
C04700	Capital reduction	-	(668,600)
C04900	Purchase of treasury stock	(<u>97,768</u>)	<u>-</u>
CCCC	Net cash flows from financing activities	(<u>230,727</u>)	(<u>1,131,671</u>)
DDDD	Effect of exchange rate changes on cash	(<u>7,528</u>)	(<u>3</u>)

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<u>Code</u>		<u>2020</u>	<u>2019</u>
EEEE	Net increase (decrease) in cash	(\$ 51,640)	\$ 179,057
E00100	Cash at beginning of year	<u>380,687</u>	<u>201,630</u>
E00200	Cash at end of year	<u>\$ 329,047</u>	<u>\$ 380,687</u>

The accompanying notes are an integral part of the financial statements.

Chairperson: Chang-shiou Wu Manager: Chang-shiou Wu Accounting Manager: Shu-fen Yang

Chien Kuo Construction Co., Ltd.

Notes to the Financial Statements

From January 1 to December 31, 2020 and 2019

(Amount in Thousands of New Taiwan Dollars, Unless Otherwise Stated)

I. Company History

Chien Kuo Construction Co., Ltd. (hereinafter "the Company") was founded in November 1960. It mainly engages in business relating to design, supervision of modification, and construction of various construction projects of different size, as well as trading of construction materials. The Company's stocks, which had been traded on the Taipei exchange since February 1, 1999, were transferred to be listed on Taiwan Stock Exchange in October 2003.

The financial statements were expressed in New Taiwan Dollars, the Company's functional currency.

II. Date and Procedures of Authorization of the Financial Statements

The financial statements were published upon approval by the Board of Directors on March 25, 2021.

III. Application of New and Amended Standards and Interpretations

(I) The first-time application of the amended "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to as "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the following, the application of the amended "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the IFRSs endorsed and issued into effect by the FSC did not result in significant changes on the accounting policies of the Company:

Amendments to IAS 1 and IAS 8 - "Definition of Materiality"

The Company adopted the amendments on January 1, 2020. The threshold for materiality was amended to be "could reasonably be expected to influence users" and the disclosures in financial statements were adjusted by removing immaterial information which may obscure material information.

(II) FSC-endorsed IFRSs that are applicable from 2021 onwards

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB
Amendment to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Date of issue
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 "Interest Rate Benchmark Reform (IRBR) - Phase 2"	Effective for annual reporting periods beginning on or after January 1, 2021
Amendment to IFRS 16, "Covid-19-Related Rent Concessions"	Effective for annual reporting periods beginning on or after June 1, 2020

As of the date the accompanying financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance as a result of the amendment of the related standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

(III) IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 2)
Amendment to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 4)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 5)
Amendment to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 6)
Amendment to IAS 37 "Onerous Contracts–Cost of Fulfilling a Contract"	January 1, 2022 (Note 7)

Note 1. Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

Note 2. Amendment to IFRS 9 is effective to exchanges of a financial liability or modifications of terms incurred during the annual periods beginning on or after 1 January 2022. Amendment to IFRS 41 "Agriculture" is effective to fair value measurements for annual periods beginning on or after 1 January 2022. Amendment to IFRS 1 "First-time Adoption of IFRS" is retrospectively effective for annual periods beginning on or after 1 January 2022.

Note 3. The Company shall apply this amendment to business combinations for which the acquisition date is beginning on or after January 1, 2022.

Note 4. The Company shall apply this amendment prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 5. This amendment is effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period.

Note 6. The Company shall apply this amendment to the property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 7. The amendment shall apply to contracts for which not all obligations have been fulfilled as of January 1, 2022.

1. Amendment to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"

This amendment prescribes that, as assessing whether a contract is onerous, the 'cost of fulfilling' a contract comprises both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

When initially applying the amendments, the Company shall recognize the cumulative effect to the retained earnings at the date of initial application.

2. Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendment clarifies whether or not a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether

the Company will exercise that right. The amendment also clarifies that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendment stipulates that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation," the aforementioned terms would not affect the classification of the liability.

3. Amendment to IAS 1 "Disclosure of Accounting Policies"

This amendment prescribes that the Company shall apply the concept of materiality in making decisions about the disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in the Company's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. This amendment also clarifies that:

Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed by the Company.

Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial.

Not all accounting policy information relating to material transactions, other events or conditions is itself material.

Moreover, this amendment gives examples to explain that it is likely to consider accounting policy information material to the financial statements if that information relates to material transactions, other events or conditions and the accounting policy:

- (1) Has been changed during the period by the Company, and this change results in a material change on information of the financial statements
- (2) Was chosen properly by the Company from alternatives permitted by IFRS Standards

- (3) Was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS Standard that specifically applies
- (4) Relates to an area for which the Company is required to make significant judgments and assumptions
- (5) Relates to complex accounting, and users of the Company's financial statements would otherwise not understand the relating transactions, other events or conditions

4. Amendment to IAS 8 "Definition of Accounting Estimates"

This amendment defines accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty." The accounting policy may require items in financial statements to be measured at monetary amounts that cannot be observed directly and must instead be estimated. Therefore, an input or a measurement technique has to be used to develop an accounting estimate to achieve this goal. The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

Except the above-mentioned impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the effects on its financial position and financial performance of the amendments to the related standards and interpretations. Any relevant effect will be disclosed when the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The financial statements were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

(II) Basis of preparation

The financial statements were prepared on a historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of defined benefit obligations less fair value of plan assets.

The fair value measurement is classified into 3 levels based on the observability and importance of related input:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 inputs are unobservable inputs for the asset or liability.

When preparing the financial statements, the Company accounts for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the consolidated financial statements of this year, the differences of the accounting treatment between the basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates, share of other comprehensive income of subsidiaries in the financial statements, and other related equity items.

(III) Criteria for Classification of Current and Non-current Assets and Liabilities

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets that are expected to be realized within 12 months after the balance sheet date; and
3. Cash, excluding those that are restricted for being used to exchange or settle liabilities beyond 12 months after the balance sheet date.

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities to be settled within 12 months after the balance sheet date; and
3. Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date.

The Company classifies all other assets or liabilities that are not specified above as non-current.

The Company is engaged in the construction business, which has an operating cycle of over one year. The normal operating cycle applies when considering the classification of current or non-current for the construction-related assets and liabilities.

(IV) Foreign currencies

In preparing the financial statement, transactions denominated in a currency other than the Company's functional currency (i.e. foreign currency) are translated into

the Company's functional currency by using the exchange rate at the date of the transaction before they are recorded.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences arising on the settlement or on translating of monetary items are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss, except for items whose changes in fair value are recognized in other comprehensive income, where the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the exchange rates prevailing on the transaction dates and are not re-translated.

In preparing the financial statements, assets and liabilities of a foreign operation (i.e. a subsidiary of which the activities are based or conducted in a country or currency other than those of the Company) are translated into New Taiwan Dollars by using the exchange rates at each balance sheet date. The income and expense items are translated at the average rate of the year. The exchange differences arising are recognized in other comprehensive income.

Upon disposal by the Company of its ownership interests in a foreign operation, all cumulative exchange differences that are attributable to owners of the Company and relating to such foreign operation are to be reclassified to profit or loss.

(V) Investment on Subsidiaries

The Company has adopted the equity method to account for investments in subsidiaries.

Subsidiaries are entities controlled by the Company.

Under the equity method, an investment is initially recognized at cost. The carrying amount of investment is adjusted thereafter for the post-acquisition changes in the Company's share of profit or loss and other comprehensive income and profit distribution of the subsidiary. In addition, changes in other equity of the subsidiary attributable to the Company shall be recognized in accordance with the Company's shareholding percentage.

When a change in the Company's ownership interests in a subsidiary does not cause it to lose control of the subsidiary, it shall be accounted for as equity transaction. The difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

(VI) Investment in associates

Associates are entities over which the Company has significant influence and which is neither a subsidiary nor a joint venture.

The combined company uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in associates are initially recognized at cost and adjusted thereafter to recognize the Company's shares of the profit or loss and other comprehensive income of the associates.

(VII) Property, Plant and Equipment

Property, Plant and Equipment (PP&E) are stated at cost and subsequently measured at cost less accumulated depreciation and impairment.

Except for freehold land which is not depreciated, the depreciation of PP&E in its useful life is made on a straight-line basis for each major part/component separately. The Company reviews the estimated useful lives, residual value and depreciation methods at least once at each financial year-end and applies the changes in accounting estimates prospectively.

When derecognizing PP&E, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in loss or profit.

(VIII) Investment Property

Investment property is real estate held for rent or capital appreciation or both.

Investment property is initially measured at costs (including transaction costs) and is subsequently measured at costs less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight-line basis by the Company.

In the event of derecognition of an investment property, the difference between its net disposal proceeds and carrying amount is recognized in loss or profit.

(IX) Impairment of assets related to property, plant and equipment and right-of-use assets

On each balance sheet date, the Company evaluates whether there is any indication that its property, plant and equipment and right-of-use assets have suffered an impairment loss. If there is an indication that an asset may be impaired, then the

Company estimates the recoverable amount of such asset. If it is not possible to estimate the recoverable amount of an individual asset, the Company determines the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the fair value minus cost of sales or the value in use, whichever is higher. If the carrying amount of an individual asset or a cash generating unit is less than its recoverable amount, the carrying amount is reduced to its recoverable amount, with an impairment loss recognized in profit or loss.

If an impairment loss is reversed subsequently, the carrying amount of the asset or cash generating unit is raised to its recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversal of impairment loss is recognized in profit or loss.

(X) Financial Instruments

Financial assets and liabilities are recognized in the balance sheet when the Company becomes a party to the contract of financial instrument.

Financial assets and liabilities are recognized initially based on fair value plus transaction costs of their acquisition or issuance, if they are not measured at fair value through profit or loss. For financial assets and liabilities that are measured at fair value through profit or loss, such transaction costs are recognized immediately in profit or loss.

1. Financial assets

Regular trading of financial assets is recognized or derecognized in accordance with trade date accounting.

(1) Types of measurement

Financial assets held by the Company comprise financial assets measured at fair value through profit or loss (FVTPL), financial assets at amortized cost, investments in equity instruments measured at fair value through other comprehensive income (FVTOCI).

A. Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets mandatorily measured at fair value through profit or loss.

Such assets are measured at fair value, of which any dividends and interest accrued are recognized as other revenue and remeasurement gains or losses are recognized in profit or loss. Please refer to Note XXV for the determination of fair value.

B. Financial assets measured at amortized cost

When the Company's investments in financial assets satisfy the following two conditions simultaneously, they are classified as financial assets measured at amortized cost:

- a. Held under a business model whose purpose of holding such financial assets is to collect the contractual cash flows; and
- b. The contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such assets (including cash, bills payable with repurchase agreement, restricted term deposit, notes receivable, accounts receivable and other receivables that are measured at amortized cost) are measured at the amortized cost equal to the gross carrying amount as determined using the effective interest method less any impairment loss; any foreign exchange gain or loss arising therefrom is recognized in profit or loss.

Except for the following two circumstances, interest revenue is calculated at the effective interest rate times the gross carrying amount of financial assets:

- a. In the case of purchased or originated credit-impaired financial assets, interest revenue is recognized by applying the credit-adjusted effective interest rate to the amortized cost.
- b. In the case of a financial asset that is not a purchased or originated credit-impaired financial asset but subsequently has become credit-impaired, interest revenue is calculated by applying the effective interest rate to the amortized cost.

Credit-impaired financial assets are those where the issuer or debtor has experienced major financial difficulties or defaults, the debtor is likely to claim bankruptcy or other financial restructuring, or disappearance of an active market for the financial asset due to financial difficulties.

C. Investment in equity instruments measured at fair value through other comprehensive income (FVTOCI)

The Company may, at initial recognition, make an irrevocable election to designate an equity instrument that is neither held for trading nor

contingent consideration arising from a business combination to be measured at FVTOCI.

Investments in an equity instrument measured at FVTOCI are measured at fair value, and any subsequent fair value changes are recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss upon their disposal; instead, they will be transferred to retained earnings.

Dividends of investments in equity instruments measured at FVTOCI are recognized in profit or loss when the Company's right to receive payment is established, unless such dividends clearly represent the recovery of a part of the investment cost.

(2) Impairment of financial assets and contract assets

The Company evaluates credit losses based on expected credit loss (ECL) at each balance sheet date for financial assets at amortized cost (including accounts receivable) and impairment losses on contract assets.

Loss allowances are recognized against accounts receivable and contract assets based on the expected credit loss during the term of duration. For all other financial instruments, the Company recognizes their loss allowance at an amount equal to 12-month expected credit losses if their credit risk has not increased significantly since initial recognition, or otherwise their lifetime expected credit losses.

An ECL is a weighted average credit loss with the risks of default as weights. The 12-month ECL on a financial instrument represents the portion of its lifetime ECL that is expected to result from possible default events within 12 months after the reporting date, whereas the lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument.

Through the loss allowance account, the carrying amount of all financial assets is reduced for the impairment loss, except for the investment in debt instruments measured at FVTOCI for which the impairment loss is recognized in other comprehensive income and does not reduce the carrying amount.

(3) Derecognition of financial assets

The Company derecognizes financial assets when the contractual rights to the cash inflow from the asset expire or when the company transfers all the

risks and rewards of ownership of the financial assets to other enterprises substantially.

On derecognition of a financial asset measured at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss. On derecognition of equity instruments measured at fair value through other comprehensive income in its entirety, the accumulated profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instruments

The repurchase of equity instruments issued by the Company is recognized in equity as a deduction. The purchase, sale, issue or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

All financial liabilities of the Company are subsequently measured at amortized cost using the effective interest method.

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

(XI) Revenue Recognition

After identifying the performance obligations of contracts with the customers, the Company allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are met.

Revenue from construction contracts

For real estate construction contracts, the Company recognizes revenue over the construction period and measures the progress on the basis of costs incurred relative to the total expected costs because costs incurred by the construction works are directly related to the progress in satisfying a performance obligation. A contract asset is recognized during the construction and is reclassified to accounts receivable at the point at which it is invoiced to the customer. If the payment received exceeds the revenue recognized to date, the Company recognizes a contract liability for the difference. Certain payments retained by the customer as specified in the contract is intended to ensure that the Company adequately completes all its contractual obligations. Such retention receivables are recognized as contract assets until the Company satisfies its performance obligations.

If the outcome of the performance obligations cannot be measured reliably, construction revenue is recognized only to the extent of the expenses incurred for satisfaction of performance obligations that are expected to be recovered.

(XII) Leases

The Company evaluates whether a contract is (or includes) a lease on the contract establishment date.

1. The Company as lessor

Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Under operating leases, lease payments after deducting lease incentives are recognized as revenue on a straight-line basis over the relevant lease term.

2. The Company as lessee

Except that payments for leases of low-value assets and short-term leases to which exemption is applicable are recognized as expenses on a straight-line basis over the lease term, other leases are recognized as right-of-use assets and lease liabilities on the lease start date.

Right-of-use assets are initially measured at cost (including the initially measured amount of lease liabilities, the lease payments paid before the lease start date less the lease incentives received, the initial direct cost, and the estimated cost of restoring underlying assets), and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, and the re-measurement of the lease liabilities are adjusted accordingly. Right-of-use assets are separately presented on the balance sheets.

Right-of-use assets are depreciated on a straight-line basis from the lease start date to the end of the useful life or the expiration of the lease term, whichever is earlier.

A lease liability is initially measured at the present value of lease payments (including fixed payments and in-substance fixed payments). When the interest rate implicit in a lease can be readily determined, lease payments are discounted using the interest rate. If the interest rate implicit in a lease cannot be easily determined, lease payments are discounted using the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expenses are amortized over the lease term. In the

case that future lease payments change as a result of a change in the lease term, the Company remeasures the lease liability and correspondingly adjusts the right-of-use asset, except in the case when the carrying amount of the right-of-use asset has reduced to zero, in which case any residual remeasured amount shall be recognized in profit or loss. Lease liabilities are separately presented on the balance sheets.

(XIII) Employee benefits

1. Short-term employee benefits

Related liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

Payments that should be contributed to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service.

The defined benefit cost under defined benefit retirement plans (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. The cost of services (including the cost of services of the current period and the cost of services of the previous period, and profit and loss from repayment) and the net interest of the net defined benefit liability (asset) are recognized as employee benefit expenses as they occur. Remeasurement (comprising actuarial gains and losses, and return on plan assets net of interests) is recognized in other comprehensive income and included in retained earnings, and is not recycled to profit or loss in subsequent periods.

The net defined benefit liabilities (assets) are the shortfall (surplus) of the defined benefit retirement plan. A net defined benefit asset shall not exceed the present value of the contributions to be refunded from the plan, or the reductions in future contributions.

3. Termination benefits

The Company will recognize the termination benefits liability when it is no longer able to revoke the termination benefits offer or when it recognizes the related restructuring costs (whichever is earlier).

(XIV) Income tax

Income tax expenses are the sum of current-period income tax and deferred income tax.

1. Current-period income tax

An extra tax is levied on the unappropriated earnings pursuant to the Income Tax Act of the Republic of China and is recorded as income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.

Adjustments to income tax payable from previous years are recognized in the income tax of current period.

2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income.

Deferred tax liabilities are generally recognized based on all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that there is taxable income to be applied to temporary difference reductions or loss credits.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deductible temporary differences associated with such investment and equity, when it is probable that sufficient taxable income will be available to realize such temporary difference, a deferred tax asset is recognized, but only to the extent of the amount that is expected to be reversed in the foreseeable future.

The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. The carrying amount of items that were not previously recognized as a deferred tax asset is also reviewed at each balance sheet date and is raised when it becomes probable that sufficient taxable profit will be available in the future to recover all or part of the asset.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected realization of assets or settlement of liabilities. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. Measurement of deferred income tax liabilities and assets is a reflection of the tax consequences resulting

from the means by which the Company expects to recover or settle the carrying amount of its assets and liabilities at the balance sheet date.

3. Current and deferred taxes for the year

Current income tax and deferred income tax are recognized in profit or loss, except that for items associated with other comprehensive income, such taxes are recognized in other comprehensive income.

V. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

When the Company adopts accounting policies, the management must make judgments, estimates and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from these estimates.

The Company takes into account the economic impact of the COVID-19 outbreak in its significant accounting estimates and the management shall continue to review the estimates and basic assumptions. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

Construction contracts

Revenue and cost of construction contracts are recognized separately based on the percentage of completion of contractual activities, and the percentage of completion is measured at the proportion of the contract costs incurred to date to the estimated total contract costs. Changes in incentives and compensations stipulated in the contracts will only be included in and recognized as contract revenue when relevant uncertainties are subsequently eliminated and the probability of reversing the amount of accumulated contract revenue is quite low.

As estimated costs and contractual activities are evaluated and judged by the management based on the nature of the different construction projects, the estimated amount of the contract, the duration of construction, the undertaking of construction and the construction methods, they may affect the calculation of the percentage of completion and the profit or loss of construction.

VI. Cash

	December 31, 2020	December 31, 2019
Cash on hand and revolving funds	\$ 2,422	\$ 1,772
Bank checks and demand deposits	<u>326,625</u>	<u>378,915</u>
	<u>\$ 329,047</u>	<u>\$ 380,687</u>

VII. Financial Instruments at Fair Value through Profit or Loss

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
Current		
Domestic listed stocks	\$ 75,770	\$ -
Beneficiary certificates	<u>529,819</u>	<u>-</u>
	<u>605,589</u>	<u>-</u>
Non-current		
Private equity funds	<u>17,100</u>	<u>8,100</u>
	<u>\$ 622,689</u>	<u>\$ 8,100</u>

VIII. Financial assets at fair value through other comprehensive income

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Investment in equity instruments		
Domestic listed stocks		
Current	\$ 21,231	\$ 24,909
Non-current	<u>398,003</u>	<u>410,826</u>
	<u>\$ 419,234</u>	<u>\$ 435,735</u>

The Company invested in domestic common stock pursuant to its medium-term and long-term strategies for the purpose of making a profit. The management elected to designate these investments to be measured at fair value through other comprehensive income as they believed that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the aforementioned strategy of holding these investments for long-term purposes.

Details of financial instruments pledged at fair value through other comprehensive income are provided in Note XXVII.

IX. Financial Assets at Amortized Cost

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Restricted bank deposit	\$ 63,364	\$ -
Restricted bank term deposit	199,360	-
Restricted bills with repurchase agreement	30,017	-
Pledged certificate of deposit	<u>-</u>	<u>16,500</u>
	<u>\$ 292,741</u>	<u>\$ 16,500</u>

The above restricted financial assets are held by the Company in accordance with The Management, Utilization, and Taxation of Repatriated Offshore Funds Act (hereinafter referred to as the "Repatriated Offshore Funds Act"), and their application is subject to the restriction of the Repatriated Offshore Funds Act.

The interest rate intervals of time deposits and bonds with repurchase agreement on the balance sheet date are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Restricted bank term deposit	0.35%	-
Restricted bills with repurchase agreement	0.63%~0.75%	-
Pledged certificate of deposit	-	0.15%

Details of pledged financial assets measured at amortized cost are provided in Note XXVII.

X. Notes Receivables and Accounts Receivables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	<u>\$ 7,500</u>	<u>\$ 13,125</u>

Accounts receivables

Measured at amortized cost

Gross Carrying Amount	\$ 398,542	\$ 587,132
Less: Allowance losses	(<u>9,086</u>)	(<u>9,086</u>)
	<u>\$ 389,456</u>	<u>\$ 578,046</u>

Accounts receivables

The credit policy of the Company is mainly contract-based, and the notes receivable and accounts receivable are not interest-bearing. To minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual account receivable on the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes that the Company's credit risk has been significantly reduced.

The Company writes off accounts receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery of the receivables. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, they are recognized in profit or loss.

Aging analysis of notes receivable of the Company is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Not overdue	<u>\$ 7,500</u>	<u>\$ 13,125</u>

Aging analysis of accounts receivable of the Company is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Not overdue	\$ 360,417	\$ 576,176
Less than 180 days	18,605	-
181~360 days	8,460	-
More than 361 days	<u>11,060</u>	<u>10,956</u>
Total	<u>\$ 398,542</u>	<u>\$ 587,132</u>

Loss allowance for accounts receivable did not change for the year ended December 31, 2020 and 2019.

XI. Inventories (for construction business)

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Xinzhi Section, Xinzhuang District	<u>\$ 465,926</u>	<u>\$ 463,577</u>

The Company acquired the land sitting at the northern part of the industrial zone in Xinzhuang Dist. in July 2017 with purpose of holding such land to construct commercial buildings for sale. The land is also pledged to financial institutions for loans. Please refer to Notes XV and XXVII.

XII. Investments accounted for using equity method

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Investment in subsidiaries	\$ 3,839,350	\$ 4,352,596
Investment in associates	<u>-</u>	<u>9,652</u>
	<u>\$ 3,839,350</u>	<u>\$ 4,362,248</u>

(I) Investment in subsidiaries

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Golden Canyon Limited	\$ 1,446,600	\$ 2,356,663
Silver Shadow Holding Limited	1,812,134	1,718,013
Chien Kuo Building Co., Ltd.	100,855	100,135
Shun Long International Electrical Engineering Co., Ltd.	79,430	45,354
Anping Property Co., Ltd.	-	132,431
Golden Canyon Venture Capital Investment Co., Ltd.	<u>400,331</u>	<u>-</u>
	<u>\$ 3,839,350</u>	<u>\$ 4,352,596</u>

The percentage of ownership and voting rights of the above-mentioned investee companies on the balance sheet date are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Golden Canyon Limited	100%	100%
Silver Shadow Holding Limited	100%	100%
Chien Kuo Building Co., Ltd.	100%	100%
Shun Long International Electrical Engineering Co., Ltd.	100%	86.61%
Anping Property Co., Ltd.	-	100%
Golden Canyon Venture Capital Investment Co., Ltd.	100%	-

The recognition of shares of profits and shares of other comprehensive income from subsidiaries accounted for using the equity method in 2020 and 2019 was based on the financial statements audited by certified public accountants of subsidiaries for the same periods.

(II) Investments in associates

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Associates not individually significant</u>		
WeBIM Services Co., Ltd. (Note 1)	<u>\$ -</u>	<u>\$ 9,652</u>

Summary Information on Associates Not Individually Significant

	<u>2020</u>	<u>2019</u>
Shares attributable to the Company		
Net income (loss) from continuing operations	(\$ 426)	\$ 1,106
Total comprehensive income	(\$ 426)	\$ 1,106

Note 1: The Company disposed of 27.5% equity ownership in WeBIM Services on January 22, 2019 with a disposal consideration of \$5,500 thousand, and a loss on disposal of \$371 thousand was recognized for the part of the disposal consideration lower than the net value. After the disposal, the Company lost control over WeBIM Services and adopted the equity method for valuation. The remaining equity of WeBIM Services was disposed of on August 17, 2020 with a gain on disposal of \$3,510 thousand recognized.

XIII. Lease Agreement

(I) Right-of-use assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount of right-of-use assets		
Buildings	\$ 23,543	\$ 28,724
Transportation Equipment	<u>1,506</u>	<u>3,454</u>
	<u>\$ 25,049</u>	<u>\$ 32,178</u>
	<u>2020</u>	<u>2019</u>
Additions to right-of-use assets	<u>\$ 13,318</u>	<u>\$ 1,847</u>
Depreciation expense of right-of-use assets		
Buildings	\$ 9,120	\$ 8,940
Transportation Equipment	<u>1,947</u>	<u>1,787</u>
	<u>\$ 11,067</u>	<u>\$ 10,727</u>

(II) Lease liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount of lease liabilities		
Current (listed as other current liabilities)	<u>\$ 9,408</u>	<u>\$ 10,142</u>
Non-current (listed as other non-current liabilities)	<u>\$ 15,955</u>	<u>\$ 22,312</u>

The discount rate intervals of the lease liabilities are as follows:

	<u>2020</u>	<u>2019</u>
Buildings	1.65%	1.65%
Transportation Equipment	3.00%	3.00%

(III) Other lease information

	<u>2020</u>	<u>2019</u>
Short-term lease expense	<u>\$ 5,480</u>	<u>\$ 2,790</u>
Total cash outflow on lease	<u>\$ 16,414</u>	<u>\$ 13,888</u>

XIV. Investment Property

	<u>2020</u>	<u>2019</u>
<u>Cost</u>		
Balance - beginning of year	\$ 182,312	\$ 233,037
Addition	-	1,076
Disposal	(<u>62,262</u>)	(<u>51,801</u>)
Balance - end of year	<u>\$ 120,050</u>	<u>\$ 182,312</u>

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	2020	2019
<u>Accumulated depreciation and impairment</u>		
Balance - beginning of year	\$ 31,805	\$ 41,592
Depreciation expense	1,038	1,247
Impairment loss	2,252	-
Disposal	(12,806)	(11,034)
Balance - end of year	<u>\$ 22,289</u>	<u>\$ 31,805</u>
Net amount - end of year	<u>\$ 97,761</u>	<u>\$ 150,507</u>
Fair Value	<u>\$ 118,405</u>	<u>\$ 169,145</u>

Depreciation expenses of investment property are computed using the straight-line method over 3~50 years of useful lives.

The fair value of the investment property is derived by reference to the most recent closing prices of properties sold in the adjacent area.

For the amount of investment property pledged by the Company as collateral against its secured borrowings, please refer to Note XXVII.

XV. Loans

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured loans (Note XXVII)</u>		
Bank loans (1)	<u>\$ 350,000</u>	<u>\$ 350,000</u>
<u>Unsecured loans</u>		
Long-term commercial paper payable (2)	600,000	600,000
Less: discount on long-term commercial paper payable	(858)	(1,009)
	599,142	598,991
Less: Current portion	<u>449,292</u>	<u>-</u>
	<u>149,850</u>	<u>598,991</u>
Long-term loans	<u>\$ 499,850</u>	<u>\$ 948,991</u>
Annual interest rate (effective rate)	1.35%~1.68%	1.49%~1.68%

1. To obtain land held for construction (classified as inventories (for construction business)), the Company entered into the medium-term and long-term loan contract with the bank in June 2017. The maturity date is July 12, 2022. Interest is being paid monthly, and the principal should be repaid in full upon maturity. The land is pledged as collateral.

2. The long-term commercial promissory papers issued by the Company are issued cyclically according to the contract. Since the original contract period is more than 12 months and the Company intends to continue the long-term refinancing, it is classified as long-term commercial promissory note.

The long-term commercial papers payable that have not matured on the balance sheet date are as follow:

December 31, 2020

Guarantor/Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Interest interval	Collateral
Shanghai Commercial and Savings Bank	\$ 300,000	(\$ 466)	\$ 299,534	1.648%	None
Entie Commercial Bank	150,000	(242)	149,758	1.678%	None
Mega International Commercial Bank	<u>150,000</u>	(<u>150</u>)	<u>149,850</u>	1.360%	None
	<u>\$ 600,000</u>	(<u>\$ 858</u>)	<u>\$ 599,142</u>		

December 31, 2019

Guarantor/Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Interest interval	Collateral
Shanghai Commercial and Savings Bank	\$ 300,000	(\$ 526)	\$ 299,474	1.648%	None
Entie Commercial Bank	150,000	(273)	149,727	1.678%	None
Mega International Commercial Bank	<u>150,000</u>	(<u>210</u>)	<u>149,790</u>	1.487%	None
	<u>\$ 600,000</u>	(<u>\$ 1,009</u>)	<u>\$ 598,991</u>		

XVI. Accounts Payable

Accounts payable include construction retainage payable for construction contracts. Construction retainage payable is not interest-bearing, and will be paid at the end of the retention period of each construction contract. The aforesaid retention period, usually more than one year, is the normal business cycle of the Company.

XVII. Post-retirement Benefit Plans

(I) Defined Contribution Plan

The pension system applicable to the Company under the "Labor Pension Act" is a defined contribution plan under government administration, to which the Company contributes 6% of employees' monthly salary and wages to their personal accounts at the Bureau of Labor Insurance.

(II) Defined Benefit Plans

The Company's pension system under the "Labor Standards Act" is a defined benefit pension plan managed by the government. Pension payment to an employee is calculated based on her/his number of service years and average salary/wage of the last 6 months prior to approved retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to a retirement fund that is deposited with Bank of Taiwan under the name of The Supervisory Committee of Workers' Retirement Fund. Before the end of year, if the balance at the retirement fund is not sufficient to pay employees who will meet the retirement criteria next year, a lump-sum deposit for the shortfall should be made before the end of March of the following year. The retirement fund is managed by the Bureau of Labor Funds, Ministry of Labor, and the Company does not have rights to influence its investment management strategy.

The funds for defined benefit plans included in the balance sheets are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations	\$ 38,752	\$ 36,027
Fair value of plan assets	(<u>35,806</u>)	(<u>33,681</u>)
Net defined benefit liabilities (listed as other non-current liabilities)	<u>\$ 2,946</u>	<u>\$ 2,346</u>

Changes in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
January 1, 2019	<u>\$ 41,152</u>	(<u>\$ 34,143</u>)	<u>\$ 7,009</u>
Service costs			
Current service cost	390	-	390
Past service cost and settlement gain or loss	(841)	-	(841)
Interest expense (income)	<u>408</u>	(<u>345</u>)	<u>63</u>
Recognized in profit and loss	(<u>43</u>)	(<u>345</u>)	(<u>388</u>)
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	(1,240)	(1,240)
Actuarial loss - Experience adjustments	(2,645)	-	(2,645)
Actuarial gain - Change in demographic and financial assumptions	<u>1,019</u>	<u>-</u>	<u>1,019</u>
Recognized in other comprehensive income	(<u>1,626</u>)	(<u>1,240</u>)	(<u>2,866</u>)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Contribution from employer	-	(1,409)	(1,409)
Benefits paid	(2,512)	2,512	-
Settlements	(944)	944	-
December 31, 2019	<u>36,027</u>	<u>(33,681)</u>	<u>2,346</u>
Service costs			
Current service cost	333	-	333
Interest expense (income)	<u>250</u>	<u>(236)</u>	<u>14</u>
Recognized in profit and loss	<u>583</u>	<u>(236)</u>	<u>347</u>
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	(1,206)	(1,206)
Actuarial loss - Experience adjustments	852	-	852
Actuarial gains - Change in demographic assumptions	<u>1,290</u>	<u>-</u>	<u>1,290</u>
Recognized in other comprehensive income	<u>2,142</u>	<u>(1,206)</u>	<u>936</u>
Contribution from employer	<u>-</u>	<u>(683)</u>	<u>(683)</u>
December 31, 2020	<u>\$ 38,752</u>	<u>(\$ 35,806)</u>	<u>\$ 2,946</u>

The amounts recognized in profit or loss for the defined benefit plans are summarized by function as follows:

	2020	2019
By function		
Operating cost	\$ 202	\$ 318
Operating expenses	<u>145</u>	<u>(706)</u>
	<u>\$ 347</u>	<u>(\$ 388)</u>

The Company has the following risks owing to the implementation of the pension system under the "Labor Standards Act":

1. Investment risk: The pension funds are invested in local and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor, or through its designated agencies. However, the rate of return on plan assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.

2. Interest rate risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation. However, the return on the debt investments of the plan assets will also increase. Those two will partially offset each other.
3. Payroll risk: The present value of the defined benefit obligation is calculated by reference to the future salary of plan participants. As such, an increase in the salary of the plan participants will raise the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligations is calculated by certified actuaries and the major assumptions on the measurement date are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate	0.30%	0.70%
Expected growth rate of salary	2.00%	2.00%

If reasonable changes occur in major actuarial assumptions respectively with other assumptions unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate		
Increase by 0.25%	(\$ 813)	(\$ 810)
Decrease by 0.25%	\$ 838	\$ 836
Expected growth rate of salary		
Increase by 0.25%	\$ 822	\$ 823
Decrease by 0.25%	(\$ 802)	(\$ 802)

As actuarial assumptions may be related to one another, the likelihood of fluctuation in a single assumption is not high. Therefore, the aforementioned sensitivity analysis may not reflect the actual fluctuations of the present value of defined benefit obligations.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Expected contribution amounts within 1 year	\$ 680	\$ 660
Average maturity period of defined benefit obligations	8 years	9 years

XVIII. Equity

(I) Capital

Common stock

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Authorized shares (in 1,000 shares)	<u>500,000</u>	<u>500,000</u>
Authorized capital	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of issued and paid shares (in 1,000 shares)	<u>257,440</u>	<u>267,440</u>
Issued capital	<u>\$ 2,574,401</u>	<u>\$ 2,674,401</u>

The par value of common stock issued is \$10 per share. Each share is entitled to the right to vote and receive dividend.

To adjust the capital structure and increase the return on equity of the stockholders of the Company, the Board of Directors resolved on June 21, 2019 for a capital reduction for which cash was paid as return of capital to stockholders. The amount of capital reduction was \$668,600 thousand, 66,860 thousand shares were subtracted and the capital reduction ratio was 20%. The share capital is 267,440 thousand shares after the capital reduction. The aforementioned capital reduction, after being approved and put into effect by the Financial Supervisory Commission on September 4, 2019, had its record date set on September 23, 2019 and had completed registration modification on October 8, 2019, and the capital reduction refunds were fully paid to shareholders in December 2019.

To maintain the Company's credit and stockholders' equity, the Board of Directors resolved on March 27, 2020 to purchase treasury stock and set the record date for capital reduction on August 14, 2020. The paid-in capital is 257,440 thousand shares after the retirement of 10,000 thousand shares of treasury stock.

(II) Additional paid-in capital

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>May be used to offset deficits,</u>		
<u>appropriated as cash dividends or</u>		
<u>transferred to capital (1)</u>		
Stock issuance premium	\$ 190,053	\$ 197,435
Treasury stock transactions	13,528	3,914
Difference between the share price and carrying amount of the acquired shares of the subsidiary	993	-
<u>May only be used to offset deficits</u>		
Adjustment in additional paid-in capital of subsidiaries using equity method	73	73
<u>May not be used for any purpose</u>		
Employee stock options	205	205
	<u>\$ 204,852</u>	<u>\$ 201,627</u>

(1) This type of additional paid-in capital may be used to offset deficits, if any, or to distribute cash dividends or to transfer to capital, but the transfer is up to a certain ratio of paid-in capital every year.

(III) Retained earnings and dividend policy

According to the earnings appropriation policy set forth in the Articles of Incorporation of the Company, the annual net income, if any, should be used to pay

off all the taxes and duties, as well as to compensate prior years' deficits. The remaining amount, if any, should be appropriated in the following order:

1. Provide legal reserve pursuant to laws and regulations.
2. Provide (or reverse) special reserves pursuant to laws and regulations or for operating necessities.
3. The remaining balance, along with undistributed earnings of prior years, shall be proposed by the Board of Directors for earnings distribution, which shall then be resolved by the Stockholders' Meeting.

Please refer to Note XX (VI) - "Remuneration for Employees and Directors" for the policy of employee and director bonus distribution stipulated in the Articles of Incorporation.

The Company's dividend policy takes into account the environment and growth of the industry, long-term financial plans and optimization of stockholders' value. Cash dividends to be appropriated in a year should not be less than 10% of the total dividends to be appropriated for the year.

The Company appropriates and reverses special reserves in accordance with the regulations in Jin-Guan-Zheng-Fa's Letter No. 1010012865 from the FSC and "Q&A on the Applicability of the Appropriation of Special Reserve after the Adoption of the International Financial Reporting Standards (IFRSs)." If other stockholders' equity deductions are reversed afterward, the reversal may be applicable for the appropriation of earnings.

The Company shall set aside a legal reserve until it equals the Company's paid-in capital. Such legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be distributed in cash.

The Company's proposals of earnings appropriation for 2019 and 2018 were resolved in the annual stockholders' meetings on June 23, 2020 and June 21, 2019, respectively, as follows:

	Proposal of Earnings Appropriation		Dividends per share (NT\$)	
	2019	2018	2019	2018
Legal reserve	\$ 18,910	\$ 20,567		
Reversal of special reserve	(18,090)	(10,002)		
Cash dividends	133,720	167,150	\$ 0.50	\$ 0.50

The Company's proposal of earnings appropriation and dividends per share for 2020, as proposed by the Board of Directors on March 25, 2021 is as follows:

	Proposal of Earnings Appropriation	Dividends per share (NT\$)
Legal reserve	\$ 37,308	
Special capital reserve	34,854	
Cash dividends	205,952	\$ 0.80

The distribution of earnings for 2020 is subject to the resolution of the annual stockholders' meeting to be held on June 23, 2021.

(IV) Treasury Stock

Accounting Item	Purchase for Cancellation (In 1,000 Shares)
Number of shares as of January 1, 2020	-
Increase for the year	10,000
Cancellation for the year	(10,000)
Number of shares as of December 31, 2020	-

Treasury stock held by the Company may not be pledged nor assigned rights such as dividend appropriation and voting rights in accordance with the Securities and Exchange Act.

XIX. Revenue

(I) Revenue from contracts with customers

	2020	2019
Revenue from construction	<u>\$ 6,753,748</u>	<u>\$ 4,756,126</u>

The real estate construction contracts of the construction department specify the adjustment for price index fluctuations, performance bonus and penalties for delay, and the Company estimates the most possible amount for transaction price by reference to the past contracts of similar conditions and scale.

(II) Contract balance

	December 31, 2020	December 31, 2019
Accounts receivable (Note X)	<u>\$ 389,456</u>	<u>\$ 578,046</u>
Contract assets		
Property construction	\$ 819,682	\$ 654,002
Construction Retainage Receivable	768,203	646,392
Less: Allowance losses	(1,514)	(1,514)
	<u>\$ 1,586,371</u>	<u>\$ 1,298,880</u>
Contract liabilities		
Property construction	<u>\$ 86,448</u>	<u>\$ 245,696</u>

(III) Contracts with customers that have not been fully completed

The aggregate amount of the amortized transaction price of which the performance obligations have not been satisfied and the anticipated years to recognize the revenue for the construction contracts signed by the Company as of December 31, 2020 are as follows:

<u>Anticipated years to recognize revenue</u>	<u>December 31, 2020</u>
2021 ~ 2024	<u>\$ 8,885,920</u>

XX. Net Income

Net income for the current year comprises the following items:

(I) Other Income

	<u>2020</u>	<u>2019</u>
Dividend income	\$ 22,755	\$ 26,178
Revenue from manpower support	18,000	-
Interest income	1,197	2,151
Non-payable warranty liability transferred to revenue	-	10,504
Others	<u>2,930</u>	<u>2,457</u>
	<u>\$ 44,882</u>	<u>\$ 41,290</u>

(II) Other Gains and Losses

	<u>2020</u>	<u>2019</u>
Loss on foreign currency exchange, net	(\$ 30,663)	(\$ 2,417)
Gain (loss) on valuation of financial assets at fair value through profit or loss	14,617	(900)
Gain on disposal of associates accounted for using the equity method	3,510	-
Litigation compensation loss	(2,394)	-
Impairment loss on investment properties	(2,252)	-
Loss on disposal of investment property, net	(1,838)	(1,146)
Gains on lease modification	96	-
Loss from disposal of property, plant and equipment, net	(3)	(131)
Loss on disposal of subsidiaries	-	(371)
Others	<u>(6,596)</u>	<u>(5,862)</u>
	<u>(\$ 25,523)</u>	<u>(\$ 10,827)</u>

(III) Finance Costs

	2020	2019
Interest expenses		
Interest on bank loan	\$ 10,565	\$ 14,799
Interest on lease liabilities	<u>516</u>	<u>649</u>
	<u>\$ 11,081</u>	<u>\$ 15,448</u>

(IV) Depreciation and Amortization Expenses

	2020	2019
Property, plant, and equipment	\$ 5,217	\$ 4,474
Right-of-use assets	11,067	10,727
Investment property	1,038	1,247
Intangible assets	<u>1,011</u>	<u>1,741</u>
	<u>\$ 18,333</u>	<u>\$ 18,189</u>
Depreciation expenses by function		
Operating cost	\$ 1,649	\$ 653
Operating expenses	14,635	14,548
Other gains and losses	<u>1,038</u>	<u>1,247</u>
	<u>\$ 17,322</u>	<u>\$ 16,448</u>
Amortization expenses by function		
Operating cost	\$ -	\$ -
Operating expenses	<u>1,011</u>	<u>1,741</u>
	<u>\$ 1,011</u>	<u>\$ 1,741</u>

(V) Employee Benefits

	2020	2019
Short-term employee benefits	\$ 445,513	\$ 360,119
Post-employment benefits		
Defined contribution plans	16,177	14,370
Defined benefit plans (Note XVII)	347	(388)
Termination benefits	<u>1,329</u>	<u>1,855</u>
Total employee benefit expenses	<u>\$ 463,366</u>	<u>\$ 375,956</u>
By function		
Operating cost	\$ 245,749	\$ 196,337
Operating expenses	<u>217,617</u>	<u>179,619</u>
	<u>\$ 463,366</u>	<u>\$ 375,956</u>

(VI) Remuneration for Employees and Directors

According to the Articles of Incorporation, the Company appropriates 0.1% to 3% of its income before tax and remuneration for employees and directors as employee remuneration, and no more than 3% of such income as directors' remuneration. Remunerations for employees and directors for 2020 and 2019 were resolved by the Board of Directors on March 25, 2021 and March 27, 2020 respectively.

	2020		2019	
	Cash	Percentage (%)	Cash	Percentage (%)
Employee remuneration	\$ 13,686	3%	\$ 7,799	3%
Director's remuneration	<u>13,686</u>	3%	<u>7,799</u>	3%
	<u>\$ 27,372</u>		<u>\$ 15,598</u>	

If changes are made to the amount after the publication of the annual financial report, they apply in accordance with accounting estimation changes and will be included in the financial statements of the following year.

For information on the Company's remunerations for employee and Directors as resolved by the Board of Directors in 2021, please visit the "Market Observation Post System" of Taiwan Stock Exchange.

XXI. Income Tax

(I) Major components of income tax expenses recognized in profit or loss are as follows:

	2020	2019
Current period income tax		
Income tax expenses recognized in the current year	\$ 40,522	\$ 46,889
Additional tax on undistributed earnings	2,728	1,684
Adjustments for previous years	(1,156)	20
Tax levied separately by the Repatriated Offshore Funds Act	<u>77,550</u>	<u>-</u>
	<u>119,644</u>	<u>48,593</u>
Deferred income tax		
Income tax expenses recognized in the current year	(<u>64,691</u>)	<u>16,735</u>
Income tax expenses recognized in profit or loss	<u>\$ 54,953</u>	<u>\$ 65,328</u>

Reconciliation for accounting income and income tax expenses is as follows:

	2020	2019
Income before income tax	<u>\$ 428,858</u>	<u>\$ 244,963</u>
Income tax expenses calculated based on income before income tax and the statutory tax rate	\$ 85,772	\$ 48,993
Effects on the deferred income tax of subsidiaries' earnings	(93,618)	17,070
Permanent difference	221	2,617
Exemptions	(12,631)	(5,056)
Additional tax on undistributed earnings	2,728	1,684
Adjustments on income tax expenses of prior years	(1,156)	20
Realized loss from domestic investment using equity method	(3,913)	-

	2020	2019
Tax levied separately by the Repatriated Offshore Funds Act	<u>77,550</u>	<u>-</u>
Income tax expenses recognized in profit or loss	<u>\$ 54,953</u>	<u>\$ 65,328</u>
(II) Income tax recognized in other comprehensive income		
	2020	2019
<u>Deferred income tax</u>		
Translation of foreign operations	\$ 10,465	\$ 19,665
Remeasurement of defined benefit plans	<u>187</u>	<u>(573)</u>
Income tax recognized in other comprehensive income	<u>\$ 10,652</u>	<u>\$ 19,092</u>
(III) Deferred Income Tax Assets and Liabilities		

Changes in deferred income tax assets and liabilities are as follows:

2020

	Balance - beginning of year	Recognized in profit and loss	Recognized in other comprehensiv e income	Balance - end of year
<u>Deferred income tax assets</u>				
Warranty Cost	\$ 4,533	\$ 694	\$ -	\$ 5,227
Construction proceeds temporarily estimated	5,084	12,668	-	17,752
Unrealized construction loss	2,287	957	-	3,244
Defined benefit pension plan	469	(67)	187	589
Impairment loss	2,679	(1,783)	-	896
Unrealized exchange losses	2	1,426	-	1,428
Expected credit losses	<u>480</u>	<u>-</u>	<u>-</u>	<u>480</u>
	<u>\$ 15,534</u>	<u>\$ 13,895</u>	<u>\$ 187</u>	<u>\$ 29,616</u>
<u>Deferred tax liabilities</u>				
Gains or losses from investment accounted for using equity method	\$ 491,035	(\$ 50,796)	\$ -	\$ 440,239
Exchange differences on translation of foreign operations	15,827	-	(10,465)	5,362
Reserve for land value increment tax	10,814	-	-	10,814
Others	<u>915</u>	<u>-</u>	<u>-</u>	<u>915</u>
	<u>\$ 518,591</u>	<u>(\$ 50,796)</u>	<u>(\$ 10,465)</u>	<u>\$ 457,330</u>

2019

	Balance - beginning of year	Recognized in profit and loss	Recognized in other comprehensiv e income	Balance - end of year
<u>Deferred income tax assets</u>				
Warranty Cost	\$ 3,506	\$ 1,027	\$ -	\$ 4,533
Construction proceeds temporarily estimated	1,914	3,170	-	5,084
Unrealized construction loss	1,672	615	-	2,287
Defined benefit pension plan	1,402	(360)	(573)	469
Impairment loss	4,705	(2,026)	-	2,679
Unrealized exchange losses	-	2	-	2
Loss carryforwards	64,028	(64,028)	-	-
Expected credit losses	1,145	(665)	-	480
	<u>\$ 78,372</u>	<u>(\$ 62,265)</u>	<u>(\$ 573)</u>	<u>\$ 15,534</u>
<u>Deferred tax liabilities</u>				
Gains or losses from investment accounted for using equity method	\$ 533,638	(\$ 42,603)	\$ -	\$ 491,035
Exchange differences on translation of foreign operations	35,492	-	(19,665)	15,827
Reserve for land value increment tax	10,814	-	-	10,814
Unrealized exchange gains	2,927	(2,927)	-	-
Others	915	-	-	915
	<u>\$ 583,786</u>	<u>(\$ 45,530)</u>	<u>(\$ 19,665)</u>	<u>\$ 518,591</u>

(IV) Income Tax Approval

The tax authorities have approved the profit-seeking enterprise income tax returns of the Company through 2018.

XXII. Earnings Per Share

Unit: NT\$

	2020	2019
Basic earnings per share	<u>\$ 1.43</u>	<u>\$ 0.57</u>
Diluted earnings per share	<u>\$ 1.43</u>	<u>\$ 0.57</u>

Net income and the weighted average number of shares of common stock used for calculation of earnings per share are as follows:

	2020	2019
Net income	<u>\$ 373,905</u>	<u>\$ 179,635</u>

Number of shares

	Unit: In 1,000 Shares	
	2020	2019
Weighted average number of shares of common stock used for the calculation of basic earnings per share	260,603	315,982
Effect of potentially dilutive shares of common stock:		
Employee remuneration	1,296	944
Weighted average number of shares of common stock used for the calculation of diluted earnings per share	261,899	316,926

If the Company may choose between stocks or cash for distribution for employee remuneration, it assumes stocks would be distributed in the calculation of diluted EPS. The potential shares of common stock with dilutive effect shall be incorporated in the weighted average number of shares outstanding when calculating the diluted EPS. Such dilutive effect of potential shares of common stock is still included in the calculation of diluted earnings per share before the stockholders' meeting in the following year resolves the number of shares to be distributed to employees.

XXIII. Information on cash flows of investment activities of non-cash transactions

By the end of 2020, financial assets at fair value through profit or loss of \$7,884 thousand and \$44,505 thousand that the Company purchased and disposed of are recognized as other payables and other receivables, respectively, at the year-end due to settlement-date lag.

XXIV. Capital Risk Management

The objective of the Company's capital management is to ensure that the Group can continue as a going concern, that an optimal capital structure is maintained to lower the cost of capital, and that returns are provided to stockholders. To maintain or adjust the capital structure, the Company may adjust dividends paid to stockholders, refund capital to stockholders or issue new shares to lower its debts.

XXV. Financial Instruments

(I) Fair value of financial instruments that are not measured at fair value

Please refer to the information stated in the balance sheets. The management of the Company believes that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values, such that their carrying amounts recognized in the balance sheets are used as a reasonable basis for estimating their fair values.

(II) Fair value of financial instruments that are measured at fair value on a recurring basis

1. Fair value level

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit or loss</u>				
Domestic listed stocks	\$ 75,770	\$ -	\$ -	\$ 75,770
Domestic funds	529,819	-	-	529,819
Private equity funds	-	-	17,100	17,100
Total	<u>\$ 605,589</u>	<u>\$ -</u>	<u>\$ 17,100</u>	<u>\$ 622,689</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Domestic listed stocks	<u>\$ 419,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 419,234</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit or loss</u>				
Private equity funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,100</u>	<u>\$ 8,100</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Domestic listed stocks	<u>\$ 435,735</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 435,735</u>

There was no transfer between Level 1 and Level 2 fair value measurements in 2020 and 2019.

2. Valuation techniques and inputs applied to Level 3 fair value measurement

Fair value of private equity is estimated by using the asset-based approach.

The asset-based approach measures its fair value with reference to the net asset value provided by the fund companies. The unobservable inputs applied by the Company were a 10% discount for lack of liquidity and a 10% discount for lack of minority interest as of December 31, 2020 and 2019. When other inputs are held constant, a 1% discount would decrease the fair value by \$1,080 thousand and \$90 thousand, respectively.

(III) Types of financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$ 622,689	\$ 8,100
Financial assets measured at amortized cost (Note 1)	1,070,049	996,081
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments	419,234	435,735
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	3,125,565	2,644,064

Note 1. The balance was financial assets at amortized cost including cash, restricted bank deposit, term deposit, and bills with repurchase agreement, pledged certificate of deposit, notes receivable, accounts receivable, and other receivables.

Note 2. The balance includes financial liabilities at amortized cost, which comprise accounts payable, other payables, and short-term and long-term loans.

(IV) Financial risk management objectives and policies

The daily operations of the Company are subject to a number of financial risks, including market risk (including foreign exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk. The overall financial risk management policy of the Company focuses on the uncertainties in the financial market to reduce the potentially adverse effects on the financial position and performance of the Company.

Financial risk management of the Company is carried out by its finance department based on the policies approved by the Board of Directors. Through cooperation with the Company's operating units, the finance department is responsible for identifying, evaluating and hedging financial risks. The Board of Directors has established written principles with respect to the overall risk management, and there are policies in writing for specified scope and matters, such as foreign exchange rate risk, interest rate risk, credit risk, utilization of derivatives and non-derivatives, and investment of remaining circulating capital.

1. Market risk

(1) Foreign exchange rate risk

The Company has repatriated its offshore funds with the applicable Repatriated Offshore Funds Act; therefore, the Company is exposed to the risk of fluctuation in the exchange rate.

Please refer to Note XXIX for details on carrying amounts of non-functional currency valuation assets on the balance sheet dates.

Sensitivity analysis

The Company is exposed mainly to USD fluctuations.

The following table details the Company's sensitivity to a 1% increase or decrease in New Taiwan Dollars against the relevant foreign currencies. The rate of 1% is the sensitivity rate used when reporting foreign currency risk internally to the key management, and represents the management's assessment of the reasonably possible range of changes in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies and is used to adjust the translation at the end of the period to a 1% change in the exchange rate. The positive figure in the table below shows the increase in income before tax when the currency appreciates by 1% against NTD.

	Effect on Profit or Loss	
	2020	2019
USD	\$ 2,004	\$ -

(2) Interest rate risk

The interest rate risk of the Company is mainly from loans. Loans held at floating interest rates expose the Company to the cash flow interest rate risk. Part of such risk is offset by financial assets held at floating rates. Loans made at fixed interest rates expose the Company to the fair value interest rate risk. The policy of the Company is to dynamically adjust the proportion of instruments of fixed interest rates and those of floating interest rates based on the overall trend of interest rates.

The carrying amounts of financial assets and financial liabilities of the Company with exposure to interest rate on the balance sheet dates are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Fair value interest rate risk		
- Financial assets	\$ 229,377	\$ 16,500
- Financial liabilities	474,655	481,655
Cash flow interest rate risk		
- Financial assets	389,989	378,915
- Financial liabilities	499,850	499,790

Sensitivity analysis

The sensitivity analysis below is prepared based on the risk exposure of derivative and non-derivative instruments to the interest rates at balance sheet date.

If interest rate increases/decreases by 100 basis points, other variables held constant, the Company's income before tax will increase/decrease by \$1,099 thousand and \$1,209 thousand for 2020 and 2019, respectively.

(3) Other price risk

Investments in beneficiary certificates and domestic listed equity instruments expose the Company to the equity price risk. The Company diversifies its investment portfolio to manage the price risk of investments in equity instruments.

Sensitivity analysis

The sensitivity analysis below is based on the exposure to equity price risk at the balance sheet date.

For the years ended December 31, 2020 and 2019, if equity prices rise/fall by 10%, the pre-tax income would increase/decrease by \$62,269 thousand and \$810 thousand, respectively, due to the increase/decrease in the fair value of financial assets measured at fair value through profit or loss.

For the years ended December 31, 2020 and 2019, if equity prices rise/fall by 10%, the pre-tax other comprehensive income would increase/decrease by \$41,923 thousand and \$43,574 thousand, respectively, due to the increase/decrease in the fair value of financial assets measured at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk of financial loss of the Company arising from default by clients or counterparties of financial instruments on the contractual obligations. The Company's established internal credit policy requires that all entities within the Company manage and conduct a credit analysis on every new client before stipulating the terms and conditions of payment and delivery. The internal risk control assesses clients' credit quality by taking into account their financial position, past experience, and other factors. Individual risk limits are set by the management based on internal or external ratings. The utilization of credit limits is regularly monitored.

As the group of clients of the Company is vast and they are unrelated, the concentration of credit risk is low.

3. Liquidity risk

(1) The cash flow forecast is performed by each operating entity of the Company and compiled by the Company's finance department. The finance department monitors the forecast of circulating capital needs of the Company to ensure that the Company's funds are adequate to finance its operations.

(2) The following tables detail the Company's non-derivative financial liabilities grouped by the maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flows disclosed below, including those of interest and principals, are undiscounted.

December 31, 2020

	Less than 1 Year	1~2 Year(s)	2~5 Years
Non-interest-bearing liabilities	\$ 2,099,176	\$ 60,271	\$ 16,976
Lease liabilities	10,557	9,628	5,724
Fixed interest rate instruments	449,292	-	-
Floating interest rate instruments	-	499,850	-
	<u>\$ 2,559,025</u>	<u>\$ 569,749</u>	<u>\$ 22,700</u>

December 31, 2019

	Less than 1 Year	1~2 Year(s)	2~5 Years
Non-interest-bearing liabilities	\$ 1,618,998	\$ 70,174	\$ 5,901
Lease liabilities	10,619	9,265	13,301
Fixed interest rate instruments	-	299,474	149,727
Floating interest rate instruments	-	-	499,790
	<u>\$ 1,629,617</u>	<u>\$ 378,913</u>	<u>\$ 668,719</u>

The above amounts of non-derivative financial asset and liability instruments with floating interest rates are subject to change due to differences between the floating rates and the interest rates estimated as of the balance sheet date.

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(3) Financing facilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Credit line of unsecured bank loan		
- Amount used	\$ 600,000	\$ 600,000
- Amount unused	<u>1,616,429</u>	<u>1,489,817</u>
	<u>\$ 2,216,429</u>	<u>\$ 2,089,817</u>
Credit line of secured bank loan		
- Amount used	\$ 350,000	\$ 350,000
- Amount unused	<u>100,000</u>	<u>100,000</u>
	<u>\$ 450,000</u>	<u>\$ 450,000</u>

XXVI. Related Party Transactions

In addition to those disclosed in other notes, material transactions between the Company and other related parties are as follows.

(I) Names and relationships of related parties

Name of Related Party	Relations with the Company
Shun Long International Electrical Engineering Co., Ltd. (Shun Long)	Subsidiary
Golden Canyon Limited (Golden Canyon)	Subsidiary
Chien Kuo Asia Co., Ltd. (Chien Ya)	Sub-subsidiary
Wuxi Chien Bang Concrete Co., Ltd. (Chien Bang)	Sub-subsidiary
WeBIM Services Co., Ltd. (WeBIM Services)	It became an associate of the Company since January 22, 2019.
Chien Hwei Investment Co., Ltd. (Chien Hwei Investment)	The chairman of Chien Hwei Investment is the vice chairman of the Company.
Chien Kuo Foundation For Arts and Culture	The chairman of the foundation is the vice chairman of the Company.
Mark Lee	Chairman of WeBIM Services
Tzu-chiang Yang	Director of the Company
Pang-yen Yang	Director of the Company

(II) Construction projects undertaken

Category/Name of Related Party	No. of Contract	Total amount of contract	Construction costs recognized in the current year	Accumulated construction costs recognized	Accounts payable
<u>2020</u>					
Shun Long	101C1502	\$ 419,685	\$ 15,222	\$ 419,685	\$ 44,311
	101C1504	234,813	34,716	226,814	24,522
	101C1603	77,098	2,078	74,282	7,836
	101C1605	264,576	31,816	262,876	24,704
	101C1702	299,708	177,142	274,967	78,672
	101C1703	558,431	264,545	509,675	70,669
	101C1707	420,584	266,198	319,104	60,652
	101C1701	115,510	51,568	101,976	16,379
	101C1802	426,440	141,252	147,410	38,910
	101C1803	198,302	29,869	34,834	7,525
	101C1901	3,136	1,430	3,136	-
	101C1902	294	228	294	-
	101C1903	196	130	196	-
	Other sporadic construction projects	8,304	1,052	7,167	-
		<u>\$ 3,027,077</u>	<u>\$ 1,017,246</u>	<u>\$ 2,382,416</u>	<u>\$ 374,180</u>
<u>2019</u>					
Shun Long	101C1502	\$ 419,685	\$ 4,821	\$ 404,463	\$ 43,798
	101C1504	234,813	101,511	192,097	41,052
	101C1603	77,424	40,684	72,203	12,728
	101C1605	269,210	129,889	231,060	35,949
	101C1702	297,919	84,742	97,824	59,096
	101C1703	553,935	198,093	245,130	113,448
	101C1707	420,042	50,526	52,906	31,201
	101C1701	109,339	41,719	50,408	19,352
	101C1802	426,440	5,754	6,158	6,158
	101C1803	198,302	4,705	4,965	4,312
	101C1901	251,995	1,706	1,706	1,706
	101C1902	273,116	66	66	66
	101C1903	97,857	66	66	66
	101C1503	50,892	3,042	50,892	542
		<u>\$ 3,680,969</u>	<u>\$ 667,324</u>	<u>\$ 1,409,944</u>	<u>\$ 369,474</u>

The contract price and payment terms of the construction contract between the Company and the related parties are equivalent to those of the non-related person.

(III) Business transaction

<u>Accounting item</u>	<u>Category of Related Parties</u>	<u>2020</u>	<u>2019</u>
Construction costs	Associates	<u>\$ 1,124</u>	<u>\$ 2,045</u>
Operating expenses	Associates	<u>\$ -</u>	<u>\$ 520</u>
Other revenues	Associates	<u>\$ -</u>	<u>\$ 1,093</u>
Other revenues	Subsidiary	<u>\$ 18,000</u>	<u>\$ -</u>

They are the costs paid for entrusting associates to provide services such as architectural model drawing or the revenues from manpower supply to the subsidiaries, and are handled in accordance with general terms and conditions.

(IV) Other related party transactions

1. Lease agreements as a lessee

The Company rents the office from other related parties based on the local rental standards. The rent is paid on a monthly basis.

<u>Accounting item</u>	<u>Category of Related Parties</u>	<u>2020</u>	<u>2019</u>
Acquisition of right-of-use assets	Other related parties	<u>\$ 12,532</u>	<u>\$ -</u>

<u>Accounting item</u>	<u>Category of Related Parties</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Lease liabilities	Other related parties	<u>\$ 10,088</u>	<u>\$ 10,087</u>

<u>Accounting item</u>	<u>Category of Related Parties</u>	<u>2020</u>	<u>2019</u>
Interest expenses	Other related parties	<u>\$ 178</u>	<u>\$ 185</u>

2. Lease agreements as a lessor (operating lease)

The Company rents the office out to other related parties based on the local rental standards. The fixed rent is collected on a monthly basis according to the lease agreement.

<u>Accounting item</u>	<u>Category of Related Parties</u>	<u>2020</u>	<u>2019</u>
Rent income	Other related parties	<u>\$ 1,143</u>	<u>\$ -</u>

3. Equity transactions

The Company sold 49% and 27.5%, respectively, of the equity of WEBIM Services to the chairman of WEBIM Services on August 17, 2020 and January 22, 2019. The disposal proceeds were \$12,250 thousand and \$5,500 thousand, respectively.

4. Donation expenditure

Category of Related Parties	2020	2019
Other related parties	<u>\$ 1,800</u>	<u>\$ 1,800</u>

The Company donated broadcast production fees to associates.

(V) Endorsement/guarantee

The Company as endorser

Category/Name of Related Party	December 31, 2020	December 31, 2019
Shun Long	\$ 100,000	\$ 80,000
Chien Bang	<u>-</u>	<u>440,289</u>
	<u>\$ 100,000</u>	<u>\$ 520,289</u>

(VI) Remuneration to key management

	2020	2019
Short-term employee benefits	\$ 79,110	\$ 45,044
Termination benefits	-	280
Post-employment benefits	<u>1,237</u>	<u>1,196</u>
	<u>\$ 80,347</u>	<u>\$ 46,520</u>

The remuneration to Directors and other key management is determined by the Remuneration Committee based on individual performance and market trends.

XXVII. Pledged Assets

The Company's assets listed below were provided as collateral against bank loans, collateral against litigations, and deposits for construction performance obligation:

	December 31, 2020	December 31, 2019
Inventories (for construction business)	\$ 463,577	\$ 463,577
Financial assets at fair value through other comprehensive income - non-current	129,939	133,177
Investment property	30,974	31,548
Pledged time deposit certificates (classified as financial assets at amortized cost)	-	16,500
Other restricted assets (classified as other non-current assets)	13,897	8,833
Property, plant, and equipment	<u>-</u>	<u>6,264</u>
	<u>\$ 638,387</u>	<u>\$ 659,899</u>

XXVIII. Significant Contingent Liabilities and Unrecognized Contract Commitments

Except for those disclosed in other notes, significant commitments and contingencies of the Company on the balance sheet date are as follows:

- (I) The construction project of the National Kaohsiung Center for the Arts (Weiwuying) (hereinafter referred to as "the Project") undertaken by the Company was completed on December 16, 2016, and the Ministry of Culture of the Republic of China (hereinafter referred to as "the Ministry") began the initial acceptance inspection on February 20, 2017. Per instructions of the Ministry during the acceptance inspection process, work completed in phases was delivered for use, while other interface projects were still undergoing construction within the same space. The Ministry even allowed public access to some facilities without turning on related equipment to maintain appropriate temperature and humidity, which resulted in unexpected damage and deficiencies to the Project. The Ministry required the Company to repair the damaged part, which caused the Project's failure to conform to the acceptance procedures within the time limit. As a result, the Ministry proposed to impose a default penalty on the Company for the delay. The Company deemed such application of law was wrong and in violation of the principles of fairness and reasonableness. Therefore, it filed a request for mediation to the Complaint Review Board for Government Procurement under the Public Construction Commission of the Executive Yuan (hereinafter referred to as the "Commission") on October 9, 2018. Due to no consensus reached during the mediation of the Commission, the Company submitted a request for arbitration on August 6, 2020. The arbitration association planned to process the last arbitration meeting on May 17, 2021, and to make a judgment on the arbitration in mid-September 2021. The arbitration board is still judging the related evidence such that results of the arbitration are difficult to evaluate.
- (II) Shing Tzung Development Co., Ltd (hereinafter referred to as "Shing Tzung") and its responsible person, Kuo-feng Lu, constructed a commercial-residential hybrid complex that has 5 floors below ground and 26 floors above ground at Land No. 537, Lingzhou Section, Kaohsiung City. Due to poor construction of diaphragm walls, buildings at Lane 187, Ziqiang 3rd Road suffered severe tilts, wall cracks and subsidence on July 20, 2014. Due to the Company's active participation in the repair work, a total of 25 house owners transferred a certain amount of their creditors' rights to the Company, by which the Company had petitioned the court for a provisional attachment against Shing Tzung and its responsible person, and for a claim of \$25

million plus the statutory delay interest accrued thereon from them. In 2018, the court held an initial judgment that Shing Tzung had also paid related expenses for such an incident and thus agreed to the contention of Shing Tzung that the expenses already paid by Shing Tzung should offset the credit rights to which the Company might be entitled. Therefore, the plaintiff's case was rejected. Based on the court judgment, the Company has recognized as a loss the total amount of \$25 million that was previously recognized as "payment on behalf of another party."

In addition, Shing Tzung claimed that it had suffered loss from the incident and should have demanded compensation from the subcontractor responsible for constructing the diaphragm wall. However, Shing Tzung turned to the Company for compensation for the incident because the subcontractor had insufficient capital. The Company also had suffered loss from the incident and, consequently, filed a claim against Shing Tzung for compensation (including expenses incurred by the Company's participation in the repair work) and demanded that Shing Tzung return the promissory notes of performance guarantee to the Company. Regarding the two lawsuits, the Kaohsiung Qiaotou District Court ruled that the Company shall pay Shing Tzung \$10,477 thousand plus interest calculated at 5% per annum from July 8, 2015 to the settlement date. The two parties appealed to the Taiwan High Court Kaohsiung Branch Court during the legal period and the first court hearing was held on January 4, 2021. The lawyer of Shing Tzung stated that it took more time to prepare the related document due to the change of lawyer, such that the court scheduled to conduct a second verbal argument on April 22, 2021. The judge is currently processing the preparation procedures such that results of the judgment are unable to evaluate.

- (III) On March 15, 2013, the Company and Kingland Property Corporation Ltd. (formerly known as DSG Technology Inc., hereinafter referred to as "Kingland") signed a construction contract, under which two parties covenanted to contract the Company for the construction project named "Fu-yi River Residential Construction Project" on Land No. 440, Zhuangjing Section, Xindian District, New Taipei City. The Company had completed the various stages of work as specified by the contract and, together with Kingland, completed the acceptance of the residential units and inspection of communal facilities. Due to a large portion of the residential units being unsold and thus the condominium management committee failed to be established, Kingland, by putting up various excuses, refused to make progress with any follow-up inspections or acceptance, and furthermore refused to make the remaining contract payments and

additional payments due to the Company. As a consequence, on October 22, 2019, the Company submitted a request for arbitration, demanding Kingland to pay the payables due and the loss suffered by the Company of \$57,370 thousand to the Company. The arbitration meeting was finished on March 5, 2021 and an arbitration judgment by the arbitration court is expected by the end of April 2021.

- (IV) As of December 31, 2020, the performance guarantee letters issued by the bank for construction projects of the Company amounted to \$1,561,871 thousand.
- (V) As of December 31, 2020, the guaranteed bills issued by the Company for business needs amounted to \$342,013 thousand.

XXIX. Information on Foreign-Currency-Denominated Assets and Liabilities with Significant Influence

The following information was summarized by foreign currencies other than the functional currency of the Company. The exchange rates disclosed were those used to translate the foreign currencies into the functional currency. Information on financial assets and liabilities of the Company which are denominated in foreign currencies with significant influence is as follows:

Unit: Foreign currency/NT\$1,000

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 7,036	28.48 (USD:NTD)	<u>\$ 200,385</u>
<u>Non-monetary items</u>			
USD	114,422	28.48 (USD:NTD)	<u>\$ 3,258,734</u>

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Non-monetary items</u>			
USD	\$ 135,913	29.98 (USD:NTD)	<u>\$ 4,074,676</u>

The unrealized gain or loss on foreign currency exchange with significant influence is as follows:

	2020		2019	
	Exchange Rate	Loss on Foreign Currency Exchange, Net	Exchange Rate	Loss on Foreign Currency Exchange, Net
<u>Financial assets</u>				
USD	29.55 (USD:NTD)	(\$ <u>7,130</u>)	30.91 (USD:NTD)	\$ <u>-</u>

XXX. Supplementary Disclosures

Information on (I) significant transactions and (II) invested companies is as follows:

1. Loaning Provided to Others: Please refer to Appendix 1.
2. Endorsements/Guarantees Provided for Others: Please refer to Appendix 2.
3. Marketable Securities Held at the End of the Period (Excluding investment in Subsidiaries, Associates and Joint Ventures): Please refer to Appendix 3.
4. Marketable Securities Acquired and Disposed of Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: None.
5. Acquisition of Real Estate Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: None.
6. Disposal of Real Estate Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: None.
7. Purchases from or Sales to Related Parties Amounting to NT\$100 million or 20% of the Paid-in Capital or More: Please refer to Appendix 4.
8. Receivables from Related Parties Amounting to NT\$100 Million or 20% of the Paid-in Capital or More: Please refer to Appendix 5.
9. Engaging in Derivatives Trading: None.
10. Information on Invested Companies: Please refer to Appendix 6.

(III) Information on investments in Mainland China

1. Information on invested companies in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, gain or loss on investments, carrying amount of investment at the end of the period, gain or loss on repatriated investment and ceiling of investments in mainland China: Please refer to Appendix 7.

2. Any of the following significant transactions with invested companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms and unrealized gain or loss: None.
- (1) Purchase amount and percentage, and the ending balance and percentage of the related payables.
 - (2) Sales amount and percentage, and the ending balance and percentage of the related receivables.
 - (3) Property transaction amount and the resulting gain or loss.
 - (4) Ending balances and purposes of endorsements/guarantees or collateral provided.
 - (5) The maximum balance, ending balance, interest rate range and total amount of current-period interest of financing facilities.
 - (6) Other transactions with significant impact on profit or loss or financial position for the period, such as provision or receipt of service.
- (IV) Information on major shareholders: List of all shareholders with ownership of 5% or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Please refer to Appendix 8.

Chien Kuo Construction Co. Ltd.
Loans Provided to Others
January 1 to December 31, 2020

Appendix 1 Unit: NT\$ Thousands

No.	Financing Company	Counter-party	Financial Statement Account	Related Party (Y/N)	Maximum Balance	Ending Balance	Actual Amount Used	Interest Rate Range	Nature of Financing (Note 1)	Amount of Transaction	Reason for Short-term Financing	Allowance for Doubtful Debts	Collateral		Limit on Loans Granted to a Single Party	Total Loan Limit	Note
													Item	Value			
0	Chien Kuo Construction Co., Ltd.	Chien Kuo Building Co., Ltd.	Other receivables	Yes	\$ 300,000	\$ -	\$ -	1.2%	(1)	\$ -	Operating capital	\$ -	-	\$ -	20% of the parent's net worth \$ 860,487	40% of the parent's net worth \$ 1,720,974	
1	Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	Other receivables	Yes	245,459	-	-	5%	(1)	-	Operating capital	-	-	-	100% of the company's net worth 257,298	100% of the company's net worth 257,298	
2	Chien Kuo Building Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Other receivables	Yes	20,000	20,000	20,000	1.45%~1.68%	(1)	-	Operating capital	-	-	-	20% of the company's net worth 20,027	40% of the company's net worth 40,054	

Note 1. The nature of financing is described as follows:
(1) For the purpose of short-term financing.

Note 2. Where there involves a foreign currency, it is translated to New Taiwan Dollars by using the exchange rate as of December 31, 2020 (RMB1 = NT\$4.3648).

Chien Kuo Construction Co. Ltd.
Endorsements/Guarantees Provided for Others
January 1 to December 31, 2020

Appendix 2

Unit: NT\$ Thousands

No.	Endorsements/ guarantees Provider Company Name	Parties Being Endorsed/guaranteed		Limit of Endorsements/ guarantees for a Single Entity (Note 1)	Highest Balance up to the Current Month	Outstanding Endorsements/ guarantees - Ending	Actual Amount Used	Endorsements/ guarantees Secured with Collateral	Ratio of Cumulative Endorsements/ guarantees to the Net Equity Stated in the Latest Financial Statements	Limit of Endorsements /guarantees (Note 2)	Endorsements/ guarantees Provided by Parent for Subsidiary	Endorsements/ guarantees Provided by Subsidiary for Parent	Endorsements/ guarantees for Entities in China	Note
		Company Name	Relationship											
0	Chien Kuo Construction Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Subsidiary	\$ 2,151,218	\$ 100,000	\$ 100,000	\$ 24,730	\$ -	2.32%	\$ 4,302,435	Y	N	N	Financing endorsements/guarantees
0	Chien Kuo Construction Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	Sub-subsidiary	2,151,218	448,293	-	-	-	-	4,302,435	Y	N	Y	Financing endorsements/guarantees

Note 1. The limit on endorsements/guarantees provided for each guaranteed party is calculated as follows:

- (1) The limit on endorsements/guarantees made to companies in the same industry should be 200% of net worth of stockholders' equity.
- (2) The limit on endorsements/guarantees made to other guaranteed parties should be 50% of net worth of stockholders' equity

Note 2. The maximum endorsements/guarantees amount allowable is calculated as follows:

- (1) The maximum endorsements/guarantees amount allowable to companies in the same industry should be 400% of net worth of stockholders' equity.
- (2) The maximum endorsements/guarantees amount allowable to other guaranteed parties should be 100% of net worth of stockholders' equity.

Chien Kuo Construction Co. Ltd.
Marketable Securities Held at the End of the Period
December 31, 2020

Appendix 3

Unit: NT\$ Thousands

Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	Financial Statement Account	Ending Balance				Note
				Number of Shares (in Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Chien Kuo Construction Co., Ltd.	<u>Funds</u>							
	Eastspring Investments Export Fund	-	Financial assets at fair value through profit or loss - current	200	\$ 11,261	-	\$ 11,261	-
	Allianz Global Investors Taiwan Technology Fund	—	"	211	18,558	-	18,558	—
	Union Money Type Fund	—	"	6,011	80,000	-	80,000	—
	Jih Sun Money Type Fund	—	"	6,020	90,000	-	90,000	—
	FSITC Money Type Fund	—	"	445	80,000	-	80,000	—
	Capital Money Type Fund	—	"	4,918	80,000	-	80,000	—
	Mega Diamond Money Type Fund	—	"	7,115	90,000	-	90,000	—
	Taishin Ta-Chong Money Type Fund	—	"	5,586	80,000	-	80,000	—
	Wan Chan Venture Capital Co. Ltd.	—	Financial assets at fair value through profit or loss - non-current	1,800	17,100	0.05	17,100	—
	<u>Stock</u>							
	United Microelectronics Corporation	—	Financial assets at fair value through profit or loss - current	150	7,072	-	7,072	-
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	"	11	5,830	-	5,830	-
	Novatek Microelectronics Corp.	—	"	20	7,380	-	7,380	—
	Focaltech Systems Co., Ltd.	—	"	30	2,805	0.01	2,805	—
	Alchip Technologies, Ltd.	-	"	10	6,210	0.02	6,210	-
	RichWave Technology Corp.	-	"	10	3,945	0.02	3,945	-
	Visual Photonics Epitaxy Co., Ltd.	-	"	35	3,920	0.02	3,920	—
	Yageo Corporation	—	"	7	3,626	-	3,626	—
	Walsin Technology Corp.	—	"	15	3,458	-	3,458	—
	Unimicron Technology Corporation	—	"	66	5,768	-	5,768	—
	eMemory Technology Inc.	—	"	5	2,975	0.01	2,975	—
	Gudeng Precision Industry Co., Ltd.	—	"	12	3,276	0.02	3,276	—
	Parade. Technologies, Ltd.	—	"	1	1,110	-	1,110	—
	Sino-American Silicon Products Inc.	—	"	28	4,970	-	4,970	—
	Advanced Wireless Semiconductor Co.	—	"	70	9,450	0.04	9,450	—
	Hong Plastic Technology Co., Ltd.	—	"	10	3,975	0.03	3,975	—

(Continued on next page)

(Continued from the previous page)

Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	Financial Statement Account	Ending Balance				Note
				Number of Shares (in Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Golden Canyon Limited Company	Chia Hsin Cement Corporation	—	Financial assets at fair value through other comprehensive income - current	1,114	\$ 21,231	0.14	\$ 21,231	—
	Taiwan Cement Corporation	—	Financial assets at fair value through other comprehensive income - non-current	6,191	267,453	0.11	267,453	(Note 2)
	Chia Hsin Cement Corporation	-	"	6,853	130,550	0.88	130,550	(Note 3)
	<u>Funds</u>	-						
	iShares MSCI USA Value Factor ETF	—	Financial assets at fair value through profit or loss - current	2	5,940	-	5,940	-
	US Technology Fund	-	"	9	21,557	-	21,557	-
	Global Healthcare Fund	-	"	1	13,191	-	13,191	-
	PVG GCN VENTURES, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	22,118	5.00	22,118	-
	CSVI VENTURES, L.P.	(Note 1)	"	-	28,137	5.16	28,137	-
	<u>Stock</u>							
Silver Shadow Holding Limited	Chia Hsin Cement Corporation	-	Financial assets at fair value through other comprehensive income - current	175	3,338	0.02	3,338	-
	<u>Funds</u>							
	BlackRock Global Funds	—	Financial assets at fair value through profit or loss - current	21	31,686	-	31,686	-
	iShares MSCI Brazil ETF	-	"	25	26,500	-	26,500	-
	iShares Global Clean Energy ETF	-	"	8	6,675	-	6,675	-
	iShares MSCI India ETF	-	"	21	24,055	-	24,055	-
	iShares Russell 2000 ETF	-	"	1	7,259	-	7,259	-
	US Global Jets ETF	-	"	14	8,796	-	8,796	-
	iShares PHLX SOX Semiconductor	-	"	2	20,734	-	20,734	-
	iShares MSCI USA Value Factor ETF	-	"	12	28,712	-	28,712	-
CK Asia (Shanghai) Information Technology Co., Ltd.	<u>Funds</u>							
	Harvest Shanghai and Shenzhen 300 Exchange-Traded Fund	-	"	500	11,349	-	11,349	-
	China International Enron Return Commingled Securities Investment Fund	-	"	7,962	44,036	-	44,036	-
	China International Frontline Technology Flexible Configuration Commingled Securities Investment Fund	-	"	1,801	23,398	-	23,398	-

Note 1. The chief decision makers of the fund are the directors of the Company.

Note 2. Among them, 2,126 thousand shares are pledged to the Court as collateral against the litigation between the Company and Shing Tzung.

Note 3. Among them, 2,000 thousand shares are pledged to the bank as collateral for the performance of construction contracts.

Note 4. For information regarding investment of subsidiaries, please refer to Appendix 7 and Appendix 8.

Chien Kuo Construction Co., Ltd.

Purchases from or Sales to Related Parties Amounting to NT\$100 Million or 20% of the Paid-in Capital or More

January 1 to December 31, 2020

Appendix 4

Unit: NT\$ Thousands

Company name	Related party	Relationship	Transaction Situation				Situations and Reasons of Transaction Terms Different from General Transaction Terms (Note 1)		Notes and Accounts Receivable (Payable)		Note (Note 2)
			Purchases (Sell)	Amount	Ratio to Total Purchase (Sell)	Credit period	Unit Price	Credit period	Balance	Ratio to Total Notes or Accounts Receivable (Payable)	
Chien Kuo Construction Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Subsidiary	Purchases	\$ 1,017,246	16.15%	Pursuant to the agreement	-	-	(\$ 374,180)	19.02%	
Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Construction Co., Ltd.	Parent	Sales	1,017,246	99.15%	Subject to the agreement	-	-	374,180	96.97%	

Note 1. If related party transaction terms are different from general transaction terms, situations and reasons for the differences should be specified in the unit price and the credit period columns.

Note 2. In case of advance receipts (prepayments), reasons, the terms of the agreement, the amount and differences from the general transaction type shall be specified in the Note column.

Note 3. Paid-in capital refers to the parent's paid-in capital. When the issuer's stock has no par value, or the par value is not NT\$10 per share, the maximum transaction amount related to 20% of the paid-in capital is calculated based on 10% of equity attributable to owners of the parent in the balance sheet.

Chien Kuo Construction Co., Ltd.
Receivables from Related Parties Amounting to NT\$100 Million or 20% of the Paid-in Capital or More
January 1 to December 31, 2020

Appendix 5

Unit: NT\$ Thousands, unless otherwise specified

Company Name	Related party	Relationship	Balance Dues from Related Parties	Turnover Rate	Overdue Receivables from Related Parties		Subsequently Recovered Amount from Related Party (Note 1)	Loss Allowance Provided
					Amount	Action Taken		
Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Construction Co., Ltd.	Parent	Accounts receivables \$374,180	3.16	\$ -	\$ -	\$ 272,806	\$ -

Note 1. Amount received as of March 25, 2021.

Chien Kuo Construction Co., Ltd.
Information on Invested Companies and Their Locations, etc.
January 1 to December 31, 2020

Appendix 6

Unit: NT\$ Thousands

Investor	Invested Company	Location	Main Businesses	Original Investment Amount		End of the Current Period			Profit or Loss of Invested Company in the Current Period	Investment Profit/Loss Recognized in the Current Period	Note
				December 31, 2020	December 31, 2019	Shares	Ratio (%)	Carrying Amount			
Chien Kuo Construction Co., Ltd.	Golden Canyon Limited	British Virgin Islands	Investment	\$ 272,267	\$ 272,267	8,714	100.00	\$ 1,446,600	\$ 96,200	\$ 96,200	Subsidiary
	Silver Shadow Holding Limited	British Virgin Islands	Investment	815,907	815,907	25,038	100.00	1,812,134	117,907	117,907	Subsidiary
	Chien Kuo Building Co., Ltd.	Taiwan	Building construction commission; public housing lease and sale	144,065	144,065	10,000	100.00	100,855	720	720	Subsidiary
	Shun Long International Electrical Engineering Co., Ltd.	Taiwan	Mechanical, electrical and plumbing engineering, undertaking and equipment/wholesale and retail	51,219	44,361	7,000	100.00	79,430	27,064	26,225	Subsidiary
	WeBIM Services Co., Ltd.	Taiwan	Construction technology	-	8,546	-	-	-	(870)	(426)	Note 4 Subsidiary
	Anping Property Co., Ltd.	Taiwan	Housing and building development and lease	-	140,000	-	-	-	(66)	(66)	
	Golden Canyon Venture Capital Investment Co., Ltd.	Taiwan	Venture capital business	401,000	-	40,100	100.00	400,331	(669)	(669)	Subsidiary
Silver Shadow Holding Limited	Chien Kuo Asia Co., Ltd.	British Virgin Islands	Investment	878,510	878,510	1,685	54.78	1,042,245	186,831	Note 3	Sub-subsubsidiary
Golden Canyon Limited	Chien Kuo Asia Co., Ltd.	British Virgin Islands	Investment	782,106	782,106	1,391	45.22	860,366	186,831	Note 3	Sub-subsubsidiary

Note 1. Where there involves a foreign currency, it is translated into New Taiwan Dollars by using the exchange rate at December 31, 2020 (US\$1=NT\$28.48), except for profit or loss items, which are translated into New Taiwan Dollars by using the average exchange rate over January 1 - December 31, 2020 (US\$1=NT\$29.55).

Note 2. For investment in investees in mainland China, please refer to Appendix 8.

Note 3. The gains or losses of an invested company are incorporated into those of its investor. To avoid confusion, they are not separately presented here.

Note 4. On August 17, 2020, the Company sold all of its equity interest in WeBIM Services Co., Ltd. to Meng-chung Lee, chairman of WeBIM Services Co., Ltd.

Chien Kuo Construction Co., Ltd.
Information on Investments in Mainland China
January 1 to December 31, 2020

Appendix 7

Unit: NT\$ Thousand, unless otherwise specified.

Investee in Mainland China	Main Businesses	Paid-in Capital	Method of Investment	Cumulative Investment Amount Remitted from Taiwan - Beginning of the Period	Investment Amount Remitted or Received for the Current Period		Ending balance of Accumulated Outflow of Investment from Taiwan	Profit or Loss of Invested Company in the Current Period	Percentage of Ownership (Direct or Indirect)	Investment Gains (Losses) Recognized for the Current Period (Note 1)	Carrying Amount - End of the period (Note 1)	Investment Gains Repatriated by the End of the Current Period	Note
					Remitted	Received							
Shanghai Chien Kuo Concrete Co., Ltd.	Production and sale of concrete and concrete products	\$ 142,742	Investment through a company founded in a third region	\$ 16,145	\$ -	\$ -	\$ 16,145	\$ -	-	\$ -	\$ -	\$ 4,416	Note 4
CK Asia (Shanghai) Information Technology Co., Ltd.	Computer software technology development and consultation	122,872	Investment through a company founded in a third region	68,326	-	-	68,326	2,848	100%	2,848	176,115	41,113	
Suzhou Chien Hua Concrete Co., Ltd.	Production and sale of concrete and concrete products	113,920	Investment through a company founded in a third region	182,036	-	-	182,036	7,070	-	7,070	-	-	Note 4
Chien Ya (Suzhou) Information Technology Consultant Co., Ltd.	Computer software technology development and consultation	276,968	Investment through a company founded in a third region	-	-	-	-	(15,308)	100%	(15,308)	241,668	-	Note 5
Kunshan Jianshan New Timbering Co., Ltd.	Production and sale of concrete and concrete products	284,800	Investment through a company founded in a third region	2,391	-	2,391	-	-	-	-	-	69,338	Note 4
Wuxi Chien Bang Concrete Co., Ltd.	Production and sale of concrete and concrete products	142,400	Investment through a company founded in a third region	214,059	-	-	214,059	6,909	100%	6,909	323,680	32,445	
Chien Ya (Wuxi) Information Technology Consultant Co., Ltd.	Computer software technology development and consultation	264,152	Investment through a company founded in a third region	-	-	-	-	(1,473)	100%	(1,473)	277,233	-	Note 6
Changzhou Chien An Concrete Co., Ltd.	Production and sale of concrete and concrete products	71,200	Investment through a company founded in a third region	-	-	-	-	-	-	-	-	21,542	Note 4
Nantong Chien Cheng Concrete Co., Ltd.	Production and sale of concrete and concrete products	57,672	Investment through a company founded in a third region	34,672	-	34,672	-	-	-	-	-	221,161	Note 4
Chien Ya (Nantong) Information Technology Consultant Co., Ltd.	Computer software technology development and consultation	142,400	Investment through a company founded in a third region	161,500	-	-	161,500	-	-	-	-	4,405	Note 4, 7
Yangzhou Chien Yung Concrete Co., Ltd.	Production and sale of concrete and concrete products	56,960	Investment through a company founded in a third region	197,041	-	-	197,041	66,882	100%	66,882	102,053	168,105	
Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	Computer software technology development and consultation	230,688	Investment through a company founded in a third region	-	-	-	-	7,953	100%	7,953	265,405	-	Note 8
Shanghai Chien Chung Concrete Co., Ltd.	Production and sale of concrete and concrete products	71,200	Investment through an existing company in a third region	-	-	-	-	-	-	-	-	-	Note 4

Investee in Mainland China	Main Businesses	Paid-in Capital	Method of Investment	Cumulative Investment Amount Remitted from Taiwan - Beginning of the Period	Investment Amount Remitted or Received for the Current Period		Ending balance of Accumulated Outflow of Investment from Taiwan	Profit or Loss of Invested Company in the Current Period	Percentage of Ownership (Direct or Indirect)	Investment Gains (Losses) Recognized for the Current Period (Note 1)	Carrying Amount - End of the period (Note 1)	Investment Gains Repatriated by the End of the Current Period	Note
					Remitted	Received							
Changzhou Changlong Stevedoring Co., Ltd.	Cargo handling	2,182	Investment through an existing company in a third region	-	-	-	-	-	-	-	-	-	Note 4
Jiangsu Solid Construction & Engineering Co., Ltd.	Construction consultation	59,808	Investment through a company founded in a third region	-	-	-	-	-	-	-	-	14,562	Note 4
Chien Kuo Construction Consultant (Kunshan) Co., Ltd.	Construction consultation	17,088	Investment through a company founded in a third region	-	-	-	-	398	-	398	-	5,368	Note 4
A total of seven invested companies including Loudi Chien Kuo Mining Co., Ltd.	Quarrying	1,134,074	Investment through an existing company in a third region and others	36,840	-	36,840	-	-	-	-	-	1,681,827	Note 4

Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Upper limit on investment authorized by MOEAIC
\$868,785 (Note 3)	\$958,162 (Note 2)	\$ 2,657,191

Note 1. The amount was recognized based on the audited financial statements of investees in the same period.

Note 2. The amount authorized by the Investment Commission, MOEA was \$1,512,351 thousand, of which \$554,189 thousand was the earnings of invested companies in mainland China remitted to the third regions, and was not included in the calculation of the limit on investment.

Note 3. The amount remitted from Taiwan of \$868,785 thousand included the following expenditures:

(1) Loss on investment:

Investee in Mainland China	Original Investment Amount	Repatriated Investment Amount	Loss on Investment
Shanghai Chien Chung Concrete Co., Ltd.	\$ 33,553	\$ 14,058	\$ 19,495
Shanghai Ruihui Trading Co., Ltd.	9,210	916	8,294
Nanjing Jianxing Concrete Co., Ltd.	25,728	25,618	110
Jianxiang Management Consultant (Shanghai) Co., Ltd.	1,779	-	1,779

(2) Of the amount, \$163,869 thousand (USD 5,682 thousand) originated from the funds of the third regions.

Note 4. Shanghai Chien Kuo Concrete Co., Ltd. had been liquidated on December 9, 2016. Suzhou Chien Hua Concrete Co., Ltd. was disposed of and the equity transfer was completed on February 11, 2020. Kunshan Jianshan New Timbering Co., Ltd. was disposed of and the equity transfer was completed on August 23, 2017. Changzhou Chien An Concrete Co., Ltd. was disposed of and the equity transfer was completed on October 31, 2013. Nantong Chien Cheng Concrete Co., Ltd. was disposed of and the equity transfer was completed on January 7, 2019. Chien Ya (Nantong) Information Technology Consultant Co., Ltd. had been liquidated on December 6, 2019. Shanghai Chien Chung Concrete Co., Ltd. had been liquidated in 2015. Changzhou Changlong Stevedoring Co., Ltd. had been liquidated on July 12, 2019. Jiangsu Solid Construction & Engineering Co., Ltd. had been liquidated on July 24, 2019. Chien Kuo Construction Consultant (Kunshan) Co., Ltd. had been liquidated on May 20, 2020. Loudi Chien Kuo Mining Co., Ltd. had been liquidated on August 15, 2016. Guangxi Hefa Mining Co., Ltd. was disposed of and the equity transfer was completed on September 22, 2017.

Note 5. New shares divided from Suzhou Chien Hua Concrete Co., Ltd.

Note 6. New shares divided from Wuxi Chien Bang Concrete Co., Ltd.

Note 7. New shares divided from Nantong Chien Cheng Concrete Co., Ltd.

Note 8. New shares divided from Yangzhou Chien Yung Concrete Co., Ltd.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Information on Major Shareholders
December 31, 2020

Appendix 8

Unit: In 1,000 Shares

Name of Major Stockholders	Shares	
	Number of Shares Held	Percentage of Ownership
Chien Hwei Investment Co., Ltd.	46,012	17.87%
Chi-te Chen	18,844	7.31%
Chen-ching Chen	13,586	5.27%

Note: Information on major shareholders in this table is provided by Taiwan Depository & Clearing Corporation according to information on shareholders holding at least 5% or greater of ordinary shares and preferred shares (including treasury shares) that have been issued and delivered without physical registration by the Company on the last business day at the end of the current quarter. Share capital indicated in the Company's financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

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Chien Kuo Construction Co., Ltd.
Statement of Accounts Receivables
December 31, 2020

Form of Statement I

Unit: NT\$ Thousands

<u>Customers' Name</u>	<u>Amount</u>
Customer A	\$ 90,432
Customer B	90,082
Customer C	59,538
Customer D	40,689
Customer E	34,418
Customer F	29,989
Customer G	20,300
Other (Note)	<u>24,008</u>
	<u>\$ 389,456</u>

Note. The balance for each customer did not exceed 5% of the balance of this account.

Chien Kuo Construction Co., Ltd.
Statement of Changes in Contract Assets and Contract Liabilities
January 1 to December 31, 2020

Form of Statement II

Unit: NT\$ Thousands

Project	Amount paid for this year				Amount received for this year				Contract assets	Contract liabilities
	Balance - beginning of year	Construction costs	Project completed and transferred	Balance - end of year	Balance - beginning of year	Increase for this year	Amount carried down upon completion	Balance - end of year		
101C0910	\$ 2,980,239	\$ 2,062	\$ 2,982,301	\$ -	\$ 2,982,301	\$ -	\$ 2,982,301	\$ -	\$ -	\$ -
101C1007	1,964,638	47,652	2,012,290	-	1,861,721	150,569	2,012,290	-	-	-
101C1301	432,220	9,624	441,844	-	411,855	29,989	441,844	-	-	-
101C1403	370,723	1,306	372,029	-	372,442	(413)	372,029	-	-	-
101C1405	162,811	893	163,704	-	163,704	-	163,704	-	-	-
101C1502	2,200,682	29,567	2,230,249	-	2,226,965	3,284	2,230,249	-	-	-
101C1504	976,456	136,707	-	1,113,163	948,000	158,000	-	1,106,000	7,164	-
101C1601	798,664	31,256	829,920	-	829,920	-	829,920	-	-	-
101C1603	430,307	36,387	-	466,694	435,478	9,210	-	444,688	22,005	-
101C1604	666,472	31,930	-	698,402	661,959	34,822	-	696,781	1,622	-
101C1605	1,018,550	87,809	-	1,106,359	975,494	133,327	-	1,108,821	-	2,461
101C1701	456,467	255,764	-	712,231	443,715	274,874	-	718,589	-	6,359
101C1702	667,355	636,162	-	1,303,517	576,079	721,676	-	1,297,755	5,762	-
101C1703	1,573,499	1,117,446	-	2,690,945	1,282,846	1,287,289	-	2,570,135	120,810	-
101C1705	1,286,251	800,879	-	2,087,130	1,278,629	770,834	-	2,049,463	37,667	-
101C1707	914,818	1,300,629	-	2,215,447	952,354	933,453	-	1,885,807	329,638	-
101C1802	250,044	629,681	-	879,725	202,595	591,759	-	794,354	85,371	-
101C1803	124,147	262,878	-	387,025	176,750	217,150	-	393,900	-	6,875
101C1901	32,920	226,244	-	259,164	121,093	208,824	-	329,917	-	70,753
101C1902	3,359	109,343	-	112,702	-	-	-	-	112,702	-
101C1903	1,053	46,215	-	47,268	-	-	-	-	47,268	-
101C1904	531	186,302	-	186,833	-	160,452	-	160,452	26,381	-
101C2001	-	735,555	-	735,555	-	723,327	-	723,327	12,228	-
101C2002	-	13	-	13	-	-	-	-	13	-
101C2003	-	22,136	-	22,136	-	11,086	-	11,086	11,050	-
	<u>\$ 17,312,206</u>	<u>\$ 6,744,440</u>	<u>\$ 9,032,337</u>	<u>\$ 15,024,309</u>	<u>\$ 16,903,900</u>	<u>\$ 6,419,512</u>	<u>\$ 9,032,337</u>	<u>\$ 14,291,075</u>	<u>\$ 819,681</u>	<u>\$ 86,448</u>

Chien Kuo Construction Co., Ltd.

Statement of Financial Assets at Fair Value through Profit or Loss - Current

December 31, 2020

Form of Statement III

Unit: Shares in 1,000 Shares, Amount in NT\$ thousand

Name of Financial Instruments	Summary	Shares or Units	Face Value	Total Amount	Acquisition Cost	Fair Value	
						Unit Price (NT\$)	Total Amount
Financial assets at fair value through profit or loss							
Stock	United Microelectronics Corporation	150	\$ 10	\$ 1,500	\$ 7,178	\$ 47.15	\$ 7,072
	Taiwan Semiconductor Manufacturing Co., Ltd.	11	10	110	4,916	530.00	5,830
	Novatek Microelectronics Corp.	20	10	200	7,074	369.00	7,380
	Focaltech Systems Co., Ltd.	30	10	300	2,951	93.50	2,805
	Alchip Technologies, Ltd.	10	10	100	6,359	621.00	6,210
	RichWave Technology Corp.	10	10	100	2,861	394.50	3,945
	Visual Photonics Epitaxy Co., Ltd	35	10	350	3,194	112.00	3,920
	Yageo Corporation	7	10	70	3,076	518.00	3,626
	Walsin Technology Corp.	15	10	150	3,023	230.50	3,458
	Unimicron Technology Corporation	66	10	660	5,549	87.40	5,768
	eMemory Technology Inc.	5	10	50	2,749	595.00	2,975
	Gudeng Precision Industry Co., Ltd.	12	10	120	3,528	273.00	3,276
	Parade. Technologies, Ltd.	1	10	10	1,101	1,110.00	1,110
	Sino-American Silicon Products Inc.	28	10	280	4,458	177.50	4,970
	Advanced Wireless Semiconductor Co.	70	10	700	7,757	135.00	9,450
	Hong Plastic Technology Co., Ltd.	10	10	100	3,963	397.50	3,975
Beneficiary certificates	Eastspring Investments Export Fund	200			10,665	56.41	11,261
	Allianz Global Investors Taiwan Technology Fund	211			17,927	87.91	18,558
	Union Money Type Fund	6,011			80,000	13.31	80,000
	Jih Sun Money Type Fund	6,020			90,000	14.95	90,000
	FSITC Money Type Fund	445			80,000	179.85	80,000
	Capital Money Type Fund	4,918			80,000	16.27	80,000
	Mega Diamond Money Type Fund	7,115			90,000	12.65	90,000
	Taishin Ta-Chong Money Type Fund	5,586			80,000	14.32	80,000
							<u>\$ 605,589</u>

Chien Kuo Construction Co., Ltd.

Statement of Changes in Financial Assets at Fair Value through Other Comprehensive Income - Non-Current

January 1 to December 31, 2020

Form of Statement IV

Unit: Shares in 1,000 Shares; Amount in NT\$ thousand, unless otherwise specified

Invested Company	Balance - beginning of year		Increase for this year		Decrease for this year		Change in unrealized gain or loss on financial asset	Balance - end of year	
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount
Current									
Domestic listed companies									
Chia Hsin Cement Corporation	1,114	\$ 24,909	-	\$ -	-	\$ -	(\$ 3,678)	1,114	\$ 21,231
Non-current									
Domestic listed companies									
Taiwan Cement Corporation	5,896	\$ 257,661	295	\$ -	-	\$ -	\$ 9,792	6,191	\$ 267,453
Chia Hsin Cement Corporation	6,853	153,165	-	-	-	-	(22,615)	6,853	130,550
		<u>\$ 410,826</u>		<u>\$ -</u>		<u>\$ -</u>	<u>(\$ 12,823)</u>		<u>\$ 398,003</u>

Note 1. Par value of \$10 per share

Note 2. 2,000 thousand shares of Chia Hsin Cement Corporation are pledged to the bank as collateral for the performance of construction contracts.

Note 3. 2,126 thousand shares of Taiwan Cement Corporation are pledged to the Court as collateral against the litigation between the Company and Shing Tzung.

Note 4. The increase for the current year is due to the allotment of stock dividend.

Chien Kuo Construction Co., Ltd.
Statement of Changes in Investments Accounted for Using Equity Method
January 1 to December 31, 2020

Form of Statement V

Unit: NT\$ thousand, unless otherwise specified

			Balance - beginning of year		Increase for this year		Decrease for this year					Balance - end of year				
Name of investee			Number of		Number of		Number of		Gain (loss) on investment	Exchange differences on translating the financial statements of foreign operations (Note 2)	Unrealized loss of financial asset (Note 2)	Cash flow hedge (Note 2)	Number of Shares (In 1,000 Shares)	Percentage of	Endorsements and guarantees provided	Note
			Shares (In 1,000 Shares)	Amount	Shares (In 1,000 Shares)	Amount	Shares (In 1,000 Shares)	Amount						Ownership (%)		
Subsidiary																
Non-public company																
Golden Canyon Limited		8,714	\$ 2,356,663	-	\$ -	-	\$ 973,335	\$ 96,200	(\$ 30,724)	(\$ 1,733)	(\$ 471)	8,714	100	\$ 1,446,600	None	Note 3
Silver Shadow Holding Limited		25,038	1,718,013	-	-	-	-	117,907	(21,597)	(1,618)	(571)	25,038	100	1,812,134	None	
Chien Kuo Building Co., Ltd.		11,100	100,135	-	-	1,100	-	720	-	-	-	10,000	100	100,855	None	Note 4
Shun Long International Electrical Engineering Co., Ltd.		6,063	45,354	937	7,851	-	-	26,225	-	-	-	7,000	100	79,430	None	Note 5
Anping Property Co., Ltd.		14,000	132,431	-	-	14,000	132,365	(66)	-	-	-	-	-	-	None	Note 6
Golden Canyon Venture Capital Investment Co., Ltd.		-	-	40,100	401,000	-	-	(669)	-	-	-	40,100	100	400,331	None	Note 7
			\$ 4,352,596		\$ 408,851		\$ 1,105,700	\$ 240,317	(\$ 52,321)	(\$ 3,351)	(\$ 1,042)			\$ 3,839,350		
Associates																
Non-public company																
WeBIM Services Co., Ltd.		980	\$ 9,652	-	\$ -	980	\$ 9,226	(\$ 426)	\$ -	\$ -	\$ -	-	-	\$ -	None	Note 8

Note 1. Except that the par values of Golden Canyon Limited and Silver Shadow Holding Limited is US\$1 per share, and that Shun Long International Electrical Engineering Co., Ltd. has no par value, the par values of the remaining companies are NT\$10 per share.

Note 2. Including the balance of other equity using equity method.

Note 3. The decrease for the current year is due to the allotment of dividend.

Note 4. The decrease for the current year is due to the capital reduction for offsetting accumulated deficits.

Note 5. The increase for the current year is due to the acquisition of minority Interest.

Note 6. The decrease for the current year is due to the application of capital reduction and liquidation.

Note 7. The increase for the current year is due to the Company's 100% investment set up on August 17, 2020.

Note 8. The decrease for the current year is due to the allotment of dividend amounted to 486 thousand and the sales of equity ownership amounted to 8,740 thousand.

Chien Kuo Construction Co., Ltd.
Statement of Long-term Loans
December 31, 2020

Form of Statement VI

Unit: NT\$ Thousands

Creditor	Repayment method	Mature within one year	Mature after one year	Total	Term of the agreement	Effective Interest Rate	Collaterals or guarantees
Secured loans from banks							
Land Bank of Taiwan	Interest should be paid monthly, and the principal should be repaid in full upon maturity	\$ -	\$ 350,000	\$ 350,000	July 13, 2017 - July 12, 2022	1.35%	Land held for construction
Long-term commercial paper payable							
Shanghai Commercial and Savings Bank	Interest is paid in the beginning of the period, and the principal should be repaid in full upon maturity (90 days) with revolving credit limit within the term of contract.	149,767	-	149,767	December 27, 2018 - December 26, 2021	1.65%	None
Shanghai Commercial and Savings Bank	Interest is paid in the beginning of the period, and the principal should be repaid in full upon maturity (90 days) with revolving credit limit within the term of contract.	149,767	-	149,767	March 29, 2018 - September 29, 2021	1.65%	None
Entie Commercial Bank	Interest is paid in the beginning of the period, and the principal should be repaid in full upon maturity (90 days) with revolving credit limit within the term of contract.	149,758	-	149,758	September 28, 2018 - September 29, 2021	1.68%	None
Mega International Commercial Bank	Interest is paid in the beginning of the period, and the principal should be repaid in full upon maturity (90 days) with revolving credit limit within the term of contract.	-	149,850	149,850	June 27, 2029 - June 26, 2022	1.36%	None
		449,292	149,850	599,142			
		\$ 449,292	\$ 499,850	\$ 949,142			

Chien Kuo Construction Co., Ltd.

Table of Accounts Payable

December 31, 2020

Form of Statement VII

Unit: NT\$ Thousands

<u>Customers' Name</u>	<u>Amount</u>
Customer A	\$ 450,421
Customer B	103,726
Other (Note)	<u>1,412,700</u>
	<u>\$ 1,966,847</u>

Note. The balance for each customer did not exceed 5% of the balance of this account.

Chien Kuo Construction Co., Ltd.
Statement of Operating Revenue and Cost
January 1 to December 31, 2020

Form of Statement VIII

Unit: NT\$ Thousands

<u>Construction item</u>	<u>Operating revenue</u>	<u>Operating cost</u>	<u>Gross profit</u>
Residential construction	\$ 2,068,805	\$ 1,949,414	\$ 119,391
Public construction	1,785,169	1,634,189	150,980
Commercial Office, Factory Office and others	<u>2,899,774</u>	<u>2,716,680</u>	<u>183,094</u>
	<u>\$ 6,753,748</u>	<u>\$ 6,300,283</u>	<u>\$ 453,465</u>

Chien Kuo Construction Co., Ltd.
Statement of General and Administrative Expenses
January 1 to December 31, 2020

Form of Statement IX

Unit: NT\$ Thousands

Item	Amount
Salary and Bonus	\$ 195,065
Depreciation expense	14,635
Other expense (Note)	<u>63,076</u>
	<u>\$ 272,776</u>

Note: The balance for each item did not exceed 5% of the balance of this account.

Chien Kuo Construction Co., Ltd.

Summary Table of Employee Benefits, Depreciation and Amortization Expenses Incurred During the Current Period
For the Years Ended December 31, 2020 and 2019

Form of Statement X

Unit: NT\$ Thousands

	2020				2019			
	Belongs to Operating cost	Belongs to Operating expense	Belongs to Other gain and loss	Total	Belongs to Operating cost	Operating expense	Other gain and loss	Total
Employee Benefits Expenses (Note)								
Salary expense	\$ 203,585	\$ 176,001	\$ -	\$ 379,586	\$ 163,143	\$ 142,353	\$ -	\$ 305,496
Labor Insurance and National								
Health Insurance expense	19,273	9,746	-	29,019	15,420	10,457	-	25,877
Pension expense	10,823	5,701	-	16,524	8,775	5,207	-	13,982
Remuneration to Directors	-	19,304	-	19,304	-	13,245	-	13,245
Other employee benefits								
expenses	12,068	6,865	-	18,933	8,999	8,357	-	17,356
	<u>\$ 245,749</u>	<u>\$ 217,617</u>	<u>\$ -</u>	<u>\$ 463,366</u>	<u>\$ 196,337</u>	<u>\$ 179,619</u>	<u>\$ -</u>	<u>\$ 375,956</u>
Depreciation expense	<u>\$ 1,649</u>	<u>\$ 14,635</u>	<u>\$ 1,038</u>	<u>\$ 17,322</u>	<u>\$ 653</u>	<u>\$ 14,548</u>	<u>\$ 1,247</u>	<u>\$ 16,448</u>
Amortization expenses	<u>\$ -</u>	<u>\$ 1,011</u>	<u>\$ -</u>	<u>\$ 1,011</u>	<u>\$ -</u>	<u>\$ 1,741</u>	<u>\$ -</u>	<u>\$ 1,741</u>

Note 1. As of December 31, 2020 and 2019, the number of employees of the Company was 409 and 327, respectively, and the number of directors who are not the employees is 11 for both years.

Note 2. The average employee benefit expenses were \$1,116 thousand and \$1,148 thousand for the year ended December 31, 2020 and 2019, respectively.

Note 3. The average salary expenses were \$954 thousand and \$967 thousand for the year ended December 31, 2020 and 2019, respectively.