

Stock Code: 5515



CHIEN KUO CONSTRUCTION CO.,LTD.

Annual Report 2022

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.

Taiwan Stock Exchange Market Observation Post System: <http://newmops.twse.com.tw> Chien Kuo Construction Co. Ltd. 2022 Annual Report is available at: <http://www.ckgroup.com>

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Chapter 1 Letter to Shareholders

Ladies and gentlemen:

Last year, due to the interference of inflation raises interest rates, geopolitics and other factors, the global economic view in 2023 was generally conservative, and real estate investment slowed down. In addition, the government had a clear policy against real estate speculation. At the beginning of the year, the third reading of the Regulation on Equal Land Rights was approved. As a result, the real estate market this year has cautious attitude on buying , and the economy was weakening. The future economic outlook of the construction industry was conservative, and the demand for social housing was stable.

Chien Kuo Construction Co., Ltd.has been expanding its business and balancing the ratio of residential, commercial office and public construction businesses. By the end of 2022, the total amount of contracted reached NT\$29.4 billion. The annual price index of construction projects increased by 7.37% in 2022, which was slower than 10.93% in 2021, but the overall construction cost still showed a continuous rising trend. Under the efforts of the company's operation management, even under the influence of the general environment of labor shortage and material increase, it is still committed to the steady profit of the Company, and the overall gross profit rate in 2022 still reached 11%.

The Company's 2022 annual consolidated revenue was NT\$5.07 billion, a decrease of 5% over 2021. The net profit was NT\$180 million, a decrease of 55% over 2021, and earnings per share after tax was NT\$0.72. Net cash outflow from operating activities reached NT\$390 million in 2022. The following is a summary report of the Company's 2022 consolidated business results:

(I) Operational Highlight

Unit: NT\$ Thousands

Item	2022	2021	Growth
Operating revenue	5,065,701	5,326,431	-5%
Operating costs	4,517,166	4,702,057	-4%
Gross profit	548,535	624,374	-12%
Operating expenses	293,552	338,354	-13%
Net operating income (loss)	254,983	286,020	-11%
Non-operating income and expense	(38,231)	259,686	-115%
Income before income tax	216,752	545,706	-60%
Net income	184,115	405,150	-55%

- In 2022, the non-operating income and expenditure decreased by 115% compared to the year of 2021. It was mainly due to dispose of the interests of the subsidiary in mainland China in 2021. In addition, the profit and dividend income of financial assets measured by fair value through profit and loss in 2022 were less than those in 2021.

(II) Cash Flows and Profitability Analysis

1. Cash Flows

Unit: NT\$ Thousands

Item	Amount
Net cash outflow from the operating activities	(391,880)
Net cash inflow from the investing activities	1,080,852
Net cash outflow from the investing activities	(167,722)
Effect of exchange rate changes on cash and cash equivalents	191,638
Net increase in cash	712,888
Cash at the beginning of the year	2,453,293
Cash at the end of the year	3,166,181

2. Profitability Analysis

Item		2022
Return on assets		2.4%
Return on equity		3.9%
Ratio of paid-in capital	Operating income	10.1%
	Income before tax	8.6%
Net profit margin		3.6%
Earnings per share (NT\$)		0.72

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.” Looking forward to 2023, ESG issues continue to drive the industry to pay attention to environmental protection, social responsibility and corporate governance. In order to cope with the problems of high construction costs and worker shortage, the company has started to use aluminum molding method to replace traditional molding. It is estimated that the carbon reduction benefit of aluminum molding method is up to 48.72%, and can solve the problem of shortage of some skilled workers. Chien Kuo Construction

Co., Ltd. will continue to focus on project automation, quality optimization and project management information services with its construction experience and emerging technologies, and will continue to maintain a balance of residential, factory office and public construction to diversify its products and make its operations more stable. Despite the challenges of the external environment, the Company has made various internal responses and preparations. 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. Ming-Shou Tsai 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.
1955	Mr. Chi-Te Chen 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

Time	Overview
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	<ol style="list-style-type: none"> 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)
2015	<ol style="list-style-type: none"> 1. Received the Excellence Award at 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 Keenness 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

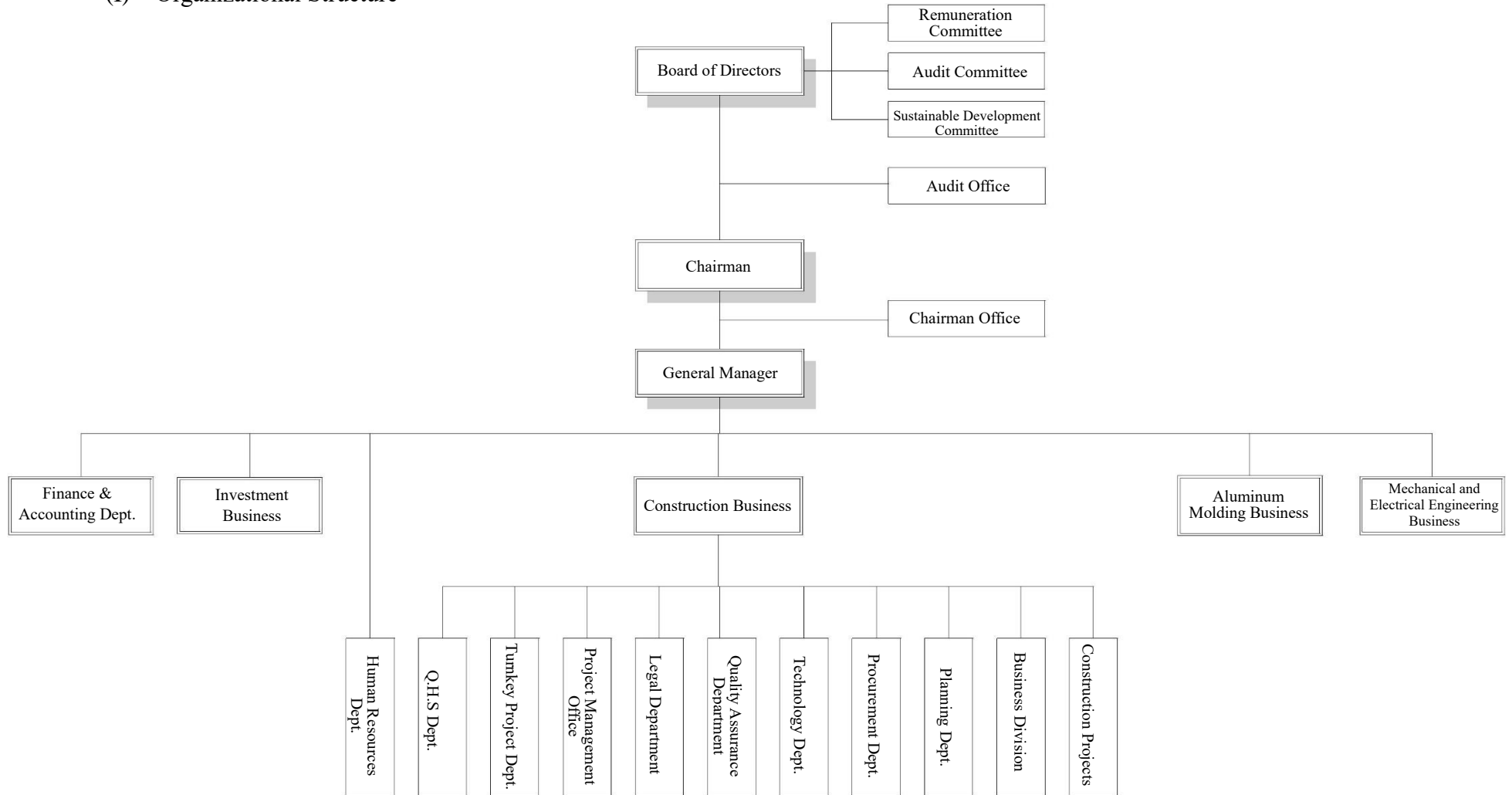
Time	Overview
	<p>Award and the Excellent Unit Award at the 2016 New Taipei City Labor Safety Award.</p> <p>6. The construction of the "Cathay Minsheng" project was awarded the Excellent Unit Award for 2016 awarded by Kaohsiung City Labor Bureau.</p>
2018	<p>1. Mr. Chang-Shiou Wu, the corporate representative of Chien Hui Investment Co., Ltd., appointed as the Chairman.</p> <p>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.</p> <p>3. The construction of the "Pinyang Xinzhuang" 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.</p> <p>4. The construction of the "Zhonglu No. 2" social housing project was awarded the MOL Golden Safety Award for Public Construction.</p> <p>5. The construction of the "Fubon Infinite" project was awarded the Excellent Construction Site for 2018 by the Kaohsiung Environmental Protection Bureau.</p> <p>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.</p>
2019	<p>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.</p> <p>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.</p> <p>3. The construction of the "Pinyang Xinzhuang" 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.</p> <p>4. The construction of the "Fubon Infinite" project was awarded the Excellent Construction Site for 2019 by the Kaohsiung Environmental Protection Bureau.</p>
2020	<p>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 City Public Construction Excellence Award.</p> <p>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.</p> <p>3. The Company was awarded the 2019 Excellent Job Security Card by the Taipei City Labor Bureau.</p>

Time	Overview
	<p>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.</p> <p>5. The construction of the "Pinyang Xinzhuang" was awarded the 2020 Olden Safety Award by the Ministry of Labor.</p>
2021	The construction of the "Fuxing Public Housing" was awarded two awards, namely, 2020 National Excellent Unit Award by the Ministry of Labor of the Executive Yuan and the Excellent Promotion Unit Award 2020 at the Taipei City Labor Safety Unit Award.
2022	<p>1. The construction of the "Fuxing Public Housing" was awarded 2021 Excellent Labor Safety Unit and 2022 Public Construction Golden Safety Award Excellence Award by the Ministry of Labor of the Executive Yuan</p> <p>2. The construction of the "Cathay Harvest" was awarded two awards, namely, 2021 National Excellent Unit Award by the Ministry of Labor of the Executive Yuan and the Excellent Promotion Unit Award 2021 at the Taipei City Occupational Safety Unit Award.</p> <p>3. The construction of the social housing of "Zuoying Community" was awarded the Excellent Construction Site for 2022 by the Kaohsiung Environmental Protection Bureau.</p> <p>4. The construction of "Tsuchihiro Youth Housing" was awarded The 22nd Golden Quality Award for Public Construction of the Public Construction Committee, Executive Yuan.</p>

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, sustainable development, corporate social responsibility and governance (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.
Mechanical and Electrical Engineering Business	<ol style="list-style-type: none"> 1. Planning, design and execution of standardized operations in electrical and mechanical engineering. 2. Establishing electrical and mechanical standard operation specification and analysis review. 3. Establishment of self-organized itemization and subcontract management. 4. Control electric and mechanical quality and progress, test electric and mechanical system and review. 5. Development and promotion of new technologies in electrical and mechanical engineering. 6. Mechanical and electrical engineering in turnkey project planning and implementation.
Aluminum Molding Business	<ol style="list-style-type: none"> 1. Plan and implement aluminum molding for project. 2. Prepare aluminum molding according to short, medium and long term requirements. 3. Develop the implement of the full life cycle operation of aluminum molding. 4. Development and extension of technology related to aluminum molding construction.
Investment Business	<ol style="list-style-type: none"> 1. Responsible for managing and utilizing the Company's capital to invest in domestic and foreign fixed income, equity and derivative instruments to achieve the best return on capital. 2. Business development, investment, merger and acquisition feasibility analysis, execution and operation management. 3. Real estate market research and study, land development strategy proposal and investment analysis and estimation, development project report and contract related documents review.

Department Name	Business
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, Vice General Managers, Assistant Managers, and Heads of Departments and Branches

(I) Board of Directors

1. Information on Directors

Date of Book Closure: April 22, 2023

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected (Inaugurated)	Tenure (Year)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding currently		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			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 61-65	2021.07.22	3	2012.06.18 2012.06.18	46,011,532 240,000	18.25% 0.09%	46,011,532 240,000	18.25% 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 (corporate representative) of Fast Dragon International Electrical Engineering Co., Ltd. Director (corporate representative), Golden Canyon Venture Capital Investment Co., Ltd. Director (corporate representative), Golden Canyon II Venture Capital Investment Co., Ltd. Director of Silver Shadow Holding Co., Ltd. Director of Golden Canyon Co., Ltd. Director, CK Asia Co., Ltd.	-	-	-	-
Vice Chairman	Republic of China (R.O.C.)	Chi-Te Chen	Male 61-65	2021.07.22	3	1988.04.27	18,844,139	7.47%	18,844,139	7.47%	2,101,672	0.83%	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. Chairman (corporate representative), Golden Canyon II 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 Holding Co., Ltd. Director of Golden Canyon Co., Ltd. Director, CK Asia Co., Ltd. Chairman of Chien Hwei Cultural & Educational Foundation Chairman of Chien Kuo Foundation for Arts and Culture	-	-	-	-

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected (Inaugurated)	Tenure (Year)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding currently		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			Note
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
Directors	Republic of China (R.O.C.)	Pang-Yen Yang	Male 66~70	2021.07.22	3	2006.06.15	1,393,166	0.55%	1,393,166	0.55%	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. Chairman of Ding Bang International Co., Ltd. Director (corporate representative) of eEver Technology Inc. Chairman (corporate representative),Starlight Display Corporation.	-	-	-	-
Directors	Republic of China (R.O.C.)	Jianxiang Investment Co., Ltd. Representative: Jui-Hsing Tsai	Male 41~45	2021.07.22	3	2015.06.22 2018.06.29	578,400 440,216	0.22% 0.17%	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 Chien Siang Development Co., Ltd. Chairman of Chien Siang Investment Co., Ltd Supervisor of Chien Siang Construction Co., Ltd.	-	-	-	-
Directors	Republic of China (R.O.C.)	Tzu-Chiang Yang	Male 66~70	2021.07.22	3	2012.06.18	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, Huacheng 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 Director, Huicheng Capital Co., Ltd. Director of Financial Literacy & Education Association	-	-	-	-

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected (Inaugurated)	Tenure (Year)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding currently		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			Note
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
Directors	Republic of China (R.O.C.)	Chien Hwei Investment Co., Ltd. Representative: Pai-Tso Sun	Male 61-65	2021.07.22	3	2012.06.18 2015.08.18	46,011,532 0	18.25% 0.00%	46,011,532 0	18.25% 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 Co., Ltd. Director (corporate representative) of Fast Dragon International Electrical Engineering Co., Ltd. Director (corporate representative), Golden Canyon Venture Capital Investment Co., Ltd. Director (corporate representative), Golden Canyon II Venture Capital Investment Co., Ltd. Director of Silver Shadow Holding Co., Ltd. Director of Golden Canyon Co., Ltd. Director, CK Asia Co., Ltd. Director of Chien Ya (Shanghai) Information Technology Co., Ltd. Chairman (corporate representative) and general manager of Jian Bang Construction Co., Ltd.	-	-	-	-
Directors	Republic of China (R.O.C.)	Chung Cheng	Male 61-65	2021.07.22	3	2003.05.02	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master in Electrical and Computer Engineering, University of California (USA) (USA) Master of Business Administration of Santa Clara University	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.	-	-	-	-
Directors	Republic of China (R.O.C.)	Chu-Hsin Lee	Male, 61-65	2021.07.22	3	2009.06.16	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor of Electrical Engineering, National Chiao Tung University	Obic Technology Co., Ltd. Independent Director	-	-	-	-
Directors	Republic of China (R.O.C.)	Yu-Jui Chang	Male, 41-45	2021.07.22	3	2009.06.16	1,209,804	0.48%	1,209,804	0.48%	0	0.00%	0	0.00%	M.B.A., National Dong Hwa University	General Manager of Chuen Tung Shareholder Service Co., Ltd. Director Junyue Co., Ltd. Director, Hungtung Co., Ltd.	-	-	-	-
Directors	Republic of China (R.O.C.)	Chi-Hsin Chen	Male, 56-60	2021.07.22	3	2009.06.16	1,440,316	0.57%	1,688,316	0.67%	358	0.00%	0	0.00%	Department of Business of Kaohsiung Commercial and Industrial Vocational High School	Business Manager, Headway Group	-	-	-	-

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected (Inaugurated)	Tenure (Year)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding currently		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			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, 66-70	2021.07.22	3	2018.06.29	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. 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, 66-70	2021.07.22	3	2018.06.29	0	0.00%	0	0.00%	0	0.00%	0	0.00%	J.D., Cornell University (USA)	Adjoint Professor of the Department of Law of NCCU and NCCU Graduate Institute of Technology Innovation & Intellectual Property Management (TIIPM)	-	-	-	-
Independent Director	Republic of China (R.O.C.)	Li-Hsing I	Male, 66-70	2021.07.22	3	2018.06.29	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 Executive Director, Mahasati Meditation Taiwan Supervisor, Construction Management Association of the Republic of China	-	-	-	-

2. Major institutional shareholders

April 22, 2023

Name of Institutional Shareholders	Major institutional shareholders	
	Shareholders	Shareholding Ratio (%)
Chien Hwei Investment Co., Ltd.	Chi-Te Chen	89.25%
	Shen-Yu Peng	9.64%
	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

April 22, 2023

Name	Criteria	Professional Qualifications and Experience	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	
Former Corporate Representative of Chien Hui Investment Co., Ltd.: Chang-Shiou Wu		Former General Manager of Pei-Fon Co., Ltd., Shanghai Former General Manager of Ruentex Resource Integration Co. Ltd. Former General Manager of Ruentex Engineering & Construction Co. Ltd.			✓		✓	✓			✓	✓	✓		0
Chi-Te Chen		Former Chairman, Chien Kuo Construction Co., Ltd.	✓			✓		✓			✓	✓	✓	✓	0
Pang-Yen Yang		Former Vice Chairman, Chien Kuo Construction Co., Ltd.	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Tzu-Chiang Yang		Former Political Deputy Minister, Ministry of Finance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Former Corporate Representative of Chien Siang Investment Co., Ltd.: Jui-Hsing Tsai		Former Special Assistant, Jianxiang Construction Group	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓		0
Former Corporate Representative of Chien Hui Investment Co., Ltd.: Pai-Tso Sun		Former Executive Vice General Manager of Hong Pu Real Estate Development Co., Ltd. Former General Manager of Chien Kuo Asia Co., Ltd.			✓		✓	✓			✓	✓	✓		0
Chung Cheng		Former Independent Director, Chien Kuo Construction Co., Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chu-Hsin Lee		Former Independent Director, Chien Kuo Construction Co., Ltd. Former General Manager, Fubon Financial Holding Venture Capital Corporation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chi-Hsin Chen		Former Supervisor, Chien Kuo Construction Co., Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Name \ Criteria	Professional Qualifications and Experience	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	
Yu-Jui Chang	Former Special Assistant, Chien Kuo Construction Co., Ltd. Former Special Assistant, Stock Agency Department of Grand Cathay Securities Corporation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chin-Pao Tsai (Note 2 and 3)	Former Vice Director of PwC Taiwan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Chen-Yu Feng (Note 2)	Former Director of Department of Financial & Economic Law of Chung Yuan Christian University Former Business Lawyer of SRSY Law Firm, USA Former Reporter of Interview Group of Commercial Times	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Li-Hsing I (Note 2)	Former Consultant of BES Engineering Corporation Former General Manager, Chien Kuo Construction Co., Ltd. Former General Manager, Ruentex Construction Co., Ltd. Former General Manager, Pinghui Construction Co., Ltd. Former General Manager, Runan Electrical Engineering Co., Ltd. Former General Manager, Lisheng Construction Co., Ltd. Former General Manager, Pengfa Construction Co., Ltd. Former Associate Engineer, Deputy Division of RSEA Engineering Corporation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Board Diversity and Independence

(I) Board Diversity: Please refer to III. Corporate Governance Report and IV. Corporate Governance Operations, (III) Corporate Governance Implementation Status, Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reasons, III. Composition and duties of the Board of Directors.

(II) Board Independence:

The Company has 2 directors with employee status, accounting for only 15% of the board members, which is less than one-third of the total number of directors and does not affect the operation and decision making of the Board of Directors, which remains highly independent.

There are 3 independent directors of the Company, accounting for 23% of the total number of directors. The Company has obtained a written statement from each independent director confirming compliance with the independence requirements of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".

None of the Company's directors, independent directors, or directors and independent directors are related to each other by consanguinity or by second degree of kinship, and there is no such situation as provided in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.

Note 1: 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.

Note 2: Chin-Pao Tsai, Chen-Yu Feng and Li-Hsing I, all of whom are independent directors of the Company, are "None" of the following:

- (1).He/She, his/her spouse, his/her second degree relative or other relatives are directors, supervisors or employees of the Company or other related companies.
- (2).The Company's shares are held by him/she, his/her spouse, his/her second degree of kinship, etc. (or by using the names of others).
- (3).Serve as a director, supervisor or employee who has a specific relationship with the Company (refer to Article 3, Paragraph 1, Sub-paragraphs 5~8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).
- (4).Received compensation for business, legal, financial, and accounting services from the Company or its affiliates in the last 2 years.

Note 3:Chin-Pao Tsai, an independent director, has accounting expertise and is a certified public accountant in the Republic of China. He is the Former Vice Director of PwC Taiwan.

(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 22, 2023

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			Note
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
General Manager	Republic of China (R.O.C.)	Shi-Ning Dong (Note 1)	Male	2021.07.22	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	Republic of China (R.O.C.)	Mao-Sheng Kan (Note 2)	Male	2023.02.03	7,140	0.00%	0	0.00%	0	0.00%	Master of Construction Management, National Central University Vice General Manager of Procurement Dept., Chien Kuo Construction Co. Ltd Assistant Manager of Kedge Construction Co. Ltd.	-				-
Chief Financial Officer	Republic of China (R.O.C.)	Pai-Tso Sun	Male	2014.02.05	0	0.00%	0	0.00%	0	0.00%	Master of Business Administration, National Chengchi University Executive Vice General Manager of Hong Pu Real Estate Development Co., Ltd. General Manager of Chien Kuo Asia Co., Ltd.	CFO of Chien Kuo Construction Co. Ltd. General Manager of Chien Kuo Development Co., Ltd. Chairman (corporate representative) of Jian Bang Construction Co.,Ltd., Director (corporate representative) of Fast Dragon International Electrical Engineering Co., Ltd. Director (corporate representative), Golden Canyon Venture Capital Investment Co., Ltd. Director (corporate representative), Golden Canyon II Venture Capital Investment Co., Ltd. Director of Silver Shadow Holding Co., Ltd. Director of Golden Canyon Co., Ltd. Director, CK Asia Co., Ltd. Director of Chien Ya (Shanghai) Information Technology 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			Note
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
General Manager of Concrete Business	Republic of China (R.O.C.)	Kuo-Feng Ting	Male	2015.07.01	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.	Chairman and General Manager, Chien Ya (Shanghai) Information Technology 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			Note
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
General Manager of Mechanical and Electrical Engineering Business	Republic of China (R.O.C.)	Chia-Yu Hsueh (Note 3)	Male	2022.04.01	0	0.00%	0	0.00%	0	0.00%	M.S. in Construction Management, Graduate School of Civil Engineering, National Taiwan University General Manager, DACIN Construction Co., Ltd.	-	-	-	-	-
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 Vice General Manager, Dean Witter Reynolds Inc. USA	-	-	-	-	-
General Manager of Mechanical and Electrical Engineering Business	Republic of China (R.O.C.)	Jin-Hui Zhou (Note 4)	Male	2023.02.04	0	0.00%	0	0.00%	0	0.00%	Master of Law, Soochow University Bachelor, Department of Electrical Engineering, National Taiwan University Special Assistant, Chien Kuo Construction Co. Ltd. Vice General Manager, Chien Kuo Construction Co. Ltd. Chief of Business Section , Fu Tse Construction Co., Ltd. Executive Secretary, ROC Construction Industry Foundation for RnD	General Manager of Fast Dragon International Electrical Engineering Co., Ltd.	-	-	-	-
Vice General Manager	Republic of China (R.O.C.)	Kuan-Chun Chang	Male	2016.04.16	58,024	0.02%	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 (Note 5)	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 (Note 6)	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 Vice General Manager of Ruentex Engineering & Construction 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			Note
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
General Manager of Aluminum Molding Business	Republic of China (R.O.C.)	Jun-Kuang Yang (Note 7)	Male	2023.02.04	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	Male	2020.09.02	0	0.00%	0	0.00%	0	0.00%	Master of Questrom School of Business (MBA)	-	-	-	-	-
Vice General Manager	Republic of China (R.O.C.)	Wen-Kuei Chiang	Male	2020.11.09	90,729	0.04%	0	0.00%	0	0.00%	Institute of Business Management of Department of Civil Engineering, National Taiwan University	-	-	-	-	-
Vice General Manager	Republic of China (R.O.C.)	Wei-Pin Wang	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	Male	2021.04.16	0	0.00%	0	0.00%	0	0.00%	Master of Civil Engineering, Tamkang University Special Assistant to the Chairman, KENMEC Mechanical Engineering Co., Ltd. Assistant General Manager of Real Estate Department of Nan Shan Life Insurance Company, Ltd.	-	-	-	-	-
Vice General Manager	Republic of China (R.O.C.)	Shih-Yung Tai (Note 8)	Male	2021.11.01	3,000	0.00%	0	0.00%	0	0.00%	M.S., College of Mega Data Management, Soochow University Associate of Talent Capital Group, Deloitte Taiwan Human Resources Manager, Air Products San Fu Co., Ltd. Human Resources Manager, Alexander Group	-	-	-	-	-
Vice General Manager	Republic of China (R.O.C.)	Hsiu-Hsun Chen (Note 9)	Male	2022.07.18	0	0.00%	0	0.00%	0	0.00%	Department of Electrical Engineering, National Taipei University of Technology	-	-	-	-	-
Vice General Manager	Republic of China (R.O.C.)	Sheng-I Yen (Note 10)	Male	2022.08.01	10,000	0.00%	0	0.00%	0	0.00%	Doctor of Department of Civil Engineering, National Chiao Tung University Project Manager of Ruentex Engineering & Construction Co. Ltd.	Vice General Managere of Plant Engineering Department, Jian Bang Construction 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			Note
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relationship	
Vice General Manager	Republic of China (R.O.C.)	Chung-Fu Kuan (Note 11)	Male	2023.03.01	0	0.00%	0	0.00%	0	0.00%	Master, Department of Civil Engineering, National Taiwan University	-	-	-	-	-
Vice General Manager	Republic of China (R.O.C.)	Wen-Cheng Li (Note 12)	Male	2023.03.01	0	0.00%	0	0.00%	0	0.00%	Department of Civil Engineering, National Taiwan University	-	-	-	-	-
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%	M.B.A., San Diego State University (USA) Assistant General Manager, Auditing Office, Senao International Assistant General Manager, Auditing Office, Continental Engineering Group	-	-	-	-	-
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 (UK) Associate Manager, Financial Planning Department of Far EasTone Telecommunications Co., Ltd. Manager, the Accounting Department of NCIC	Director of Chien Ya (Shanghai) Information Technology Co., Ltd. Supervisor (corporate representative), Wan Chang Venture Capital Co., Ltd. Supervisor (corporate representative), Golden Canyon Venture Capital Investment Co., Ltd. Supervisor (corporate representative), Golden Canyon II Venture Capital Investment Co., Ltd. Supervisor (corporate representative of Chien Kuo Development Co., Ltd.), Jian Bang Construction Co., Ltd. Supervisor (corporate representative), Wan Fu Venture Capital Co., Ltd.	-	-	-	-
Assistant General Manager	Republic of China (R.O.C.)	Lin-Ju Lin	Female	2021.08.13	0	0.00%	0	0.00%	0	0.00%	Master in Accounting, National Taiwan University CPA, Taiwan Senior Accounting Manager, Finance & Accounting Center, Information Technology Total Services Co., Ltd. Senior Specialist (Manager), Accounting Division, Management and Accounting Department, Finance and Administration Center, TECO Electric & Machinery Co., Ltd. Finance Manager, Tripod Technology	Accounting Manager of Chien Kuo Development Co., Ltd. Accounting Manager of Jian Bang Development Co., Ltd. Accounting Manager of Fast Dragon International Electrical Engineering Co., Ltd. Accounting Manager of Golden Canyon Venture Capital Investment Co., Ltd. Accounting Manager of Golden Canyon II Venture Capital Investment Co., Ltd.	-	-	-	-
Assistant General Manager	Republic of China (R.O.C.)	Yu-Yun Lin	Female	2021.07.22	0	0.00%	0	0.00%	0	0.00%	Master of Law, Soochow University Passed the bar exam in Taiwan Senior Specialist, Legal Department, Yeh-Chiang Technology Corp. Director, Law Department, Fengtian Law Firm Director, Law Department, ChenyuLaw Firm	-	-	-	-	-

Note 1: Shi-Ning Dong resigned as General Manager on January, 2023.

Note 2: Mao-Sheng Kan was newly elected as General Manager on February, 2023.

Note 3: Chia-Yu Hsueh resigned on June, 2022.

Note 4: Ching-Hui Chou was newly elected as General Manager of Elecrtic Machinery on February, 2023.

Note 5: Wen-Yun Tien resigned on January, 2023.

Note 6: Kuo-Feng Lin resigned on May, 2022.

Note 7: Jun-Kuang Yang was newly elected as General Manager of Aluminum Molding on February, 2023.

Note 8: Shih-Yung Tai resigned on January, 2023.

Note 9: Hsiu-Hsun Chen was newly elected on July, 2022.

Note 10: Sheng-I Yen was newly elected on August, 2022.

Note 11: Chung-Fu Kuan was newly elected on March, 2023.

Note 12: Wen-Cheng Li was newly elected on March, 2023.

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

(I) Remuneration Paid to General Directors and Independent Directors

Unit: NT\$

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	-	-	2,708	2,708	16	16	3,324 1.81%	3,324 1.81%	11,988	11,988	-	-	4	-	4	-	15,316 8.32%	15,316 8.32%	-
Vice Chairperson:	Chi-Te Chen	0	0	-	-	2,023	2,023	12	12	2,035 1.11%	2,035 1.11%	-	-	-	-	-	-	-	-	2,035 1.11%	2,035 1.11%	-
Directors	Pang-Yen Yang	240	240	-	-	1,354	1,354	12	12	1,606 0.87%	1,606 0.87%	-	-	-	-	-	-	-	-	1,606 0.87%	1,606 0.87%	-
Juristic-person Director	Representative of Chien Hsiang Investment Co., Ltd.: Jui-Hsing Tsai	240	240	-	-	1,354	1,354	12	12	1,606 0.87%	1,606 0.87%	-	-	-	-	-	-	-	-	1,606 0.87%	1,606 0.87%	-
Directors	Tzu-Chiang Yang	240	240	-	-	1,354	1,354	12	12	1,606 0.87%	1,606 0.87%	-	-	-	-	-	-	-	-	1,606 0.87%	1,606 0.87%	-
Juristic-person Director	Chien Hwei Investment Co., Ltd. Representative: Pai-Tso Sun	240	240	-	-	1,354	1,354	16	16	1,610 0.87%	1,610 0.87%	4,355	4,392	-	-	4	-	4	-	5,969 3.24%	6,006 3.26%	-
Directors	Chung Cheng	240	240	-	-	1,354	1,354	12	12	1,606 0.87%	1,606 0.87%	-	-	-	-	-	-	-	-	1,606 0.87%	1,606 0.87%	-
Directors	Chu-Hsin Lee	240	240	-	-	1,354	1,354	12	12	1,606 0.87%	1,606 0.87%	-	-	-	-	-	-	-	-	1,606 0.87%	1,606 0.87%	-
Directors	Yu-Jui Chang	240	240	-	-	1,354	1,354	12	12	1,606 0.87%	1,606 0.87%	-	-	-	-	-	-	-	-	1,606 0.87%	1,606 0.87%	-
Directors	Chi-Hsin Chen	240	240	-	-	1,354	1,354	12	12	1,606 0.87%	1,606 0.87%	-	-	-	-	-	-	-	-	1,606 0.87%	1,606 0.87%	-

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	
Independent Director	Chin-Pao Tsai	960	960	-	-	-	-	28	28	988 0.54%	988 0.54%	-	-	-	-	-	-	-	-	988 0.54%	988 0.54%	-
Independent Director	Chen-Yu Feng	960	960	-	-	-	-	28	28	988 0.54%	988 0.54%	-	-	-	-	-	-	-	-	988 0.54%	988 0.54%	-
Independent Director	Li-Hsing I	960	960	-	-	-	-	28	28	988 0.54%	988 0.54%	-	-	-	-	-	-	-	-	988 0.54%	988 0.54%	-
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, the remuneration to directors received due to the services provided (such as acting as consultants to non-employees of the parent company/all companies in the financial reporting/transferring businesses, etc.). 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	Chin-Pao Tsai Chen-Yu Feng Li-Hsing I	Chin-Pao Tsai Chen-Yu Feng Li-Hsing I	Chin-Pao Tsai Chen-Yu Feng Li-Hsing I	Chin-Pao Tsai Chen-Yu Feng Li-Hsing I
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Pang-Yen Yang Tzu-Chiang Yang Chung Cheng Chu-Hsin Lee Yu-Jui Chang Chi-Hsin Chen Chien Siang Investment Co., Ltd. Represented by Jui-Hsing Tsai Chien Hwei Investment Co., Ltd. Represented by Pai-Tso Sun	Pang-Yen Yang Tzu-Chiang Yang Chung Cheng Chu-Hsin Lee Yu-Jui Chang Chi-Hsin Chen Chien Siang Investment Co., Ltd. Represented by Jui-Hsing Tsai Chien Hwei Investment Co., Ltd. Represented by Pai-Tso Sun	Pang-Yen Yang Tzu-Chiang Yang Chung Cheng Chu-Hsin Lee Yu-Jui Chang Chi-Hsin Chen Chien Siang Investment Co., Ltd. Represented by Jui-Hsing Tsai	Pang-Yen Yang Tzu-Chiang Yang Chung Cheng Chu-Hsin Lee Yu-Jui Chang Chi-Hsin Chen Chien Siang Investment Co., Ltd. Represented by Jui-Hsing Tsai
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Chi-Te Chen Chien Hwei Investment Co., Ltd. Represented by Chang-Shiou Wu	Chi-Te Chen Chien Hwei Investment Co., Ltd. Represented by Chang-Shiou Wu	Chi-Te Chen	Chi-Te Chen
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	-	-	Chien Hwei Investment Co., Ltd. Represented by Pai-Tso Sun	Chien Hwei Investment Co., Ltd. Represented by Pai-Tso Sun
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	-	-	Chien Hwei Investment Co., Ltd. Represented by Chang-Shiou Wu	Chien Hwei Investment Co., Ltd. Represented by Chang-Shiou Wu
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	-	-	-	-
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: Referred to the remuneration paid to directors in 2022 (including their salaries, duty allowance, severance payments, bonuses, and performance rewards).
- Note 3: The remuneration paid to directors in 2022 was NT\$7,178 thousand as resolved by the Company's Board Meeting on March 15, 2023; such amount for distribution was estimated in accordance with the "Company's Regulations Governing Allocation and Payment of Remuneration to Directors". This table shows the directors' remuneration for the year 2021 to be paid in 2022, including the total amount of NT\$15,563 thousand to be paid (NT\$4,062 thousand for Chien Hwei Investment Co., Ltd., NT\$1,354 thousand for Chien Siang Investment Co., Ltd, not paid to the legal representative) by the Juristic-person Director.
- Note 4: Business expenses paid out to directors in 2022 (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\$3,431 thousand.
- Note 5: Referred to the remuneration paid to directors in 2022 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\$1,342 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 2022, 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.
- 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 2022 was NT\$184,115 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: a. Compensations received by the directors from other non-subsidiary companies invested by the Company or the parent company shall be disclosed in this column.
- b. 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."
- c. 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.

(II) 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)				(A+B+C+D) as a % of Net Income (%) (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 (Note 10)	Shi-Ning Dong	34,318	35,414	0	0	18,748	18,748	77	0	77	0	53,143 28.86%	54,239 29.46%	-
General Manager (Note 11)	Mao-Sheng Kan													
Chief Financial Officer	Pai-Tso Sun													
General Manager of Concrete Business	Kuo-Feng Ting													
Mechanical and Electrical Engineering Business General Manager (Note 12)	Chia-Yu Hsueh													
Consultant	Yi-Hsin Pang													
Mechanical and Electrical Engineering Business General Manager (Note 13)	Jin-Hui Zhou													
Vice General Manager	Kuan-Chun Chang													
Vice General Manager (Note 14)	Wen-Yun Tien													
Vice General Manager (Note 15)	Kuo-Feng Lin													

Aluminum Molding Business General Manager (Note 16)	Jun-Kuang Yang													
Vice General Manager	Wen-Kuei Chiang													
Vice General Manager	Wei-Pin Wang													
Vice General Manager	I-Cheng Lin													
Vice General Manager	Hsi-Chun Liu													
Vice General Manager (Note 17)	Shih-Yung Tai													
Vice General Manager (Note 18)	Hsiu-Hsun Chen													
Vice General Manager (Note 19)	Sheng-I Yen													
Vice General Manager (Note 20)	Chung-Fu Kuan													
Vice General Manager (Note 21)	Wen-Cheng Li													

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	Kuo-Feng Lin Yi-Hsin Pang Chia-Yu Hsueh	Kuo-Feng Lin Yi-Hsin Pang Chia-Yu Hsueh
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	Hsiu-Hsun Chen	Hsiu-Hsun Chen
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	Mao-Sheng Kan Jun-Kuang Yang Kuan-Chun Chang Wen-Yun Tien Kuo-Feng Ting Jin-Hui Zhou Wen-Kuei Chiang Wei-Pin Wang I-Cheng Lin Hsi-Chun Liu Shih-Yung Tai Sheng-I Yen Wen-Cheng Li Chung-Fu Kuan	Mao-Sheng Kan Jun-Kuang Yang Kuan-Chun Chang Wen-Yun Tien Kuo-Feng Ting Jin-Hui Zhou Wen-Kuei Chiang Wei-Pin Wang I-Cheng Lin Hsi-Chun Liu Shih-Yung Tai Sheng-I Yen Wen-Cheng Li Chung-Fu Kuan
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)	-	-
NT\$30,000,000 (inclusive)~NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	-	-
NT\$100,000,000 or above	-	-
Total	20	20

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 2022.

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

Note 4: such as a car, and other compensation for 2022. Excluding the company car and driver provided by the Company totaled NT\$216 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 5: The compensation paid to employees in 2022 was NT\$7,178 thousand as resolved by the Company’s Board Meeting on March 15, 2023; such amount for distribution was estimated in accordance with the Company’s Regulations Governing Employee Compensation, as well as personal performance.

- Note 6: 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 7: 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 8: 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 9: Net income after tax referred to the NT\$184,115 thousand of net income after tax for 2022; 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 10: 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 11: Shi-Ning Dong resigned as General Manager on January, 2023.
- Note 12: Mao-Sheng Kan was newly elected as General Manager on February, 2023.
- Note 13: Chia-Yu Hsueh resigned on June, 2022.
- Note 14: Jin-Hui Zhou was newly elected as General Manager of Electric Machinery on February, 2023.
- Note 15: Wen-Yun Tien resigned on January, 2023.
- Note 16: Kuo-Feng Lin resigned on May, 2022.
- Note 17: Jun-Kuang Yang was newly elected as General Manager of Aluminum Molding on February, 2023.
- Note 18: Shih-Yung Tai resigned on January, 2023.
- Note 19: Hsiu-Hsun Chen was newly elected on July, 2022.
- Note 20: Sheng-I Yen was newly elected on August, 2022.
- Note 21: Chung-Fu Kuan was newly elected on March, 2023.
- Note 22: Wen-Cheng Li was newly elected on March, 2023.

*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.

(III) 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 (Note 3)	Shi-Ning Dong	0	105	105	0.06%
	General Manager (Note 4)	Mao-Sheng Kan				
	Chief Financial Officer	Pai-Tso Sun				
	General Manager of Concrete Business	Kuo-Feng Ting				
	General Manager of Mechanical and Electrical Engineering Business (Note 5)	Chia-Yu Hsueh				
	Consultant	Yi-Hsin Pang				
	General Manager of Mechanical and Electrical Engineering Business (Note 6)	Jin-Hui Zhou				
	Vice General Manager	Kuan-Chun Chang				
	Vice General Manager (Note 7)	Wen-Yun Tien				
	Vice General Manager (Note 8)	Kuo-Feng Lin				
	General Manager of Aluminum Molding Business (Note 9)	Jun-Kuang Yang				
	Vice General Manager	I-Cheng Lin				
	Vice General Manager	Wen-Kuei Chiang				
	Vice General Manager	Wei-Pin Wang				
	Vice General Manager	Hsi-Chun Liu				
	Vice General Manager (Note 10)	Shih-Yung Tai				
	Vice General Manager (Note 11)	Hsiu-Hsun Chen				
	Vice General Manager (Note 12)	Sheng-I Yen				
	Vice General Manager (Note 13)	Chung-Fu Kuan				
	Vice General Manager (Note 14)	Wen-Cheng Li				
	Assistant General Manager	Cheng-Te Chou				
	Assistant General Manager	Ssu-Chia Kung				
	Assistant General Manager	Lin-Ju Lin				
	Assistant General Manager	Yu-Yun Lin				

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 2022 was NT\$7,178 thousand as resolved by the Company's Board Meeting on March 15, 2023; such amount for distribution was estimated in accordance with the Company's Regulations Governing Employee Compensation, as well as personal performance. Net income after tax referred to the NT\$184,115 thousand of net income after tax for 2022; 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 resigned as General Manager on January, 2023.

Note 4: Mao-Sheng Kan was newly elected as General Manager on February, 2023.

Note 5: Chia-Yu Hsueh resigned on June, 2022.

Note 6: Jin-Hui Zhou was newly elected as General Manager of Electric Machinery on February, 2023.

Note 7: Wen-Yun Tien resigned on January, 2023.

Note 8: Kuo-Feng Lin resigned on May, 2022.

Note 9: Jun-Kuang Yang was newly elected as General Manager of Aluminum Molding on February, 2023.

Note 10: Shih-Yung Tai resigned on January, 2023.

Note 11: Hsiu-Hsun Chen was newly elected on July, 2022.

Note 12: Sheng-I Yen was newly elected on August, 2022.

Note 13: Chung-Fu Kuan was newly elected on March, 2023.

Note 14: Wen-Cheng Li was newly elected on March, 2023.

(IV) 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	2021	2022
	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
Directors	8.91%	20.40%
Supervisor	0%	0%
General Manager and Vice General Managers	11.81%	29.46%

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

1. In 2022, 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	Number of times Attendance by Proxy	Attendance (Presence) Rate (%) (Note 2)	Note
Chairman	Representative of Chien Hui Investment Co., Ltd.: Chang-Shiou Wu	6	0	100%	
Vice Chairperson:	Chi-Te Chen	6	0	100%	
Directors	Pang-Yen Yang	6	0	100%	
Directors	Representative of Chien Siang Investment Co., Ltd.: Jui-Hsing Tsai	5	1	83%	
Directors	Tzu-Chiang Yang	6	0	100%	
Directors	Representative of Chien Hui Investment Co., Ltd.: Pai-Tso Sun	6	0	100%	
Directors	Chung Cheng	6	0	100%	
Directors	Chu-Hsin Lee	6	0	100%	
Directors	Chi-Hsin Chen	5	1	83%	
Directors	Yu-Jui Chang	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%	
<p>Other Required Disclosure:</p> <p>I. Among the six board meetings held in 2022, each was attended by independent directors in person.</p> <p>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:</p> <p>(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.</p> <p>(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.</p>					

III.	<p>Implementation Status of Directors' Avoidance of Meetings Due to Conflicts of Interests:</p> <p>(I) For the proposal regarding the remuneration to employees in the year of 2021 at the 5th Meeting of the 22nd 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 it was approved by the rest of the directors presenting as it had been proposed.</p> <p>(II) For the proposal to donate NT\$2 million to the Chien Kuo Foundation For Arts And Culture at the 5th Meeting of the 22nd Board of Directors, 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.</p> <p>(III) For the proposal regarding the operating standards of year-end performance incentives in 2022 at the 9th Meeting of the 22nd 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.</p>
IV.	<p>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: 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 2022, where information transparency was evident in that all critical resolutions were posted onto the MOPS according to law.</p>

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.

2. 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, 2022 to December 31, 2022 shall be conduction in the 1st quarter of 2023.	Board of Directors, Individual Directors, Remuneration Committee, Audit 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</p>

				<p>management and communication, the specialty and continuous education of Directors, and internal control.</p> <p>The performance evaluation on the Audit and Remuneration committees:</p> <p>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>
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(II) 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 2022.
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)	Number of times Attendance by Proxy	Rate of Attendance in Person (%) (B/A) (Note)	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 Audit Committee meeting date, meeting session, meeting content, resolutions, content of the objections, reservations or significant recommendations of the Independent Directors, the resolution 's discussion results 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 Results	Company's Handling of the Opinions of the Audit Committee
2022/3/24	4th Meeting of the 2nd term	The Company's 2021 Annual Business Report, Financial Statements and Consolidated Financial Statements Discussion.	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 directors have recused themselves from the discussion of the contents of the meeting and did not participate in the voting.
		The proposal to assess the independence of, and to appoint, CPAs certifying the Company's financial statements.		
		The Company's "Statement of Internal Control System" for 2021.		
		The proposal to donate NT\$2 million to related party, Chien Kuo Foundation For		

			Arts And Culture.		
			The Company's 2021 earnings distribution.		
	2022/5/10	5th Meeting of the 2nd term	The Company's 2022 (in the first quarter) consolidated financial discussion.	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 Company adopt the implementation of treasury shares to repurchase the Company's shares.		
	2022/8/12	6th Meeting of the 2nd term	The Company's 2022 (in the second quarter) consolidated financial discussion.	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 retire treasury shares and alter the registration.		
			The Company relieved the securities discretionary account for domestic securities financial investment contract with Fubon Securities Investment Trust Co., Ltd.		
			In accordance with Issue 37 of the "Guidelines for Loans Provided to Others and Endorsement Guarantees of Publicly Issued by the Companies" issued by the Securities and Futures Bureau, we have examined whether there is any financing change of the payments receivable of the company and its subsidiaries. Please approve it.		
			The provision of endorsement or guarantee for the invested subsidiary, Fast Dragon International Electrical Engineering Co., Ltd., for the bank facility		

			credit.		
2022/9/16	1st Meeting of 2nd Extraordinary Meeting	The Company terminated the securities discretionary account for domestic securities financial investment contract with Eastspring Securities Investment Trust 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 reduction of the China investee of the Company, Chien Ya (Shanghai) Information Technology Consultant Co., Ltd.			
2022/11/11	7th Meeting of the 2nd term	Proposal to offer an annual audit plan for 2023 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 directors have recused themselves from the discussion of the contents of the meeting and did not participate in the voting.	
		The Company's 2022 (in the third quarter) consolidated financial statements discussion.			
		The Company reinvests "Jian Bang Construction Co., Ltd." to apply for the endorsement guarantee of the amount from the bank.			
<p>(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.</p> <p>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.</p> <p>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).</p> <p>(I) Communication policy between independent directors, internal audit supervisors</p> <p>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.</p>					

The following table sets out the summary of subject matters for communication with the internal audit officers in 2022:

Date	Communication Content	Status
2022/01 ~2022/12	Audit report from November 2021 to October 2022.	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.
2022/03/24 Audit Committee	The execution for the audit plan, deficiencies and anomaly report on internal control, through internal control self-evaluation effectiveness report and internal control statement for October to December 2021.	The communication with the Independent Directors of the Company for the audit execution remains healthy.
2022/05/10 Audit Committee	The execution for the audit plan for January to February 2022. Audit deficiencies report is not completed.	The implementation and communication with the Independent Directors of the Company for the audit operations remains healthy.
2022/08/12 Audit Committee	The execution for the audit plan for March to June 2022. Report on internal control procedures and analysis of internal control deficiencies and irregularities. Audit deficiencies report is not completed.	The communication with the Independent Directors of the Company for the audit operations remains healthy.
2022/11/11 Audit Committee	The execution for the audit plan for July to September 2022. Report on internal control procedures and analysis of internal control deficiencies and irregularities. Audit deficiencies report is not completed. Report the audit plan for the next year.	The Independent Directors of the Company agreed to approve the 2023 Audit Plan. The communication of this meeting was healthy. Independent Director of Li-Hsing I expressed his opinions on the low achievement rate of case payment and education training in the report, and requested the chairman and general manager to submit a review report to independent Director of Li-Hsing I.
2022/12/16 Audit Committee	The execution for the audit plan for September 2022. Report on internal control procedures and analysis of internal control deficiencies and irregularities. Audit deficiencies report is not completed.	The Company's Independent Directors have maintained optimal communication about the audit. The general manager reported a review of the case payment and explained the reasons for the low achievement rate of education raining.
2022/12/16 Audit Committee	The independent director communicates with the audit supervisor independently for 20 minutes on internal control issues.	The Company's Independent Directors have maintained optimal communication about the audit.

(II) Communication Policy between Independent Directors and CPAs

The independent directors communicate with the CPA through symposium, and the CPA report to the independent directors regularly twice a year: Review results of financial statements, CPA evaluation and other significant issues, financial accounting standards bulletin and amendments to related securities and tax law. 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 2022:

Date	Communication Content	Status
2022/03/24 Audit Committee	Results of the 2021 consolidated financial statements review, long-term construction contracts and significant related risks of revenue, possible over control risks by management, and explanation of updated laws and regulations.	The overall communication between Independent Directors and the external auditors is healthy.
2022/03/24 Audit Committee	The communication between Independent Directors and the CPAs has lasted for 25 minutes.	The overall communication between Independent Directors and the external auditors is healthy.
2022/11/11 Audit Committee	Audit results of consolidated financial statements, annual audit planning, strategies, scope and methods, key audit matters, possible over control risks by management in the third quarters in 2022. Investigation of fraud matters, audit quality indicators (AQI), and explanation compared with peers.	The overall communication between Independent Directors and the external auditors is healthy. Independent director Tsai asked the CPA to make a detailed report on the audit quality indicators and peer evaluation.
2022/11/11 Audit Committee	The communication between Independent Directors and the CPAs has lasted for 25 minutes.	The overall communication between Independent Directors and the external auditors is healthy.
2022/12/16 Audit Committee	The CPA should report the Firm's audit quality indicators (AQI) and report compared with peers to independent director.	The overall communication between Independent Directors and the external auditors is healthy.

Note 1: 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.

Note 2: 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.

(III) 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's "Corporate Governance Best Practice Principles" was established and approved by the Board of Directors on May 11, 2015. The latest amendment was approved by the 7th meeting of the 22rd Board of Directors on August 12, 2022 and has been published on the Market Observation Post System and the Company's website.	No significant deviations exist in that such principles have 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 significant deviation.
(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 and also regularly tracks and has insight into it via the declaration of insiders shareholding changes declared by directors and supervisors before 10 days of each year.	No significant deviation.
(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 significant deviation.

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) 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 "Regulations Governing Insider Trading" that prohibit company insiders from trading securities using information not disclosed to the market.	
III. Composition and responsibilities of the Board of Directors (I) Does the Board of Directors formulate a strategy as to achieve diversity policies, specific management goals among Board members, and, if so, is such strategy being implemented?	V		(I) ■ Policy on diversification: The Company advocates and respects the policy of diversity of directors to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, and believes that the diversity approach will help to enhance the overall performance of the Company. Board members are selected on the basis of merit and should have industry-related skills and knowledge (e.g., business management, construction management, risk management, etc.). To strengthen the functions of the Board of Directors to achieve the desired objectives of corporate governance, Article 28 of the Company's "Corporate Governance Best Practice Principles" sets forth the diversity guidelines of the Board of Directors, including, but not limited to, the following two broad criteria. 1. Basic conditions and values: Gender, age, nationality and culture. 2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. The overall competence of the Board of Directors is as follows: 1. Operational judgment 2. Accounting and financial analysis 3. Management capability 4. Crisis management capability 5. Industry knowledge 6. International market perspective 7. Leadership capability 8. Decision-making capability 9. Venture capital investment	No significant deviation.

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										
			■ Specific management objectives and implementation status:										
			Name of Director	Basic Composition		Professional Background							
				With Employee Status	Age	Business Administration	Financial Analysis	Crisis Management	Leadership and Decision-making	Industrial Knowledge	Construction Management	Risk management	Legal Profession
			Chang-Shiou Wu	V	61-65	V		V	V	V	V		
			Chi-Te Chen		61-65	V	V		V	V		V	V
			Pang-Yen Yang		66-70	V	V		V				V
			Tzu-Chiang Yang		66-70	V	V	V	V				V
			Pai-Tso Sun	V	61-65	V	V		V	V	V	V	
			Chung Cheng		61-65	V	V		V	V			
			Chu-Hsin Lee		61-65	V	V		V				V
			Chi-Hsin Chen		56-60								
			Yu-Jui Chang		41-45	V							
			Jui-Hsing Tsai		41-45	V				V	V		
			Chin-Pao Tsai		66-70	V	V	V				V	
			Chen-Yu Feng		66-70							V	V
Li-Hsing I		66-70	V			V	V	V	V				

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	
			<p>1. There were 13 members of the 22nd board of directors, including 3 independent directors, to ensure the independence of the board of directors. There were 2 concurrent employees of the company, accounting for 15.3%. The members of the board of directors are highly experienced in business management, and have relevant professional backgrounds, and possess the professional knowledge, skills and qualities necessary for the position of executive director; Among the nine core projects, the Company focuses on three core projects: business administration, financial analysis and risk management. More than 50% of the board members have core competence. In addition, more than 1/3 of the board members have core competence in the four core projects: risk management, industry knowledge, construction management and risk management function.</p> <p>2. Other achievement status:</p> <ul style="list-style-type: none"> ◆Independent directors who are members of the Board of Directors shall serve for a continuous period of not more than nine years: Achieved ◆No more than one half of the Independent Directors who are members of the Board of Directors shall serve no more than 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 ◆The members of the board are of the nationality, the age distribution of the board members are 2 directors aged 41-45, 1 director aged 56-60, 5 director aged 61-65 and 5 directors aged 66-70. 	

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	
(II) In addition to the Remuneration Committee and the Audit Committee established according to law, has the company voluntarily established other functional committees?	V		<p>The orientation, complementarity and implementation of diversity of directors already include and are superior to the standards set forth in the Company's "Corporate Governance Best Practice Principles". In the future, we will continue to revise our diversity policy in a timely manner depending on the operation, business model and development needs of the Board of Directors, including but not limited to the standards of basic requirements and values, professional knowledge and skills, etc., to ensure that the members of the Board of Directors shall generally possess the necessary knowledge, skills and qualities to perform their duties.</p> <p>(II) On 8th meeting of the 22nd board of directors on November 11, 2022, the Company decided to establish the “Sustainable Development Committee” to integrate and promote sustainable development-related issues such as corporate governance, sustainable management, human rights protection, green engineering and investment, and social welfare, etc, and chairman shall be the convenor of the committee, report to the Board of Directors at the end of the year on the results of business execution and promotion. Under the supervision and promotion of the Board of Directors, we will continue to promote the sustainable development, integrity management , and practice the company’s core values.</p>	No significant deviation
(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	V		<p>(III) The Company has conducted the performance evaluation on the Board of Directors for 2022 in the first quarter of 2023. 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, and expect to carry out the external evaluation in 2023.</p>	No significant deviation.

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									
the Director Remuneration and the nomination for reappointment?			<div><div>■ The measurement of the performance evaluation of the Board (including functional committees) includes five major dimensions:<div><div>1. The extent to which they participate in the operation of the company.</div><div>2. Improvement in the quality of Board decision-making.</div><div>3. The composition and structure of the Board and various functional committees.</div><div>4. Selection and continuing education of directors.</div><div>5. Internal control.</div></div></div><div>■ The measurement items of the performance evaluation of the Board made by Board members themselves comprise six major dimensions:<div><div>1. Mastery of company goals and tasks.</div><div>2. Cognition of directors' duties.</div><div>3. The extent to which they participate in the operation of the company.</div><div>4. Internal relationship management and communication.</div><div>5. Profession and continuing education of directors.</div><div>6. Internal control.</div></div></div><div>■ Evaluation Outcome:<div><div>1. Outcome of the self-conducted evaluation of overall Board performance (including functional committees).</div><table><tr><td>Evaluation Dimension</td><td>Evaluation Outcome</td></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></table></div></div></div>	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	
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											

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)Does the Company regularly evaluate the independence of CPAs?			<table><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>	Selection and continuing education of directors	Beyond the standard	Internal control	Beyond the standard	
			Selection and continuing education of directors	Beyond the standard				
Internal control	Beyond the standard							
2. The outcome of the self-conducted evaluation by Board members are all beyond the standard. 3. The outcome of the above evaluation was reported to the Company’s 10th meeting of the 22nd board of directors on March 15, 2023. 4. When selecting or nominating an independent director, the Company will accord to its selection as the outcome of evaluation of the performance of such an independent director. (IV) The Audit Committee of the Company assesses the independence and competency of its CPA annually. In addition to requesting the CPA to provide a "Statement of Independence" and "Audit Quality Indicators (AQIs)", the Audit Committee also assesses according to the Standard of Note 1 and Paragraph 13 of AQI. Having confirmed that the CPA has no financial interest or business relationship with the company other than the cost of visa and tax, and the CPA's family members do not violate the independence requirement. Confirm that CPA and firms are on equal with or better than their peers in terms of experience and hours of training by referring to the AQI information. In addition, CPA will continue to introduce digital audit tools to improve audit quality in recent three years. The evaluation results of the latest year were discussed and approved by the Audit Committee at the 9th meeting of the 2nd board of directors on March 15, 2023, and submitted to the Board of Directors at the 10th meeting of the 22nd board of director on March 15, 2023, to evaluate the independence and competency of CPA. Access the independence and competency								

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					
			1. Access the independence:					
			Item	Content	Whether it is compliant with Independence Criteria			
					Outcome Evaluation		Yes	No
			1	If the appointed CPA has a direct or material indirect interest in a matter that affects his or her impartiality and independence, he or she shall recuse himself or herself from the assignment.	V			Yes
			2	An audit, review, examination or opinion of the CPA on financial statements is important not only for formal independence, but also for substantive independence. Accordingly, members of the audit service team, other co-practicing CPAs, the firm and the firm's affiliates must maintain independence from the Company.	V			Yes
			3	The CPA maintains the spirit of independence with integrity, fairness and objectivity	V			Yes
				(1) Integrity: The CPA performs professional services with integrity and rigor, and is honest, open and fair in professional and business relationships.				
				(2) Fairness and objectivity: When performing professional services, the CPA maintains an fair and objective position and avoids bias, conflict of interest or interest that may affect professional judgment.	V			Yes

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					
				A fair and objective position includes being impartial and exercising professional due diligence between the provision of information and the user.				
				(3) Independence: CPA maintains an independent position, both formal and substantive, in performing and expressing an opinion on financial statements in an audit, review, examination or project review.	V		Yes	
			4	CPA independence is affected by self-interest, self-assessment, defensiveness, familiarity, and coercion.		V	Yes	
			5	A CPA's independence is affected by self-interest, meaning that he or she receives financial benefits from an audit client or has a conflict of interest with an audit client due to other interests. Reasons usually include: (1) Direct or substantial indirect financial interest with the CPA?		V	Yes	
				(2) The firm is overly dependent on a single client's fee stream.		V	Yes	
				(3) Has the CPA engaged in financing or certifying with the Company or directors?		V	Yes	
				(4) Does the CPA have a close business relationship with the company?		V	Yes	
				(5) Does the CPA consider the possibility of losing customers?		V	Yes	
				(6) Does the CPA have potential employment relationship with the Company?		V	Yes	
				(7) Does the CPA have contingent public expenses related to the examination of cases?		V	Yes	
				(8) The discovery of material errors in the professional services reports previously provided by other members of the firm?		V	Yes	

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					
			6	An accountant's independence is affected by self-assessment, which typically includes: (1) Does the CPA provide any non-audit services which may directly affect the audit work of the Company?		V	Yes	
				(2) Does the CPA and members of the audit team currently or in the last two years directors, managers of the Company or positions that have a material impact on the audit?		V	Yes	
			7	CPA independence is affected by defending, which means that members of the audit service team become defenders of the audit client's position or opinion, resulting in their objectivity being questioned. Normally includes: (1) Does the CPA broker audits of stocks or other securities issued by the Company?		V	Yes	
				(2) Does the CPA act as an advocate for the Company or act on behalf of the Company in coordinating conflicts with other third parties?		V	Yes	
			8	Familiarity affects the CPA's judgment of independence because the close relationship with the audit client's directors, and managers causes the CPA or audit service team members to be overly concerned with or sympathetic to the interests of the audit client. Situations that may have such an effect usually include: (1) Does the CPA have relationship with the directors, managers, or persons who have significant influence on the audit case?		V	Yes	
				(2) Does a CPA who has discharged his or her duties as a director, supervisor, or manager of the Company within one year or more, or who has		V	Yes	

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					
				significant influence on the audit case.				
				(3) Does the CPA receive gifts or special offers of significant value from the Company or directors, managers or major shareholders?		V	Yes	
			9	The effect of coercion on an accountant's independence is when a member of the audit services team experiences or perceives intimidation from an audit client that prevents him or her from maintaining objectivity and clarifying professional doubts. Normally includes: (1) The client threatens to file a lawsuit.		V	Yes	
				(2) Threaten to revoke an appointment in a non-audit case to force the firm to choose an inappropriate accounting policy for a particular transaction.		V	Yes	
				(3) Threaten to discharge the appointment or reappointment of audit cases.		V	Yes	
				(4) Pressure on CPAs to improperly reduce the number of audits to be performed in order to reduce public expenses.		V	Yes	
				(5) Require the CPA to accept improper accounting policy choices by management or improper disclosures in the financial statements.		V	Yes	
				(6) The client's personnel act as an expert in pressuring the auditor to accept the professional judgment of a disputed issue.		V	Yes	
			10	No one has served as CPA of the Company for seven consecutive years or in a manner that would impair independence.	V		Yes	
			11	The Company's Independent Directors did not work for the CPA firm during the two years prior to and during their term of office.	V		Yes	

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				
			2. Access the competency				
Item	Content	Evaluation Outcome		Whether it is compliant with Independence Criteria			
Yes	No						
	1	Qualified as a CPA with considerable professional experience and attitude.	V		Yes		
	2	Not disciplined by a competent authority or Article 37 of the Securities and Exchange Act.	V		Yes		
	3	Not taking advantage of his authority to conduct unfair competition.	V		Yes		
	4	Learn the Company’s industry characteristics.	V		Yes		
	5	Perform audit in accordance with International Financial Reporting Standards and Generally Accepted Accounting Principle, and produce financial reports according to the planned schedule.	V		Yes		
	6	Does the CPA provide the latest changes in accounting, auditing and other relevant laws and regulations to management, and fully discuss and communicate the significant differences.	V		Yes		
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	V		At the 16th Board Meeting of the 21st session on May 13, 2021, the Board of Directors resolved at the meeting to appoint Yu-Yun LIN, Associate of the Legal Department, as the Head of Corporate Governance of the Company, who then summoned representatives from Department of Legal Affairs, Auditing Office, Secretary Office of the Board, and Office of Public				No significant deviation.

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	
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)?			<p>Affairs to form the Corporate Governance Team. Yu-Yun LIN is qualified as a lawyer (Lawyer's Certificate No. 104 Taichung No. 12093) and has served as the head of the Company's corporate affairs department for at least five years, which meets the qualifications required of a corporate governance officer. The terms of reference of the Head of Corporate Governance include, but are not limited to, the following:</p> <ol style="list-style-type: none"> 1. Assist Independent Directors and Directors in general in carrying out their duties, provide necessary information and arrange for further education of Directors. 2. Assist in compliance with the procedures and resolutions of the Board of Directors and shareholders' meetings. 3. The Board of Directors shall notify the directors of the proposed agenda of the meeting seven days in advance and provide information on the meeting. The Board of Directors shall be reminded in advance of any issues that require disqualification of directors' interests and shall complete the minutes of the Board of Directors' meeting within 20 days after the meeting. Provide the material required for the directors to perform their duties. 4. Pre-registration of the date of the shareholders' meeting, preparation of the notice of the meeting, the meeting manual, and the minutes of the meeting within the deadline, and registration of changes in the articles of incorporation or re-election of directors in accordance with the law. <p>The Head of Corporate Governance's further studies in 2022 include: Trends in Green Industries - Low carbon Investment Prospects and Business Strategies, Corporate Governance Seminar - Public Relations Risks Management and Response Mechanism, Uncover the mystery of "insider trading" and reveal information trends and related norms, a total</p>	

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	Yes	No	Summary Description	
			of 12 hours, we will continue to study corporate governance related courses in the future. The Company intends to propose the Board of Directors' decision to appoint a full-time corporate governance officer before the end of 2023, in line with the corporate governance policy.	
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 concern to stakeholders.	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 significant deviation.
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 significant deviation.
VII. Information Disclosure (I) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (II) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and	V V		(I) The Investor Zone on the Company's website can be accessed at: www.ckgroup.com.tw (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 significant deviation. No significant deviation.

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	Yes	No	Summary Description	
disclosure, creating a spokesman system, webcasting investor conferences)? (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 insurance for directors and supervisors)?	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 conduct of "Integrity, Optimization, Well-being and Harmony" and its values, so as to create long-term value and make the Company sustainable.	No significant deviation.

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	Yes	No	Summary Description	
			<p>Regarding the succession planning of the Board of Directors, the Company nurtures senior managers to join the Board of Directors to familiarize them with the operation of the Board of Directors and the business of each unit of the Group, and to deepen their industrial experience through job rotation.</p> <p>The Group currently has a number of senior management professionals, so the Company has an ample pool of talent to elect as future directors. In addition to diversity considerations, no more than one-third of the Company's directors shall be managers, and the Company shall place emphasis on gender equality and the knowledge, skills and qualities necessary to carry out its duties. Mr. Chang-Shiou Wu, the current Chairman, joined the management team of Chien Kuo in 2010 and has served as, Deputy Chief Executive Officer and General Manager, before joining the Board of Directors in 2012 and taking over as Chairman in 2018.</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. General Manager Mao-Sheng Kan is selected on February 3, 2023 board of directors resolution appointment from key reserve candidates. Such cultivation plan 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 and managers performance evaluation and remuneration:</p>	

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	
			<p>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. With the net income before tax (before netting off 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 for the current year to directors, managers and employees. The manager's compensation includes salary and bonus, where the salary is based on the industry standard as well as title, rank, education, professional ability and responsibilities. Bonus is based on indicators.manager performance evaluation items, including financial revenue, net before tax and non-financial.</p> <p>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</p>	

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	Yes	No	Summary Description	
			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>The most recently released results of the Corporate Governance Assessment by the Center for Corporate Governance are the 9th (2022) Corporate Governance Assessment, with specific improvements as follows:</p> <ol style="list-style-type: none"> 1. The 2022 Sustainable Report is to be verified by a third party. 2. It is expected to complete ISO14001 system verification in 2023. 				

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	Professional Qualifications and Experience	Independence Criteria (Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
			1	2	3	4	5	6	7	8	9	10	11	12	
Independent Director	Chin-Pao Tsai	Has at least 5 years of work experience in the area necessary business of the Company Former Vice Director of PwC Taiwan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Independent Director	Chen-Yu Feng	Has at least 5 years of work experience in the area necessary business of the Company Former Director of Department of Financial & Economic Law of Chung Yuan Christian University Former Business Lawyer of SRSY Law Firm, USA Former Reporter of Interview Group of Commercial Times	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Independent Director	Li-Hsing I	Has at least 5 years of work experience in the area necessary business of the Company Former Consultant of BES Engineering Corporation Former General Manager, Chien Kuo Construction Co., Ltd. Former Responsible Person, Citygreat Information Technology Co., Ltd. Former General Manager, Ruentex Construction Co., Ltd. Former General Manager, Pinghui Construction Co., Ltd. Former General Manager, Runan Electrical Engineering Co., Ltd. Former General Manager, Lisheng Construction Co., Ltd. Former General Manager, Pengfa Construction Co., Ltd. Former Associate Engineer, Deputy Division of RSEA Engineering Corporation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Independence Criteria: Three of the Company's remuneration committee members are all independent directors, accounting for 23% of the board members. None of the Company's directors, independent directors, or directors and independent directors are related to each other by consanguinity or by second degree of kinship, and there is no such situation as provided in Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.

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 1% or more of the 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 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) On August 13, 2021, the Company re-elected the 4th Remuneration Committee with 1 less member and 3 members in total.
- (2) Tenure of members of the committee of the current session: August 13, 2021 to July 21, 2024. A total of 2 Remuneration Committee meetings were held in 2022.

The information and attendance of the members was as follows:

Title	Name	Number of times Actual Attendance	Number of times Attendance by Proxy	Number of times Attendance rate (%) (Note)	Note
Convener	Chen-Yu Feng	2	0	100%	Elected on August 13, 2021.
Member	Chin-Pao Tsai	2	0	100%	Elected on August 13, 2021.
Member	Li-Hsing I	2	0	100%	Elected on August 13, 2021.

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 2022 are as follows:

Date of Convention	Reason for Discussion	Resolution	Company's Handling of the opinions of members of the Audit Committee
2022/03/24 3rd meeting of the 4th term	I. The proposal of compensation to employees and remuneration to directors for 2021. II. The proposal of distribution of remuneration to directors for 2021.	Approved by all members and reported to the Board.	Approved by all directors and by proxy present and implemented according to the meeting results.
2022/12/16 4th meeting of the 4th term	I. The proposal of the award source standards of year-end performance incentives in 2022. II. Propose a certain amount as an incentive or retention award.	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) Implementation of Promoting Sustainable Development and Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor

Item Assessed	Implementation Status (Note 1)			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
I. Does the Company establish a governance structure to promote sustainable development and set up a special (part-time) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management, and is supervised by the Board of Directors?	V		<p>Adhering to the core values, the company elected Yu-Yun Lin, assistant general manager of the Legal Department concurrent the director of corporate governance, on May 13, 2021 by the board of Directors, and set up a corporate governance promotion team responsible for sustainable development related affairs. In order to strengthen the promotion of sustainable development, the 8th meeting of the 22nd Board of Directors on November 11, 2022 approved the resolution to set up a "sustainable development committee", which is the highest level of the company's decision-making center for sustainable development, the chairman is convenor, together with members and senior manager to review the company's core values and operating, formulate sustainable development policies and plans. integrate and promote sustainable development issues such as corporate governance, sustainable operations, human rights, green industrial law and investment.</p> <p>"Sustainable Development Committee" shall reports to the Board of Directors on the business execution and promotion results regularly in the year. Under the supervision and promotion of the Board of Directors, it continuously promotes the implementation of sustainable development, ethical corporate management and the core values of the enterprise.</p> <p>The Board of Director's supervision of sustainable development: Sustainable Development Committee shall report to the Board of Directors on the sustainable development policies, plans and the implementation results of the sustainable development business in the current year. The Board shall review the feasibility of the policies and plans and shall constantly review the progress of the strategy and adjustments where necessary.</p>	No significant deviation.

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	Yes	No	Summary Description	
II. 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 2)	V		The Corporate Governance Group, Human Resources Department, Legal Department, General Affairs Department, Business Department, Technology Development Department, Procurement and Contracting Department, and Electrical and Mechanical Department 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 #page33-35# of the 2021 Sustainability Report.	No significant deviation.
III. Environmental Issues				
(I) Does the Company establish proper environmental management systems based on the characteristics of their industries?	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. The company will complete the establishment of environmental management system in accordance with ISO 14001 in 2023 and pass the third party's verification.	No significant deviation.
(II) Does the Company endeavor to improve energy use efficiency and use renewable materials which have low impact on the environment?	V			
(III) Does the company assess the potential risks and opportunities brought by climate changes, both for now and in the future, and	V		(II) The Company adopted and implemented the "Environmental Policy" in January 2019 to fulfill its commitment to implementing environmental protection, environmental	No significant deviation.

Item Assessed	Implementation Status (Note 1)			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
<p>take measures to cope with relevant issues?</p> <p>(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 greenhouse gas reduction, water use reduction, or other waste management?</p>	V		<p>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.</p> <p>(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 #page35, 81-83# of the 2021 Sustainability Report.</p> <p>(IV) Since 2016, the Company has voluntarily conducted the greenhouse gas verification at its corporate headquarter. In 2021, CO₂e was 175.9 tons, which comprised 6.09 tons of scope 1 Co₂e (i.e., directly from a source owned or controlled by the Company) and 170.5 tons of scope 2 Co₂e (i.e., indirect greenhouse gas emissions caused by the input of electricity, heat or steam). In 2022, CO₂e was 197.3 tons, which comprised 17 tons of scope 1 CO₂e and 180 tons of scope 2 CO₂e. The estimated water consumption of the corporate headquarters building is 1,499 metric tons in 2021 (mainly due to the seriousness of the epidemic from May to July, the Company implemented work diversions and reduced water consumption by 7.98% annually). In 2022, it was still affected by COVID-19 and had no diversion, increasing its water consumption to 1,632 metric tons. The total amount of waste is limited by the progress of the project and the increase or decrease of the project plan. The construction waste was 22,104.41 tons and the domestic waste was 1,686.14 tons in 2021. In 2022, due to increase in business volume, the construction waste was 13,566.11 tons and the domestic waste was 1,772.82 tons. In accordance with the Environmental Protection Department's construction waste</p>	<p>No significant deviation.</p> <p>No significant deviation.</p>

Item Assessed	Implementation Status (Note 1)			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
			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.	
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 employees to observe.	No significant deviation.
(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		(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 adjusts the salaries according to employees' performance.	No significant deviation.
(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, and the Company daily, every other week, monthly, quarterly, regularly conducts safety and hygiene education or promotion by the safety and health personnel or occupational care according to different positions of colleagues and suppliers labor, so as to ensure that all employees may fulfill the safety	No significant deviation.

Item Assessed	Implementation Status (Note 1)			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
(IV) Does the Company provide employees with an effective training program respecting career competence development?	V		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. In addition, implement the ISO 45001 occupational safety and health management system and third-party verification continuously. (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 function and the results of the development training and transfer of learning.	No significant deviation.
(V) Has the Company followed relevant laws, regulations and international guidelines for issues such as the customer health and safety, customer privacy, and marketing and labeling of its products and services and established related consumer or client protection policies and grievance procedures?	V		(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 significant deviation.
(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 from the core value of "integrity", standing on the principle of respect life and human rights, 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	No significant deviation.

Item Assessed	Implementation Status (Note 1)			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
			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.	
V. Does the company refer to internationally recognized report preparation standards or guidance to prepare reports disclosing non-financial information of the Company, including Sustainable Development 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 and officially renamed as Corporate Sustainability Report in 2021, publicly disclosed information related to the corporate social responsibility of the Company, and prepared the sustainable report in accordance with GRI, TCFD, SASB and continued to improve the quality of disclosures made in the report, and planned to complete the third party certification in 2023.	No significant deviation.
VI. If the Company has established the sustainable development policies based on the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation between the policies and their implementation: The Company has established the "Sustainable Development Best Practice Principles" in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and some of the provisions have been revised and approved by the 5th meeting of 22nd session of Board of Directors on March 24, 2022, and there is no difference between the actual operation and the established policies.				

Item Assessed	Implementation Status (Note 1)			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
VII. Other important information to facilitate better understanding of the company’s sustainable development practices: Action plans and the implementation outcomes thereof of the corporate social responsibility for 2022: (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. 1. Scholarship Plan of the Chung Yi Social Welfare Foundation: Regularly organize fundraising activities for nursery schooling and provide the necessary resources for social welfare organizations. 2. Raised daily necessities for the social welfare units in need, e.g., festive food, such as moon cakes, for Chung Yi Social Welfare Foundation. 3. Donate to the "Epidemic Prevention Donation Program". In response to the Genesis Social Welfare Foundation, Huashan Social Welfare Foundation, and Zenan Homeless Socail Welfare Foundation, collected masks, alcohol and other epidemic prevention gifts for the lonely elders and the poor. (II) The Company provides employees with 2 days of paid volunteer leave each year to encourage employees to actively participate in charitable events. 1. 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 2022, 7 people participated in the volunteer activities of the “Chung Yi Social Welfare Foundation” as service volunteer. The total number of service hours was 50 hours; Between 2010 and 2022, the Company has had a record of 2,258 people participating in charitable events and 9,441 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 2022, the Company donated to the 31st and 32nd “Indigence 30” campaign launched by the Genesis Social Welfare Foundation and appropriated a budget amounted to NT\$1 million.				

Note 1: If "Yes" is checked in the implementation status column, please explain the important policies, strategies, measures and implementation situations; if "No" is checked in the implementation status column, please explain the differences and the reasons for the differences in the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" column, as well as give relevant policies, strategies and measures to counter the situation.

Note 2: 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	
I. Establishment of ethical corporate management policies and programs				
(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?	V		(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.	No significant deviation.
(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?	V		(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.	No significant deviation.
(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	V		(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	No significant deviation.

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	
mechanisms? (III) Does the Company adopt proper measures to prevent a whistle-blower from retaliation for his/her whistle-blowing?	V		blowing. Except for requiring the identity of the whistle-blower and the whistle-blowing contents be kept confidential and guarantee that the company will not give improper treatment because of the whistle-blowing.	
IV. Enhancing Information Disclosure Does the company disclose the content and effectiveness of promotion of its Ethical Corporate Management Best Practice Principles on its website and open Information Observatory?	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 significant deviation.
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.				
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>(I) The Company has formulated the "Code of Ethical Conduct" in accordance with the "Code of Ethical Conduct for TWSE/TPEX Listed Companies" published by the FSC. The Board of Directors adopted the 3rd amendment on December 25, 2019 to review and amend the Code at any time.</p> <p>(II) 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. 				

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	
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. 5.The Chairman shall communicates with suppliers at any time to understand their requirements. (III) Ethical Corporate Management Implementation: 1. In response to COVID-19, to protect the health and safety of our employees and to comply with government regulations, we suspended the meeting this year and replaced it with online announcements and small meetings to promote our core cultural values and business philosophy. 2. In 2022, Anti-corruption education and training was held for 32 new employees, with 64 hours of class time. 3. The confidentiality of transaction information, the use of intellectual property rights, a commitment not to offer kickbacks and related corporate social responsibility clauses are included in procurement contract. 4. The associate reminds directors and internal personnel to adhere the Code of Practice on Corporate Governance when they are prohibited from trading the company's shares. 5. The Legal Department conducts a comprehensive self-inspection of compliance with laws twice a year, and reviews the deficiency amendment with procedure at any time.				

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 15, 2023

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 2022:

- 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, 2022, 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 15, 2023, with all the 13 directors presenting or presenting by proxy having no dissenting opinions and affirming the content of this Statement.

Chairman: Chang-Shiou Wu Signature

General Manager: Mao-Sheng Kan 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, the result of the penalty may have a significant impact on the shareholders' equity or securities price, the content of the penalty, 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
2022	2022.06.21	<ol style="list-style-type: none"> 1. Passed the Company's proposal of the 2021 Business Report and Financial Statements. 2. The Company's 2021 earnings distribution was approved. 3. Passed the proposal to revise the Company's Articles of Incorporation. 4. Passed the proposal to amend a portion of the Company's "Rules and Procedures of Shareholders' Meeting." 5. Passed the proposal to revise the Company's Procedures for Acquisition or Disposal of Assets. 	<ol style="list-style-type: none"> 1. The 2021 earnings distribution proposal has been fully executed. 2. Set August 7, 2022 as the ex dividend date; completed the distribution of cash dividends on August 25, 2022.

2. Important resolutions of the Board of Directors for 2022 and the year up to April 22, 2023

Date	Session	Proposal
2022/3/24	5th meeting of the 22th term Board of Directors	<ol style="list-style-type: none"> I. The 2021 employee compensation amount was approved. II. The 2021 director remuneration amount was approved. III. The Company's 2021 "Statement of Internal Control System" was approved. IV. The Company's 2021 Annual Business Report, Financial Statements and Consolidated Financial Statements were approved. V. The Company's 2021 earnings distribution was approved. VI. Passed the proposal to assess the independence and competency of, and to appoint, CPAs certifying the Company's financial statements. VII. Passed the proposal to donate NT\$2 million to Chien Kuo Foundation For Arts And Culture. VIII. Passed the proposal to revise the Company's Articles of Incorporation IX. Passed the Company's proposal to amend a portion of the Company's "Rules and Procedures of

Date	Session	Proposal
		<p>Shareholders' Meeting.”</p> <p>X. Passed the Company's proposal to revise the Company's Procedures for Acquisition or Disposal of Assets.</p> <p>XI. Approved matters relating to the date, place and subject matters of the 2022 Shareholders' Meeting.</p> <p>XII. Approved matters relating to the rights of shareholders with more than 1% shareholding to propose a proposal.</p> <p>XIII. Passed the amendment to the Company's Corporate Social Responsibility Best Practice Principles into the Sustainable Development Best Practice Principles.</p>
2022/5/10	6th meeting of the 22th term Board of Directors	<p>I. The Company's 2022 (in the first quarter) consolidated financial report was approved.</p> <p>II. Safeguard the company's credit and shareholders' rights was approved, the company implement the treasury shares to repurchase the Company's shares.</p> <p>III. Approved matters relating to the date, place, method and subject matters of the 2022 Shareholders' Meeting.</p>
2022/8/12	7th meeting of the 22th term Board of Directors	<p>I. The Company's 2022 (in the second quarter) consolidated financial report was approved.</p> <p>II. Approved the proposal to retire the Company's treasury shares and alter the registration.</p> <p>III. Passed the provision of endorsement or guarantee for the invested subsidiary, Fast Dragon International Electrical Engineering Co., Ltd., for the bank facility credit.</p> <p>IV. In accordance with Issue 37 of the "Guidelines for Loans Provided to Others and Endorsement Guarantees of Publicly Issued by the Companies" issued by the Securities and Futures Bureau, we have examined whether there is any financing change of the payments receivable of the company and its subsidiaries.</p> <p>V. The Company has approved the securities discretionary account for domestic securities financial investment contract, which will be relieved with Fubon Securities Investment Trust Co., Ltd.</p> <p>VI. The Company's Sustainable Development Committee election has been approved.</p> <p>VII. Approved the partial amendment of the Company's reinvested subsidiary “Golden Canyon Venture Capital Investment Co., Ltd.” and "Golden Canyon II Venture Capital Investment Co., Ltd. - Procedures for Acquisition or Disposal of Assets".</p> <p>VIII. Approved the proposal to revise the Company's “Corporate Governance Best Practice Principles.”</p> <p>IX. Approved the company's “Greenhouse Gas Inventory and Verification Program”.</p>

Date	Session	Proposal
2022/9/16	1st meeting of the 22th term Temporary Board of Directors	<p>I. The Company planned to terminate the securities discretionary account for domestic securities financial investment contract with Eastspring Securities Investment Trust Co., Ltd.</p> <p>II. The proposal for capital reduction of the China investee of the Company, Chien Ya (Shanghai) Information Technology Consultant Co., Ltd. has been approved.</p>
2022/11/11	8th meeting of the 22th term Board of Directors	<p>I. The Company's 2022 (in the third quarter) consolidated financial statements discussion has been approved.</p> <p>II. Passed the proposal of the Company's 2023 Audit Plan.</p> <p>III. The Company has approved to reinvest in "Jian Bang Construction Co., Ltd." to apply for the endorsement guarantee of the amount from the bank.</p> <p>IV. Approved the proposal to amend a portion of the Company's "Regulations Governing Procedure for Board of Directors Meetings."</p> <p>V. The Company has approved the proposal of setting Sustainable Development Committee and "Organization rules of Sustainable Development Committee" discussion.</p> <p>VI. The adding proposal of the Company's "Internal Material Information Processing Procedures" has been approved.</p>
2022/12/16	9th meeting of the 22th term Board of Directors	Passed the proposal of the operating standards of year-end performance incentives in 2022.
2023/2/3	2nd meeting of the 22th term Temporary Board of Directors	<p>I. Passed the appointment of the General Manager</p> <p>II. The proposal of applying to China Import and Export Bank to increase the amount of project guarantee has been approved.</p>
2023/3/15	10th meeting of the 22th term Board of Directors	<p>I. Passed the proposal of employee compensation amount for 2022.</p> <p>II. The 2022 director remuneration amount was approved.</p> <p>III. Passed the discussion on the remuneration of the General Manager of the Company.</p> <p>IV. Approved the Company's "Statement of Internal Control System" for 2022.</p> <p>V. Passed the proposal to adopt the Company's 2022 Annual Business Report, Financial Statements and</p>

Date	Session	Proposal
		<p>Consolidated Financial Statements.</p> <p>VI. The Company's 2022 earnings distribution was approved.</p> <p>VII. Passed the proposal to assess the independence and competency of, and to appoint, CPAs certifying the Company's financial statements.</p> <p>VIII. Passed the proposal to donate NT\$2 million to Chien Kuo Foundation For Arts And Culture.</p> <p>IX. Passed the proposal to revise the "Transaction procedures of related parties, specific companies and group".</p> <p>X. Approved matters relating to the date, place and subject matters of the 2022 Shareholders' Meeting..</p> <p>XI. Approved matters relating to the rights of shareholders with more than 1% shareholding to propose a proposal.</p>

(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, chief corporate governance officer, and R&D managers in the most recent fiscal year and the current fiscal year up to the publication date of the annual report:

April 22, 2023

Title	Name	Date elected	Date of dismissal	Reasons for resignation or dismissal
General Manager	Shi-Ning Dong	2019/01/03	2023/01/31	Dimission

V. CPA Fees

Unit: NT\$ Thousands

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-Audit Fees	Total	Note
Deloitte Taiwan	Li-Chun Chang Wen-Chin Lin	2022.01.01 ~ 2022.12.31	3,350	449	3,799	Non-Audit Fees includes: Salary check and review for non-supervisory positions of NT\$50 thousand, reimbursed and typewriting expenses of NT\$63 thousand, transfer price report of NT\$256 thousand and business tax direct deduction method review of NT\$80 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 accompanied by a description of the services provided.

- (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: None.
- (II) The successor CPA: None.
- (III) Former CPA's written reply to article 10, subparagraph 6, 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, and Managers, and Major Shareholders Holding More Than Ten Percent (10%) of the Company's Shares in 2022 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	2022		The closure of registrar as of April 22, 2023	
		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	650,000	0	10,264,000
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	0	0	0	2,000,000
Directors	Pang-Yen Yang	0	0	0	0
Directors	Jianxiang Investment Co., Ltd.	0	0	0	0
Corporate representative of the director	Jianxiang Investment Co., Ltd. Representative: Jui-Hsing Tsai	0	0	0	0
Directors	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
Directors	Chung Cheng	0	0	0	0
Directors	Chu-Hsin Lee	0	0	0	0
Directors	Chi-Hsin Chen	158,000	0	0	0
Directors	Yu-Jui Chang	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	Mao-Sheng Kan (Note)	0	0	0	0
General Manager	Shi-Ning Dong (Note)	0	0	0	0
Chief Financial Officer	Pai-Tso Sun	0	0	0	0
Consultant	Yi-Hsin Pang	0	0	0	0
General Manager of Mechanical and Electrical Engineering Business	Jin-Hui Zhou	0	0	0	0

Title	Name	2022		The closure of registrar as of April 22, 2023	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
General Manager of Aluminum Molding Business	Jun-Kuang Yang	0	0	0	0
Vice General Manager	Kuan-Chun Chang	(9,000)	0	0	0
Vice General Manager	Wen-Yun Tien (Note)	0	0	0	0
Vice General Manager	Kuo-Feng Lin (Note)	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
Vice General Manager	Hsi-Chun Liu	0	0	0	0
Vice General Manager	Shih-Yung Tai (Note)	0	0	0	0
Vice General Manager	Hsiu-Hsun Chen (Note)	0	0	0	0
Vice General Manager	Sheng-I Yen (Note)	0	0	0	0
Vice General Manager	Chung-Fu Kuan (Note)	0	0	0	0
Vice General Manager	Wen-Cheng Li (Note)	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	Lin-Ju Lin	0	0	0	0
Assistant General Manager	Yu-Yun Lin	0	0	0	0
Major Shareholder	Chien Hwei Investment Co., Ltd.	0	650,000	0	10,264,000

Note: Newly appointed Vice General Manager in 2022: Hsiu-Hsun Chen, Sheng-I Yen.

Resigned Vice General Manager in 2022: Kuo-Feng Lin.

Newly appointed General Manager in 2023: Mao-Sheng Kan.

Newly appointed Vice General Manager in 2023: Chung-Fu Kuan, Wen-Cheng Li.

Resigned Vice General Manager in 2023: Wen-Yun Tien, Shih-Yung Tai.

Resigned General Manager in 2023: Shi-Ning Dong.

- (II) Transfer of equity made by directors, managers, and shareholders whose shareholding ratio more than 10% with a counter-party who is a related party: None.
- (III) Pledge of equity made by directors, managers, and shareholders whose shareholding ratio more than 10% with a counter-party who is a related party: None.

IX. Relationship Between the Top 10 Major Shareholders

Date of Book Closure: April 22, 2023

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)		Note
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Title (or name)	Relationship	
Chien Hwei Investment Co., Ltd. Chairman: Chi-Te Chen	46,011,532	18.26%	0	0.00%	0	0.00%	Stone Publishing, Deqing Investment, Jui Huei Trading	Chairman is the same person.	-
Chi-Te Chen	18,844,139	7.48%	2,101,672	0.83%	0	0.00%	Daughter Chen-Ching Chen, spouse Shen-Yu Peng	Relatives within second degree of kinship	-
							Taiwan Cement Corporation	Director of the Company	
Chen-Ching Chen	14,285,515	5.67%	0	0.00%	0	0.00%	Chi-Te Chen, Shen-Yu Peng	Relatives within second degree of kinship	-
							Deqing Investment	Supervisor of the Company	
Rock Publishing Intl. Chairman: Chi-Te Chen	9,472,783	3.76%	0	0.00%	0	0.00%	Chien Hui Investment, Deqing Investment, Jui Huei Trading	Chairman is the same person.	-
Taiwan Cement Corporation Chairman: An-ping CHANG	7,522,235	2.99%	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. Chairman: Chi-Te Chen	5,760,000	2.29%	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	
Feng-chum, CHOU	5,328,000	2.11%	0	0.00%	0	0.00%	None	None	-
Mei-chen He	2,720,638	1.08%	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)		Note
	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Title (or name)	Relationship	
Jui Hwei Trading Co., Ltd. Chairman: Chi-Te Chen	2,118,629	0.84%	0	0.00%	0	0.00%	Chien Hui Investment, Deqing Investment, Rock Publishing Intl.	Chairman is the same person.	-
Shen-Yu Peng	2,101,672	0.83%	18,844,139	7.48%	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 22, 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, 2022

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 (%)
Silver Shadow Holding Limited	21,606,157	100%	0	0%	21,606,157	100%
Golden Canyon Limited	5,881,271	100%	0	0%	5,881,271	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.	40,100,000	100%	0	0%	40,100,000	100%
Golden Canyon II Venture Capital Investment Co., Ltd.	20,000,000	100%	0	0%	20,000,000	100%
Jian Bang Construction Co., Ltd. (Note 2)	2,750,000	55%	2,250,000	45%	5,000,000	100%

Note 1: Investments accounted for using the equity method

Note 2: Jian Bang Construction Co., Ltd. set the registration letter from the Taipei City Government on September 19, 2022.

Chapter 4 Funding Status

I. Capital and Shares

(I) Capitalization

Unit: NT\$

Month/ Year	Issue Price	Authorized Share Capital		Paid-in Stock		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	Setting	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
1974.08	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 reserves in the amount of NT\$17,265,150 Cash increase by cash in the amount of NT\$60,614,500	None	Order Ref. No. (82) Taiwan-Finance-Securities - (1) - 30907
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

Month/ Year	Issue Price	Authorized Share Capital		Paid-in Stock		Note		
		Shares	Amount	Shares	Amount	Capitalization	Capital Increase by Assets Other than Cash	Others
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 NT\$5,400,000	None	Order Ref. No. (88) Taiwan-Finance-Securities - (1) - 55260
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 Capitalization of capital reserves in the amount of NT\$43,200,000	None	Order Ref. No. Financial-Supervisory-Securities - 1 - 0970032766
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

Month/ Year	Issue Price	Authorized Share Capital		Paid-in Stock		Note		
		Shares	Amount	Shares	Amount	Capitalization	Capital Increase by Assets Other than Cash	Others
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 of retirement of treasury shares in the amount of NT\$10,000,000.	None	Order Ref. No. 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
2020.05	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
2022.07	10	500,000,000	5,000,000,000	252,000,105	2,520,001,050	Capital reduction by means of retirement of treasury shares in the amount of NT\$54,400,000	None	Order Ref. No. Financial-Supervisory-Securities-Corporate-1110349352

Unit: Share

Type of shares	Authorized Share Capital			Note
	Issued Shares	Un-issued Shares	Total	
Listed Common Shares	252,000,105	247,999,895	500,000,000	-

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

(II) Composition of Shareholders

Date of Book Closure: April 22, 2023

Composition of Shareholders Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Individual	Foreign Institutions and Natural Persons	Total
Number of Shareholders	0	1	186	17,220	87	17,494
Number of Shares Held	0	85,000	81,041,618	159,327,397	11,546,090	252,000,105
Shareholding Ratio (%)	0.00%	0.03%	32.16%	63.23%	4.58%	100.00%

(III) Shareholding Dispersion

Date of Book Closure: April 22, 2023

Range of Shares	Number of Shareholders	Number of Shares Held	Shareholding Ratio (%)
1 ~ 999	8,730	1,416,564	0.56%
1,000 ~ 5,000	5,448	12,834,627	5.09%
5,001 ~ 10,000	1,413	11,125,382	4.41%
10,001 ~ 15,000	495	6,230,000	2.47%
15,001 ~ 20,000	452	8,111,094	3.22%
20,001 ~ 30,000	308	7,731,976	3.07%
30,001 ~ 40,000	147	5,215,834	2.07%
40,001 ~ 50,000	96	4,418,816	1.75%
50,001 ~ 100,000	206	14,476,680	5.74%
100,001 ~ 200,000	95	13,382,018	5.31%
200,001 ~ 400,000	47	13,318,259	5.29%
400,001 ~ 600,000	16	7,938,332	3.15%
600,001 ~ 800,000	11	7,813,556	3.10%
800,001 ~ 1,000,000	7	6,254,190	2.48%
1,000,001 and over	23	131,732,777	52.29%
Total	17,494	252,000,105	100.00%

Note: The Company does not issue any preferred shares.

(IV) List of Major Shareholders

Date of Book Closure: April 22, 2023

Shareholder's name	Shares	Number of Shares Held	Shareholding Ratio (%)
Chien Hwei Investment Co., Ltd.		46,011,532	18.26%
Chi-Te Chen		18,844,139	7.48%
Chen-Ching Chen		14,285,515	5.67%
Rock Publishing Intl.		9,472,783	3.76%
Taiwan Cement Corporation		7,522,235	2.99%
Deqing Investment Co., Ltd.		5,760,000	2.29%
Feng-chum, CHOU		5,328,000	2.11%
Mei-chen He		2,720,638	1.08%
Jui Huei Trading Co., Ltd.		2,118,629	0.84%
Shen-Yu Peng		2,101,672	0.83%

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

Item \ Year		2021	2022	Current year up to March 31, 2023 (Note 8)
Market Price per Share	Highest	16.4	14.4	13.05
	Lowest	11.75	10.8	11.1
	Average	13.59	12.88	11.80
Net Worth per Share	Before distribution	18.27	18.81	-
	After distribution (Note 2)	17.27	17.81	-
Earnings per Share	Weighted Average Shares	257,440 (In thousand shares)	254,382 (In thousand shares)	-
	Earnings per Share (Note 1)	1.57	0.72	-
Dividends per Share	Cash dividends (Note 2)	1	1.0	-
	Stock Dividends	Dividends from Retained Earnings	-	-
		Dividends from Capital Reverses	-	-
	Accumulated Undistributed Dividends		-	-
Return on Investment	Price / Earnings Ratio (Note 5)	8.66	17.89	-
	Price / Earnings Ratio (Note 6)	13.59	12.88	-
	Cash Dividend Yield Rate (Note 7)	7.36%	7.76%	-

* 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: The highest and lowest market prices of common stock for each year are listed, and the average market price for each year is calculated based on the value and volume of transactions for each year.

Note 2: Please use the number of shares outstanding at the end of the year as the basis for the allocation resolved by the Board of Directors or the following annual shareholders' meeting..

Note 3: If there are any retroactive adjustments needed due to stock grants, earnings per share before and after the adjustment should be listed.

Note 4: If the conditions of issuance of equity securities provide that unpaid dividends for the current year shall be accumulated and paid in the year of earnings, the dividends accumulated and unpaid as of the current year shall be disclosed separately.

Note 5: P/E Ratio = Average closing price for each share for the year/earnings per share

Note 6: P/D Ratio = Average closing price for each share for the year/cash dividend per share

Note 7: Cash dividend yield = cash dividend per share/average closing price per share for the year

Note 8: 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 least NT\$0.5 per share every year. Without other special circumstance, the dividend of the Company shall be paid not less than 50% of the new distributable earnings of the current year, and the principle is to pay cash dividends.
3. Proposal of dividend distribution awaiting the resolution of the Shareholders' Meeting in the current year

The 2022 Earnings Distribution Proposal, which was determined as the following table at the Board Meeting held on March 15, 2023, will be conducted in accordance with relevant regulations after it has been approved by the Shareholders' Meeting to be held on June 20, 2023.

Chien Kuo Construction Co., Ltd.

2022 Earnings Distribution Table	
Unit:NT\$	
Item	Amount
Undistributed earnings - beginning	916,578,726
Profit after tax for the year	184,113,524
Reversal of special reserves from the initial application of TIFRS	827,661
Remeasurement of defined benefit plans recognized under retained earnings	2,742,056
Disposal of equity measured at fair value through comprehensive profit or loss	10,814,602
Write off treasury stock	(4,438,417)
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	194,059,426
Reversal of special reserve in accordance with the law (10%)	(19,405,943)
Distributable earnings - ending	1,091,232,209
Distribution items	
Cash dividends to shareholders at NT\$1.0 per share	(252,000,105)
Undistributed earnings - ending	839,232,104

(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 2022 as follows: 3% as compensation to employees in the amount of NT\$7,178 thousand; 3% as remuneration to directors in the amount of NT\$7,178 thousand. The distributed amounts are identical to the estimated amounts for 2022.

- (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\$15,563 thousand as employee compensation and NT\$15,563 thousand as remuneration to directors and supervisors for 2021.
- (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	9th (Batch)
Purpose of Repurchase	To maintain the Company's creditability and shareholders' interest
Repurchase period	From May 12, 2022 to July 8, 2022
Price range of shares for repurchase	NT\$10.00 to NT\$18.00
Type and amount of shares Repurchased	5,440,000 ordinary shares
Amount of Shares Repurchased	NT\$ 76,382,198
Percentage of repurchased amount to the expected amount to be repurchased (%)	54.4%
Number of Retired and Transferred Shares	5,440,000 shares

Accumulated number of shares held by the Company	5,440,000 shares
Ratio of cumulative shares of the Company	2.11%

- 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

To increase the diversity of the company and to flexibly adjust to the market trend, and to increase the proportion of business acquisition in the commercial and factory office market, in order to avoid the shortage of business source due to the change of the residential market, Kin Kwok will actively pursue the business of factory office and commercial office building in 2021. In addition to 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, the Company will expand its business in the factory and commercial office markets in 2022. 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

The company has a subsidiary, Fast Dragon International Electrical Engineering Co., Ltd. (hereinafter referred to as Fast Dragon International), which mainly contracts mechanical and electrical engineering of the parent company, and assists the company in business and project management. Under the above integration principle, Fast Dragon International continues

to strengthen its E&M design and planning, system integration, and integrated construction capabilities 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, taking over the public residence have both received the Golden Quality Award for Public Works and the Golden Security Award. At present, in addition to using the technologies learned by National Kaohsiung Center for the Arts, such as sloping roof, acoustics and other patented technologies, the patented technologies developed by technology development, such as BIM automatic modeling, customized FM system, point cloud machine and camera drone, are included in the creative feedback items of the turn-key project, to show the differentiation of enterprises and improve the competitiveness of the turn-key basis. Under the effects of global warming and air pollution cause environmental damage, in response to the friendly construction industry, we will introduce "energy-saving" and "carbon-reducing" methods in the construction. For example, in terms of energy-saving, we will introduce energy-saving building design in the turnkey projects as much as possible, such as green building label, solar power recycling, rainwater recycling, elevator power regeneration and other design concepts and equipment application; in terms of carbon-reducing, we will make good use of the system aluminum formwork to replace traditional formwork, which can effectively reduce the use of wood and can be recycled multiple times to effectively achieve green-friendly construction management. Except for the current housing turn-key market, the company will increase the number of commercial and public turn-key projects in the future, in order to increase the diversity of experience and more meet the market demand.

(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. For public construction, we have strengthened our turnkey projects (including commercial office) and have been involved in the integration since the preliminary planning stage, and have increased the number of factory and commercial office clients, offering reduced schedules, value and energy conservation and low carbon engineering to create the most advantageous products for our clients.

(2) Mechanical and Electrical Business

Fast Dragon International 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. To widen the gap of differentiation in the industry and enhance the added value of the overall construction business and to expand to new markets, we continue to increase the business area of service technology factory this year.

(3) Construction Business

In line with urban renewal and redevelopment policies, we are actively selecting excellent residential locations for joint development, and expanding our diversification into commercial real estate.

(II) Industry Overview

1. Industry Status

- (1) In the construction cost of the real estate market, after five years of continuously substantial adjustment in manpower and materials, the bulk materials will become stable in 2023, but the manpower will continue to be developed and affected. The market products are also affected by the government's housing purchase and the international situation, adding the settlement of claims for epidemic prevention insurance caused by epidemic, which damage the financial industry. Due to the reduction of loans caused by investors capital gap, then reduce the possibility of real estate investment.

(2) Plant Market and Commercial Office Building Market

As the global epidemic gradually stabilizes, the tourism industry and international production chain gradually recovers, there will be more

opportunities for investment and development in commercial business and hotels in 2023.

(3) Public construction market

Looking at the overall political and economic development in Taiwan, in order to ease the impact of housing construction industry, in addition to the existing public housing projects, the demand for public welfare construction and the development of commercial office buildings along the MRT lines has increased. However, public construction budgets are more inflexible than private construction, and it is often half a year or a year after the budget is approved by the legislature or the central government. In response to the rapid price fluctuations at this stage, prices often rise again after the budget is adjusted, resulting in repeatedly missing bids for public construction projects. In order to solve the situation of delayed bidding, government gradually tend to attract investment in advance, and multiple reference industry demand and market conditions, which is bound to be desirable forward expectations.

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

The Company is in the construction industry and the downstream (user) construction industry complement each other. The upstream of the supply chain mainly consists of raw materials such as steel, gravel, earth, cement, aluminum, and crude oil. Except for sand and gravel, Taiwan has to rely on imports, so the impact will be influenced by the fluctuation of the international situation. Since 2021, ready-mixed concrete has been affected by sand and crude oil, and the price has increased one after another, resulting in an increase of more than 30% in the past three years. However, at the end of 2022, all raw materials will enter the daily limit stage, while construction materials will remain stable in 2023.

In the midstream chain, the raw materials are mainly processed to provide the construction industry with finished products for construction or assembly, and the cost impact is mainly on raw materials and manpower. Although the cost of manpower is not raw materials, the construction industry is one of the industries that cannot be assembled by fully automatic machines and cannot rely on machinery to replace manpower. At most, systematic formwork and steel reinforcement are used to reduce the use of manpower, but they cannot be completely replaced. Therefore, labor shortage will seriously affect the midstream and downstream related industries.

In the downstream chain, there are government agencies, private enterprises, construction companies, and consumers who commission the construction. However, the construction industry is part of the midstream and downstream chain and still relies on the professional division of labor, including building planning and design, construction, construction manufacturers, and the construction of building

materials, decoration, materials, electrical and mechanical, and sanitary equipment required for interior decoration after the completion of the building structure.

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).

(7) Highly volatile prices, unable to grasp price risk, trending toward price index adjustment

Since 2020, labor shortage and the impact of sand and gravel have led to significant increases in bulk materials such as steel reinforcement, formwork, and ready-mixed concrete. From 2021 onwards, we will face a sharp rise in international metal prices, which will cause not only the structural prices to continue to rise, but also masonry labor, aluminum, stainless steel, etc. in the construction process, and the rate of increase will be even greater, causing the operating costs to be completely unaffordable. Prices are expected to be in stable in 2023, but the government is trying to control the risks of the project, the owner will gradually offer price index adjustment measures or change to a cost-plus model in order to increase the willingness of construction companies to invest in construction.

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. We expect to develop the aluminum molding business in the factory office market to meet the needs of existing competitors and to address the needs of owners in terms of schedule and cost.

(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 speed 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.

(7) New Techniques Development

With the advancement of engineering materials and consumers' demand for better quality of life, the development of new techniques will help improve the Company's image and increase its competitiveness in the market. Since 2020, we have acquired three new techniques, SD550, CK soundproof foam (5mm) floor insulation system and CK soundproof foam (8mm) floor insulation system, of which the SD550 method, which boasts high strength steel and high strength concrete, has been authorized for use in six projects.

In 2022, the innovation of shock-proof steel bars for girders and SD690 plan were promoted. The self-supporting stirrups replace the traditional U-shaped stirrups to improve the construction efficiency of stirrups in high shear zone of girders in former, while the latter used higher strength steel reinforcement than SD550 to further reduce building carbon emissions. Innovative shock-proof steel bars for girders has entered the new construction review of Construction Department, SD690 just completed the entity test.

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 2022:

Table 2022 R&D Project Results

Item	Explanation	Category
Innovative beam vibration resistant steel development	To improve the efficiency of beam vibration resistant steel construction, we developed various innovative hoop designs, such as three-dimensional and one-piece hoop designs, and commissioned the National Center for Research on Earthquake Engineering to produce test bodies and conduct various vibration resistance tests. The experimental results of this plan are healthy, and have obtained 3 Taiwan invention patents	Construction technology refinement

Item	Explanation	Category
	and 3 new patents in mainland China, which are currently under the new construction of Construction Department.	
SD690 new construction	The new generation of reinforced concrete is one of the feasible low-carbon building technologies. Following the new construction of SD550, the new construction of SD690 has higher carbon reduction efficiency. The carbon reduction rate of the steel bar at the replacement location increases from 31% of SD550 to 64% of SD690. At present , the plan has completed the entity test,we will write and apply for the new construction of Construction Department.	Construction technology refinement
BIM Automation of Mechanical and Electrical Lines	Digital automation is an indispensable tool for the new generation of construction teams. In the past two years, related research and development directions for procedure reading 2D pictures and automatically building 3D models have been successfully used in fire foam, fire sprinkler and indoor water supply. In 2022, automatic modeling of drainage system was introduced. In addition to retaining the advantages of automatic modeling based on 2D drawings, it further developed and designed the drainage system with auxiliary function automatically corrects construction difficulties.	Construction Management Automation
Systems for quality assurance, and safety and health APP	With the self-examining map as the core and the purpose of automatically generating self-inspection reports, we develop a self-inspection app for product safety and security to help engineers complete key self-inspection items for specific projects. The self-examining map is similar to google map in that it can mark the missing location and show the improvement status, and further link to related photos. In order to reduce the internal work burden of engineers, the self-test report generator is customized for each work. As long as the on-site self-test program is executed by the self-test App, the self-test report can be generated with one click before returning to the computer of the Tokyo	Construction Management Automation

Item	Explanation	Category
	Electric Engineering Co., Ltd.	
Smart Construction Site	With the advancement of AI technology, there are more successful cases of robots replacing human resources. This project is an industry-academic project of the Ministry of Science and Technology, in collaboration with Professor Shang-hsien HSIEH's team at National Taiwan University, to develop smart construction site applications using smart imaging technology. Current results include recognition of humanoid entry into guarded areas; recognition of site openings and construction racks. Try to automatically annotate words for missing photos with ChatGPT in 2022.	Construction Management Automation
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 plan were first published in the Rui Guang Housing Gold Award in 2020, and then published the upgrading version in the Tsuchihiro Youth House Gold Award in 2022.	Customer Service Refinement

(2) Patent

As of today, the Company has accumulated 36 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
		China
	Soundproof door	Republic of China
3 patents in 2017	Soundproof door	China
	Ceiling structure	Republic of China
		China
6 patents in 2018	Steel and reinforced concrete structure	Republic of China
		China
	Confined Structure	Republic of China

Announcement Year	Patent Title	Country
		China
	Water guiding system under stone floor	Republic of China
	Water filtration air system	Republic of China
5 patents in 2019	Water guiding system under stone floor	China
	Water filtration air system	China
	Molding support system	Republic of China
	Dehazing System	Republic of China
		China
1 patent in 2020	Construction frame system	Republic of China
4 patents in 2021	Construction frame system	China
	Construction Material Delivery Methods	Republic of China
	Structural end reinforcement system	Republic of China
	Graphical representation of transcoding methods and devices	Republic of China
12 patent in 2022	Measurement support system	Republic of China
		China
	Construction survey method	Republic of China
	Quality testing system and is method	Republic of China
	Obtain information method and system instantly	Republic of China
	Structural end reinforcement system	China
	Stirrup module and manufacturing method of beam reinforcement system (I780946)	Republic of China
	Stirrup module and manufacturing method of beam reinforcement system (I775642)	Republic of China
	Steel cage module and manufacturing method of beam reinforcement system	Republic of China
	Stirrup module	China
	Stirrup module of beam reinforcement system	China
	Steel cage module	China

(IV) Short and Long Term Business Development Plans

(1) Short-term Plan - Implementation of Quality Assurance, Deeply Plough Construction Technology

The core of the construction industry is to ensure that every project in building construction undergoes rigorous construction management, that correct and rationalized construction techniques are implemented, and that consistent

standards are required in every professional environment of the project, and ultimately to deliver the expected quality of results. One of the most important and basic missions is to provide a safe and hygienic working environment for all employees. Since 2015, Chien Kuo Construction strictly requires quality and safety and health management of engineering works, and in recent years, the Company has repeatedly won various quality and safety and health awards, showing remarkable results. In addition to the implementation the product security, deeply root the professional technology is also an important part of the sustainable business, cope with the changes in environment by using continuous deep cultivation and innovation construction technology, which can improve the competitiveness of enterprises in the market, Chien Kuo Construction will continue to commit to the system aluminum molding to increase the competitiveness and advantage in structural template technology in 2023.

(2) Medium and Long-term plans: Construction cost technology, green construction, differentiation technology and exquisite brand image

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. Enhancement of the cost technology of the construction period

After ensuring the high standard of project quality and safety and hygiene, the Company promotes the mastery of the key technology of project duration and cost, and does the basic work of service provider to build up the

competitiveness of the Company in the market. The first priority of cost control is to ensure that the schedule is kept under control, from the support of the company's back-office departments to the on-site work of the construction site, which has an interlocking effect on the schedule. We also develop aluminum mold business to increase the efficiency of formwork construction and effectively reduce the work rate of masonry finishing to reduce the required construction time.

The Company has established a fixed mechanism to regularly review the operational processes of the Company's back-office departments to improve back-office operation time; fully utilize the web platform to accelerate communication timeliness and operational efficiency; utilize system tools to help analyze the reasonableness of the schedule and propose improvement or alternative solutions for key items; and implement value engineering assessments to achieve the goal of shortening the work schedule. To ensure that the project progress can be completed on time, the Company continues to introduce cost control, review and reduce unnecessary transaction costs, utilize alternative work methods, introduce new technologies, reduce material losses and change the logistic procurement mode, so that costs can be reasonably controlled.

D. Introduce green construction and create corporate ESG

The environment is suffering from the effects of global warming and air pollution. In response to the friendly construction industry, we will introduce "energy-saving" and "carbon-reducing" methods in the construction. For example, in terms of energy-saving, we will introduce energy-saving building design in the turnkey projects as much as possible, such as green building label, solar power recycling, rainwater recycling, elevator power regeneration and other design concepts and equipment application; in terms of carbon-reducing, we will make good use of the system aluminum formwork to replace traditional formwork, which can effectively reduce the use of wood and can be recycled multiple times to effectively achieve green-friendly construction management. For this purpose, we have established the Aluminum Mold Division to carry out the systematic use of aluminum molds, and to centralize and integrate the work schedule of each site for deployment, so that aluminum molds can be used efficiently and economically.

E. 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.

F. Operation standardly, audit regularly

The Company has established a fixed mechanism to regularly review the operational processes of the Company's back-office departments to improve back-office operation time; fully utilize the web platform to accelerate communication timeliness and operational efficiency; utilize system tools to help analyze the reasonableness of the schedule and propose improvement or alternative solutions for key items; and implement value engineering assessments to achieve the goal of shortening the work schedule. To ensure that the project progress can be completed on time, the Company continues to introduce cost control, review and reduce unnecessary transaction costs, utilize alternative work methods, introduce new technologies, reduce material losses and change the logistic procurement mode, so that costs can be reasonably controlled.

G. Differentiation technology and exquisite brand image

The expected new generation of construction team must have different technologies from other construction team to create a unique competitive advantage and ensure that the company will not fall into the cycle of price competition in the market. In 2018, Chien Kuo Construction established the Technology Development Department to carry out four research fields, including "Deepening and application of BIM technology in the construction of the whole life cycle", "Application of acoustic Technology in the construction of related materials and development of acoustic", "MIS Development of construction Management", and "Application and Development of metal materials in the appearance and shape of buildings". Cooperate with the third party, put in the experiment and verification plan. Develop the unique engineering technology and new construction materials to create a delicate service brand of Chien Kuo Construction after three to five years of research and development.

(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 36 patents. 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. Encourage employees to innovative by incentive.

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

The Company currently has three new methods, SD550 method, CK soundproof system (5mm) and CK soundproof foam insulation system (8mm). The SD550 method emphasizes high-strength steel and high-strength concrete, which is attractive to consumers and in line with the trend of carbon reduction, and has been favored by the industry and authorized for use in six cases. The two CK soundproof foam floor insulation systems have a price advantage over similar products in the market and have the potential to be licensed. At present, we are applying for the new construction of innovation shock-proof steel bars for girders and we will apply for SD690 new construction in the future.

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 and introduce corporate ESG 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	Market share
2018	23,301	40	0.17%
2019	24,806	47	0.18%
2020	26,829	67	0.25%
2021	30,732	53	0.17%
2022	35,996	51	0.14%

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

3. Future supply and demand situation and growth

(1) 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, the life insurance industry and factory office business will account for a considerable portion. As the builders are restricted by government policy, a sluggish housing market and impact of raw materials, 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. The trend will be competition in terms of consideration and technologies. In 2022, the market will lead the trend of construction market development by raw material

market movement, while the labor market will remain lacking and the planning mode of system method will be increased; when the material continues to soar, the development will be delayed until 2023, and 2022 will become a dry period for construction.

(2) 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 epidemic continues to impact, 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 Taichung 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 logistics factory office to respond to the epidemic brought about by the residential economy, will promote the construction of 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.

(3) 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. In 2016, 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 an emerging market in this regard for the construction industry.

(4) Systematic method will replace traditional method trend:

In the trend of aging population, labor replacement methods will be the future trend, the market has started to use system formwork to reduce the need for formworkers, modular steel lacing will also improve the efficiency of workers, the future will gradually lead to modular building design, so that the structure and even bathroom equipment using pre-cast modules to reduce the need for on-site construction.

4. Competitive niche

(1) 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.

(2) 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. In recent years, we have introduced corporate ESG to advance the path of corporate sustainability.

(3) 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.

(4) 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.

- (5) 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

(1) 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.

(2) 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.

(3) 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, such as the development of aluminum mold business and innovative work methods, and introduce new technical talents, so as to achieve the goal of technological optimization and technological expansion to reduce costs and improve competitiveness.

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 project, technology plant, public building, medical building, business building, turn-key case.	Project requirement for providing operating activities, residence.	<p>Construction: Product production process</p> <ol style="list-style-type: none"> 1. Ordinary 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. 2. Construction on a Turnkey Basis Business Development → Evaluation Work → Preliminary Design → Estimation Work → Submit a Tender (Competition) → Win a Bid and Sign an Agreement → Basic design and detail design → 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:

The main raw materials for construction work are steel (structure), concrete, cement, sand and gravel, metal materials, and professional contracting work. Recently, the price fluctuations of international metals are very high, so we will use the contract mode of price index adjustment or cost plus compensation to the owner.

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

1. Customers and suppliers who have accounted for more than 10% of the total amount of purchase and sales in the last two years

Unit: NT\$ Thousands

Item	2021				2022			
	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	373,981	7.02%	None	Customer A	1,026,183	20.26%	None
2	Customer B	442,791	8.31%	None	Customer B	700,566	13.83%	None
3	Customer C	725,916	13.63%	None	Customer C	614,967	12.14%	None
4	Customer D	503,409	9.45%	None	Customer D	516,383	10.19%	None
5	Customer E	684,094	12.84%	None	Customer E	286,249	5.65%	None
6	Customer F	987,901	18.55%	None	Customer F	260,676	5.15%	None
	Others	1,608,339	30.20%	None	Others	1,660,677	32.78%	None
	Net sales	5,326,431	100.00%		Net sales	5,065,701	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 Main products	2021			2022		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Construction services (including electromechanical service)	-	-	4,701,962	-	-	4,517,090
Others	-	-	95	-	-	76
Total	-	-	4,702,057	-	-	4,517,166

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

Main products	Year	2021		2022	
	Sales volume and sales value	Taiwan		Taiwan	
		Volume	Value	Volume	Value
Construction services (including electromechanical service)		-	5,326,133	-	5,065,366
Others		-	298	-	335
Total		-	5,326,431	-	5,065,701

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		2021	2022	Current year up to March 31, 2023
Number of Employees	Direct labor	276	290	273
	Indirect labor	170	175	171
	Total	446	465	444
Average age		42.71	43.76	43.37
Average service years		5.37	5.15	5.47
Academic distribution ratio	Doctor	1.12%	1.10%	1.13%
	Master	22.42%	20.20%	19.60%
	College	59.42%	55.90%	56.53%
	Senior high school	6.05%	12.50%	13.51%
	Lower than Senior high school	10.99%	10.30%	9.23%

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, 2023:

Unit: NT\$ Thousands

Date	Official Letter No.	Violation of provisions	Violation of regulations contents	Amount
2021/11/27	Order Ref. No. Noise-22-111-010122	Article 8 of Noise Control	Prohibition of the use of motorized machinery on holidays	3
2022/03/07	Order Ref. No. Waste 40-111-040016	Article 27, Waste Disposal Act	F17 grout caused road pollution	2.4
2022/07/27	Order Ref. No. Kao-Hsiung-Environmental-Inspection-Building 22-111-080010	Noise Control Act	Power machinery over specified operating time	3
2022/08/04	Order Ref. No. Waste 40-111-080049	Article 27, Waste Disposal Act	Mud and sand pollute the road	2.4
2023/02/01	Order Ref. No. Tai-Pei-Environmental-Inspection-Punishment 1116012	Article 27, Waste Disposal Act	Mud and sand pollute the road	1.2
Total				12

- (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 compensation.

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 2022 training are as follows:

Total hours	Expense
4,625 hours of internal training 142 hours of external training	NT\$ 996 Thousands

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.

In addition, to protect the health of our employees and in response to COVID-19 epidemic, Chien Kuo Construction set up an epidemic prevention and response team at the beginning of the epidemic to activate the epidemic prevention mechanism. During Alert Level 3, the following measures were enhanced: (1) Introduce face recognition card clocking equipment and integrate body temperature measurement function to reduce the risk of exposure to infection; (2) Implement off-site office and work triage for employees, and provide paid vaccination leave and vaccination care leave for employees as needed; (3) Purchase quick screening reagents for employees to conduct screening when necessary; (4) Provide employees with "special compensation during prevention of epidemic" and additional "statutory infectious disease health insurance" to stabilize employees' lives.

7. Chien Kuo Construction is committed to diversity and inclusiveness, including gender diversity.

Gender equality in the workplace:

Based on the characteristics of construction engineering, the company's management and engineering professionals are mostly male; The majority of administrative are female, accounting up to 79.1%. Salaries at all levels are not different due to gender and establish a salary system of equal pay for equal work. There is no significant difference in salary between colleagues based on gender, and the principle of "link salary and performance" is implemented. Some female employees in management are paid more than their male counterparts. The company is committed to improving the site environment, female force will join it every year. Female employees have healthy performance and play space in the company.

Female supporting (pregnancy, childbirth and child-rearing)

The Company encourages childbearing and provides a fertility welfare fund of NT\$3,000 per child, which is distributed once after application. There is no limit on the number of children. The Company open a lactation room and related facilities for colleagues using. Give colleagues family care leave, so it is convenient to take care of children at home. Eligible colleagues with school-age children can apply for a maximum of NT\$10,000 of education allowance per semester. Provide a perfect system of child care stay and leave according to the needs of raising children, the company also encourages employees to return to the workplace. In a friendly working environment, the rate of child care stay and leave is up to 67% in 2022.

- (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 2022 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. Information Security

- (I) The Company's Information Security Policy is available on the Corporate Governance section of the Company's website. 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.

Please refer to [Information Risk Control] of [13. Other Important Risks and Countermeasures] on page 111 of this Annual report for the Company's

Information on Security Policy and Specific Measures and Plans on Information Security Management.

- (II) As of the publication date of the annual report for 2022, the Company had no material information security incidents.

VII. 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:
Construction contract	Department of Urban Development, Taipei City Government	2019.03~2023.07	New Construction of Social Housing in Wanhua District, Taipei	None
Construction contract	Office of Housing Development, Taoyuan	2019.10~2023.09	New Construction of Social Housing in Yangmei District and Ping Township, Taoyuan City	None
Construction contract	Cathay Real Estate Development Co., Ltd.	2019.11~2023.10	New Construction of Assembled Residence in Beitou District, Taipei	None
Construction contract	Fox Automation Technology Inc.	2020.10~2022.09	New Plant Construction in Zhunan Township, Miaoli County	None
Construction contract	Cmg International Two Co., Ltd.	2021.04~2023.06	New construction of slurry wall and new construction of foundation piles in Nangang District, Taipei	None
Construction contract	National Center for Housing and Urban Renewal	2021.04~2025.02	New Construction of Social Housing in Zuoying District, Kaohsiung City	None
Construction contract	Cathay Real Estate Development Co., Ltd.	2021.10~2025.05	New Construction of Assembled Residence in Nangang District, Taipei	None
Construction contract	National Center for Housing and Urban Renewal	2021.11~2027.03	New Construction of Social Housing in Tucheng District, New Taipei City	None
Construction contract	National Center for Housing and Urban Renewal	2022.10~2027.07	New Construction of Social Housing in Wenshan District, Taipei	None
Construction contract	Cathay Real Estate Development Co., Ltd.	2022.12~2026.06	New Construction of Assembled Residence in Eastern District, Tainan	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				
		2018	2019	2020	2021	2022
Current assets		8,111,422	7,647,907	8,074,911	7,514,014	6,851,693
Property, plant, and equipment		191,066	126,042	33,577	33,847	123,395
Intangible assets		0	0	0	0	0
Other assets		1,110,975	769,480	673,364	797,209	811,693
Total assets		9,413,463	8,543,429	8,781,852	8,345,070	7,786,781
Current liabilities	Before distribution	2,996,300	2,606,006	3,284,836	3,073,753	2,402,211
	After distribution (Note 3)	3,163,450	2,739,726	3,490,788	3,331,193	2,654,211
Non-current liabilities		1,455,898	1,581,671	1,068,365	568,739	643,722
Total Liabilities	Before distribution	4,452,198	4,187,677	4,353,201	3,642,492	3,045,933
	After distribution (Note 3)	4,619,348	4,321,397	4,559,153	3,899,932	3,297,933
Equity attributable to shareholders of the parent company		4,949,473	4,348,740	4,428,651	4,702,578	4,740,848
Stock		3,343,001	2,674,401	2,574,401	2,574,401	2,520,001
Additional paid-in capital		201,627	201,627	204,852	204,852	187,308
Retained Earnings	Before distribution	1,462,023	1,476,801	1,707,664	1,911,101	1,846,895
	After distribution (Note 3)	1,294,873	1,343,081	1,501,712	1,653,661	1,594,895
Other equity		(57,178)	(4,089)	(58,266)	12,224	186,644
Treasury Stock		0	0	0	0	0
Non-controlling interests		11,792	7,012	0	0	0
Total Equity	Before distribution	4,961,265	4,355,752	4,428,651	4,702,578	4,740,848
	After distribution (Note 3)	4,794,115	4,222,032	4,222,699	4,445,138	4,488,848

Note 1: The 2022 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 2023 that have been reviewed by a CPA.

Note 3: The earnings appropriation for 2022 has been resolved by the Board of Directors on March 15, 2023 and has not yet been resolved by the shareholders at the annual shareholders' meeting.

Consolidated Statements of Comprehensive Income

Unit: NT\$ Thousands

Item \ Year	Most Recent 5-Year Financial Information				
	2018	2019	2020	2021	2022
Operating revenue	6,824,128	4,773,012	6,762,818	5,326,431	5,065,701
Gross profit	741,759	341,133	512,514	624,374	548,535
Operating profit or loss	360,280	71,003	221,871	286,020	254,983
Non-operating income and expenses	14,843	45,549	161,941	259,686	(38,231)
Profit before tax	375,123	116,552	383,812	545,706	216,752
Net income (loss) of continuing operations	207,708	51,336	301,975	405,150	184,115
Loss of discontinuing operation	0	128,228	72,769	0	0
Net Income (Loss)	207,708	179,564	374,744	405,150	184,115
Other comprehensive income (net value after tax) for the period	16,707	55,382	(63,499)	74,729	187,977
Total comprehensive income	224,415	234,946	311,245	479,879	372,092
Net income (loss) attributable to shareholders of the parent company	205,671	179,635	373,905	405,150	184,115
Net income (loss) attributable to non-controlling interest	2,037	(71)	839	0	0
Total comprehensive income attributable to shareholders of the parent company	222,378	235,017	310,406	479,879	372,092
Total comprehensive income attributable to non-controlling interests	2,037	(71)	839	0	0
Earnings per Share	0.62	0.57	1.43	1.57	0.72

Note 1: The 2022 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 2023 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				
		2018	2019	2020	2021	2022
Current assets		2,423,641	2,885,300	3,820,458	3,598,960	2,802,139
Property, plant, and		33,526	33,053	31,262	32,357	123,224
Intangible assets		0	0	0	0	0
Other assets		5,781,607	4,994,786	4,430,514	4,725,978	4,903,464
Total assets		8,238,774	7,913,139	8,282,234	8,357,295	7,828,827
Current liabilities	Before distribution	1,837,272	1,999,590	2,793,237	3,090,219	2,446,388
	After distribution	2,004,422	2,133,310	2,999,189	3,347,659	2,698,388
Non-current liabilities		1,452,029	1,564,809	1,060,346	564,498	641,591
Total Liabilities	Before distribution	3,289,301	3,564,399	3,853,583	3,654,717	3,087,979
	After distribution	3,456,451	3,698,119	4,059,535	3,912,157	3,339,979
Equity attributable to shareholders of the		4,949,473	4,348,740	4,428,651	4,702,578	4,740,848
Stock		3,343,001	2,674,401	2,574,401	2,574,401	2,520,001
Additional paid-in		201,627	201,627	204,852	204,852	187,308
Retained Earnings	Before distribution	1,462,023	1,476,801	1,707,664	1,911,101	1,846,895
	After distribution	1,294,873	1,343,081	1,501,712	1,653,661	1,594,895
Other equity		(57,178)	(4,089)	(58,266)	12,224	186,644
Treasury Stock		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total Equity	Before distribution	4,949,473	4,348,740	4,428,651	4,702,578	4,740,848
	After distribution	4,782,323	4,215,020	4,222,699	4,445,138	4,488,848

Note 1: As of the printing date of the annual report, there is no financial statements for the 1st quarter of 2023 that have been reviewed by a CPA.

Note 2: The earnings appropriation for 2022 has been resolved by the Board of Directors on March 15, 2023 and has not yet been resolved by the shareholders at the annual shareholders' meeting.

Statements of Comprehensive Income(Standalone)

Unit: NT\$ Thousands

Item \ Year	Most Recent 5-Year Financial Information				
	2018	2019	2020	2021	2022
Operating revenue	3,932,756	4,756,126	6,753,748	5,318,630	5,065,366
Gross profit	300,682	315,254	453,465	570,176	542,223
Operating profit or loss	60,151	72,349	180,689	270,692	248,375
Non-operating income and expenses	230,261	172,614	248,169	216,979	(23,390)
Profit before tax (loss)	290,412	244,963	428,858	487,671	224,985
Net income (loss) of continuing operations	205,671	179,635	373,905	405,150	184,115
Loss of discontinuing operation	0	0	0	0	0
Net Income (Loss)	205,671	179,635	373,905	405,150	184,115
Other comprehensive income (loss) for the period (net value after tax)	16,707	55,382	(63,499)	74,729	187,977
Total comprehensive income	222,378	235,017	310,406	479,879	372,092
Earnings per Share	0.62	0.57	1.43	1.57	0.72

Note 1: As of the printing date of the annual report, there is no financial statements for the 1st quarter of 2023 that have been reviewed by a CPA.

(III) CPA Names and Audit Opinions

Year of Certification	Name of Accounting Firm:	Name of CPA	Audit Opinions	Remark Note
2018	Deloitte & Touche Taiwan	I-wen WANG Yu-wei FAN	Consolidated: Unqualified opinion Standalone: Unqualified opinion	-
2019	Deloitte & Touche Taiwan	I-wen WANG Wen-Chin Lin	Consolidated: Unqualified opinion Standalone: Unqualified opinion	-
2020	Deloitte & Touche Taiwan	Wen-Chin Lin Chun-hung CHEN	Consolidated: Unqualified opinion Standalone: Unqualified opinion	-
2021	Deloitte & Touche Taiwan	Li-Chun Chang Wen-chin LIN	Consolidated: Unqualified opinion Standalone: Unqualified opinion	-
2022	Deloitte & Touche Taiwan	Li-Chun Chang Wen-chin LIN	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

Year		Financial Analysis for the Last Five Fiscal Years				
		2018	2019	2020	2021	2022
Items (Note 2)						
Financial structure (%)	Debt to asset ratio	47.30	49.02	49.57	43.65	39.12
	Ratio of long-term capital to property, plants and equipment	3,358.61	4,710.67	16,371.37	15,573.96	4,363.69
Solvency (%)	Current ratio	270.71	293.47	245.82	244.46	285.22
	Quick ratio	232.51	286.99	229.81	225.04	255.95
	Interest coverage ratio	15.23	8.09	33.50	60.19	18.76
Management ability	Average receivables turnover ratio (times)	2.55	1.89	4.50	11.22	26.22
	Average collection days	143	193	81	33	14
	Inventory turnover rate (times)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Average payables turnover ratio (times)	2.83	2.25	3.40	2.68	3.07
	Average inventory turnover days	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Property, plant, and equipment (PP&E) turnover ratio (times)	32.25	30.10	84.74	158.00	64.43
	Total asset turnover ratio (times)	0.70	0.53	0.78	0.62	0.63
Profitability	Return on assets (%)	2.36	2.15	4.44	4.82	2.40
	Return on equity (%)	4.21	3.85	8.53	8.87	3.90
	Ratio of income before tax to paid-in capital (%)	11.22	4.36	14.91	21.20	8.60
	Net income to sales (%)	3.04	2.84	5.54	7.61	3.63
	Earnings per Share (NT\$)	0.62	0.57	1.43	1.57	0.72
Cash Flow	Cash flow ratio (%)	6.54	29.07	39.23	18.75	(16.31)
	Cash flow adequacy ratio (%)	8.33	111.45	172.63	159.41	197.54
	Cash flow reinvestment ratio (%)	0.46	9.83	21.26	7.10	(12.15)
Leverage	Operating leverage	18.94	67.22	30.48	18.62	19.87
	Financial leverage	1.08	1.30	1.06	1.03	1.05
<p>I. Reasons for any changes in financial ratios up to 20% in the past two years:</p> <ol style="list-style-type: none"> 1. The decrease of current net value in 2022 results in a decrease in interest coverage and profitability ratio. 2. The purchase of aluminum mold equipment in 2022 resulted in a decrease in the turnover rate of real estate, plant and equipment and the ratio of long-term capital to real estate, plant and equipment. 3. The number of days for collecting cash in the plant and public house in 2021 was shorter, resulting in a continuous increase in the turnover rate of payment receivables but a decrease in the average number of days for collecting cash in 2022. 4. The decrease of net cash inflow from operating activities resulted in a decrease in cash flow and cash reinvestment ratio. 						

Note 1: As of the printing date of the annual report, there is no financial statements for the 1st quarter of 2023 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. Solvency
- (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) 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				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to asset ratio	39.92	45.04	46.53	43.73	39.44
	Ratio of long-term capital to property, plants and equipment	19,094.14	17,891.11	17,558.05	16,278.01	4368.01
Solvency (%)	Current ratio	131.92	144.29	136.78	116.46	114.54
	Quick ratio	102.11	132.27	117.54	96.82	85.88
	Interest coverage ratio	12.02	16.86	39.70	54.66	19.13
Management ability	Average receivables turnover ratio (times)	9.13	10.82	13.67	15.92	26.87
	Average collection days	40	34	27	23	14
	Inventory turnover rate (times)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Average payables turnover ratio (times)	2.97	3.27	3.58	2.57	2.99
	Average inventory turnover days	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
	Property, plant, and equipment (PP&E) turnover ratio (times)	111.32	142.87	210.02	167.20	65.12
	Total asset turnover ratio (times)	0.46	0.59	0.83	0.64	0.63
Profitability	Return on assets (%)	2.67	2.38	4.73	4.96	2.40
	Return on equity (%)	4.18	3.86	8.52	8.87	3.90
	Ratio of income before tax to paid-in capital (%)	8.69	9.16	16.66	18.94	8.93
	Net income to sales (%)	5.23	3.78	5.54	7.62	3.63
	Earnings per Share (NT\$)	0.62	0.57	1.43	1.57	0.72
Cash Flow	Cash flow ratio (%)	(16.14)	17.49	11.82	8.02	(15.78)
	Cash flow adequacy ratio (%)	(55.19)	(3.74)	45.58	11.90	22.18
	Cash flow reinvestment ratio (%)	(7.34)	3.11	3.62	0.80	(12.05)
Leverage	Operating leverage	65.38	65.74	37.38	19.65	20.39
	Financial leverage	1.78	1.27	1.07	1.03	1.05

Reasons for any changes in financial ratios up to 20% in the past two years:

1. The decrease of current net value in 2022 results in a decrease in interest coverage and profitability ratio.
2. The purchase of aluminum mold equipment in 2022 resulted in a decrease in the turnover rate of real estate, plant and equipment and the ratio of long-term capital to real estate, plant and equipment.
3. The number of days for collecting cash in the plant and public house in 2021 was shorter, resulting in a continuous increase in the turnover rate of payment receivables but a decrease in the average number of days for collecting cash in 2022.
4. The decrease of net cash inflow from operating activities resulted in a decrease in cash flow and cash reinvestment ratio.

Note 1: As of the printing date of the annual report, there is no financial statements for the 1st quarter of 2023 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. Solvency

(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) 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 2022 Consolidated Financial Statements and the 2022 Standalone Financial Statements prepared and submitted by the Board of Directors have been audited by CPA Li-Chun Chang and CPA Wen-Chin 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 2023 Annual Shareholders' Meeting of the Company

Convener of the Audit Committee: Chin-Pao Tsai

March 15, 2023

- IV. The most recent annual financial report: Please refer to Appendix A.
- V. Standalone Financial Statements for the Most Recent Fiscal Year That Were Audited and Certified by a CPA: Please refer to Appendix B.
- 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	2022	2021	Difference		Analysis and description of changes
			Amount	%	
Current assets	6,851,693	7,514,014	(662,321)	(8.81)	
Property, plant, and equipment	123,395	33,847	89,548	264.57	1
Other assets	811,693	797,209	14,484	1.82	
Total assets	7,786,781	8,345,070	(558,289)	(6.69)	
Current liabilities	2,402,211	3,073,753	(671,542)	(21.85)	2
Non-current liabilities	643,722	568,739	74,983	13.18	
Total Liabilities	3,045,933	3,642,492	(596,559)	(16.38)	
Stock	2,520,001	2,574,401	(54,400)	(2.11)	
Additional paid-in capital	187,308	204,852	(17,544)	(8.56)	
Retained Earnings	1,846,895	1,911,101	(64,206)	(3.36)	
Shareholders' Equity	4,740,848	4,702,578	38,270	0.81	

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

1. Increase the property, plant, and equipment: Mainly due to the purchase of aluminum molding equipment in 2022.
2. Decrease in current liabilities: Mainly due to the decrease of contractual liability/accounts payments.
3. Countermeasure plan in the future: Not applicable.

II. Financial Performance

Unit: NT\$ Thousands

Item \ Year	2022	2021	Difference		Analysis and description of changes
			Amount	%	
Net operating revenue	5,065,701	5,326,431	(260,730)	(4.90)	
Operating costs	4,517,166	4,702,057	(184,891)	(3.93)	
Gross profit	548,535	624,374	(75,839)	(12.15)	
Operating expenses	293,552	338,354	(44,802)	(13.24)	
Operating income	254,983	286,020	(31,037)	(10.85)	
Non-operating income and expenses	(38,231)	259,686	(297,917)	(114.72)	1
Profit before tax of continuing operations	216,752	545,706	(328,954)	(60.28)	1
Income tax expense	32,637	140,556	(107,919)	(76.78)	1
Gain (Loss) from Discontinued Operations	0	0	0	0.00	
Profit	184,115	405,150	(221,035)	(54.56)	

- (I) The increase and decrease ratio exceed 20% and the amount of change reaches NT\$10 million:
1. Decrease in non-operating income and expense and income tax expense: Mainly due to the interests of the subsidiaries and their related tax liabilities in 2021.
- (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, 2021)	Net cash inflow resulting from operating activities throughout 2022	Net cash outflow from investing and financing activities throughout 2022	Effect of exchange rate changes on cash and cash equivalents	Amount of remaining cash (December 31, 2022)	Remedial measures for expected cash inadequacy	
					Investment plan	Financial plan
2,453,293	(391,880)	913,130	191,638	3,166,181	-	-

1. Operating activities: Cash outflows of NT\$(391,880) thousand, which mainly cash inflows from operating activities to pay the manufacturer.
2. Financing activities: The cash inflow in the amount of NT\$1,080,852 thousand, which mainly due to the disposal of financial assets during the year.
3. Financing activities: The cash outflow in the amount of NT\$(167,722) thousand, which mainly due to distribution of cash dividends and repurchase of treasury shares 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, 2022)	Net cash inflow resulting from operating activities throughout 2023	Net cash outflow from investing and financing activities throughout 2023	Amount of remaining cash (December 31, 2023)	Remedial measures for expected cash inadequacy	
				Investment plan	Financial plan
3,166,181	397,314	(257,652)	3,305,843	-	-

1. Analysis of changes in cash flows in 2023:
 - (1) Operating activities: Cash inflows of NT\$397,314 thousand are mainly cash inflows from operating activities during the year.

(2) Investing and financing activities: The cash outflow in the amount of NT\$(257,652) thousand was mainly due to distribution of cash dividends during the year.

2. Remedial measures and liquidity analysis for expected cash inadequacy: There was no cash inadequacy in 2023.

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				
				2019	2020	2021	2022	2023
Land development	Own funds	2023	30,000	-	-	-	-	30,000

(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 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

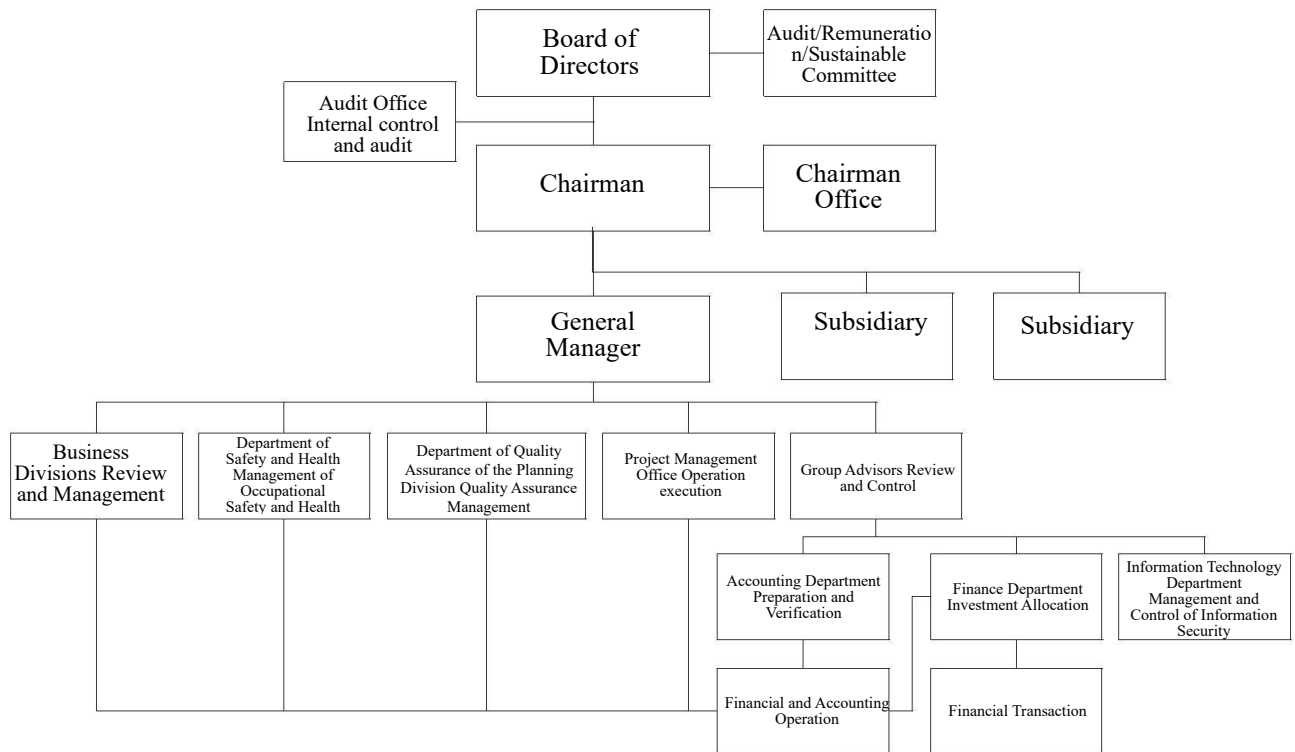
Unit: NT\$ Thousands

Corporation Name	Recognition of investment gains and losses in 2022	Investment policy	Main reason for such profit or loss	Improvement plan	Investment plan for the coming year
Golden Canyon Limited	(41,477)	In addition to the investment income from the upstream and downstream subsidiaries, the Company's reinvestment strategy is to gradually exit the mainland market and actively dispose of its equity in the mainland reinvestment business, as well as to start the financial market investment in 2020 in order to increase the capital utilization income.	Due to the effect of global geopolitical government risk, the Russia-Ukraine war and the violent interest rate increase of The Federal Reserve System in 2022, global stocks fell sharply, resulting in the company's financial market investment losses.	In the face of the economic downturn and the actions of The Federal Reserve System continuously in 2023, we strictly controlled downside risks and countermeasure conservatively.	Allocate and adjust in line with the overall capital utilization and investment plan of the Group at home and abroad
Silver Shadow Holding Limited	(47,136)				
Golden Canyon Venture Capital Investment Co., Ltd.	46,537	In response to government policies, the Company repatriated overseas funds and invest in important domestic fields and industrials. In 2020, the Company began to layout industrial venture capital business, investing in important domestic fields and industries, towards the strategic purpose of industrial upgrading.	The fluctuation influence of fair value evaluation of reinvested company stock price.	Track closely	According to the overview of the industry and the competitiveness, industry foreground of the target company, industrial prospects, layout continuously.

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 "Guidelines for Establishing Internal Control Systems for Public Companies" of the Taiwan Financial Supervisory Commission, the Company's internal control system was summarized and approved by the Board of Directors based on the continuous adjustment of site third party of corporate organization structure and the actual exertion and control mechanism of related standard of the field operation projects. Each business department heads and responsible employees are responsible for the implementation of internal and external regulations in accordance with their areas of responsibility and operational processes to ensure the implementation of the company's internal control mechanism and strengthen business operations efficiency.

The Audit Office is an independent unit directly under the Board of Directors, and is staffed with professional auditors to perform program audits and investigate specific project assigned by senior supervisor. In accordance with the regulations of the law, internal control practices and the annual approved audit plan is reviewed by Audit Office, and continuously tracks its deficient improvement measures until completion to ensure the compliance and execution of internal control practices. Except for reporting regularly and irregularly to the Chairman and the Audit Committee, it also reports regularly to the Board of Directors.

(2) Identification of Risks

Through the summary analysis of SWOT, risk identification tool is used to identify and evaluate risks, risk and opportunity analysis table is used to grade risks, action plan table is used to carry out action plan/improvement measures. Identified potential risks plan and improvement measures are managed by each departmental unit through regular operations management meetings, cross-departmental and contractor coordination meetings, occasional meetings to resolve unforeseen situations, and ongoing management and tracking until identified risks are reduced to an acceptable level. The Safety and Health Department will request employees and contractors to implement occupational safety and health risks through on-site inspections and audits. For quality assurance risk management, the Quality Assurance Department will regularly perform quality assurance audits of relevant work items according to the progress of each project items, and at the same time report relevant work deficiencies and item scores to senior executive managers for reference, and will continue to follow up until the deficiencies are improved. Through the annual internal control system self-assessment operation of each business department unit, the responsible personnel of each department can review and improve the process operation risks and issues faced in practice, and eliminate and reduce the risk in the operation process through communication and coordination of the control mechanism.

(3) The division of responsibilities

According to the organizational structure announced by the company, the strategic objectives formulated by each business, the work, management and personnel allocation of each department, the division of responsibilities through the related operation cycle process and management operation standard, the approval of authority table of each department and office supervisor and its responsibility and operation process control mechanism. Let each responsibility supervisor lead colleagues to make decisions and discuss through operation management, communication and coordination meetings within their authority, and reach the most favorable consensus for the enterprise through cross-department meetings and coordination operations, and then implement the execution of the operations. The Legal Department will assist in reviewing the contractual terms and conditions of contracting and construction work for questionable and high-risk projects, and will propose suggestions or improvement measures in favor of our company and submit them for approval by the Chairman of the Board of Directors before approving the final version of the contract. The Safety and Health Department conducts regular audits on the implementation of occupational safety and health codes of practice at construction sites according to the actual progress of the project and tracks down the deficiencies for improvement according to the actual progress of each construction office. The Quality Assurance Department regularly conducts construction quality audits and irregular inspections of on-site construction projects according to the progress of the project, and continuously tracks the effectiveness of improvement measures of defects. The Project Management Department regularly analyzes and reviews the progress and cost control of each construction site, and follows up and improves the progress and cost discrepancies of the construction sites. The Accounting Department prepares summons and reconciles accounts according to the construction site's evaluation and pricing documents. The Finance Department reports and reviews the financial accounting operations and capital flow deployment operations, audits financial transactions and investment management, and makes professional recommendations to the supervisor.

The Audit Office's annual audit operation plan is approved by the Board of Directors, includes auditing operations such as audit of various cycle operations and routine financial accounting operations, subsidiary monitoring operations, occasional project audits, and annual internal control self-assessment operations, and will be submitted to the audit Committee and the Board of directors in audit operation report.

(II) Implementation of risk policies and assessment criteria:

1. Risk policy:

The Company establishes different response strategies and risk management mechanisms according to the type of contract and the stage of implementation, and tracks and manages the known potential risks with the list of operation program and improvement measures so that the risk appetite and the predetermined gross margin are not exceeded as much as possible within the controllable range to ensure the achievement of the Company's operational goals. The risk management policy, risk management mechanism and related operation regulations established by each business of the Company are followed, and the responsibilities and operation mechanism of the regulatory management mechanism are clearly defined to effectively reduce or transfer risks. In accordance with the policies and internal control regulations, the management staff performs operational risk evaluation, monitoring and reporting, and implements effectively risk control in the management operations of each duty, such as occupational safety and health, quality assurance, business contracting, operation collection, project management, investment and credit.

2. Risk management operations:

The Company has effectively incorporated laws and regulations, internal control systems and internal standard operating procedures into its internal workflow continuously. The supervisors of each business unit will identify the operational action plan and improvement measures for the operation and operation process, responsibility supervisor implement and improve internal control management and preventive actions through routine departmental meetings, operations management meetings, management reports and cross-departmental coordination and communication meetings.

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, and conducts irregular project audits or investigation in accordance with the senior instructions, and reports the audit findings and operational plan's improvement 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	2021		2022	
		Amount	%	Amount	%
Interest Rate	Interest revenue	66,232	1.24%	43,028	0.85%
Interest Rate	Interest expenditure	9,219	0.17%	12,207	0.24%
Changes in exchange rate	Exchange gains and losses	(5,192)	(0.10%)	(37,234)	(0.74%)
Revenue	Operating revenue	5,326,431	100.00%	5,065,701	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.

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 carried out in accordance with the Company's "Procedures for Acquisition and Disposal of Assets" and the related controls, and the resulting gain or loss did not have a material impact on the Company's financial operations.

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	2021	2022	2023
R&D expense	8.87 million	7.84 million	8.08 million
R&D manpower	7 People	7 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 (including information security) on the Company's finance and business, and the countermeasures:
Impact: No significant impact.
Countermeasures against information security risk: Establish an information security incident response team to assign tasks and conduct drills as planned. In the event of an incident, a security professional is appointed to assist in controlling the disaster. After confirming the exclusion of the incident, we start the information system restoration.
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) Shing Tzung Development Co., Ltd (hereinafter referred to as "Shing Tzung") and its responsible person, Lu, Kuo-Feng, 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 a claim of NT\$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 NT\$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. The two lawsuits were judged by the Ciaotou District Court in Kaohsiung, and both parties filed appeals within the legal period. The Kaohsiung Branch of Taiwan High Court judged that the company should not pay Shing Tzung Development Co., Ltd. after neutralizing part of the creditor's rights. After deducting the claims neutralized by the Company in the previous case, Shing Tzung Development Co., Ltd. shall pay to the Company NT\$16,784 thousand plus interest at the rate of 5% per annum from October 28, 2015 to the date of settlement. Before the release of financial statements, the third period of the two lawsuits has expired. Neither party has appealed, and the case has been confirmed. The Company accounted according to the result of litigation in the first quarter of 2023.

- (2) The construction project of National Kaohsiung Center for the Arts contracted by the Company (hereinafter referred to as the Project) was completed on December 16, 2016 and checked and accepted qualified on November 16, 2018. It is now being operated by National Kaohsiung Center for the Arts and Arts (hereinafter referred to as Kaohsiung Center for the Arts). The warranty period of non-structural materials of this project would expire on November 16, 2020. However, since "Weiwuying" has been opened for public using and the performance program is arranged intensively, the inspection schedule must be coordinated with Kaohsiung Center for the Arts. Moreover, Kaohsiung Center for the Arts keeps putting forward many unreasonable requirements continuously, which leads to the delay of inspection schedule. For this reason, Kaohsiung Center for the Arts refused to pay back NT\$96,003 thousand of the joint guarantee letter provided by the company. In order to fulfill the contract guarantee responsibility, the company has not stopped the inspection and repair up to now. The company believed that Kaohsiung Center for the Arts' action was inconsistent with the contract and violated the principle of fairness and reasonableness. Therefore, on March 21, 2022, the company proposed mediation to the Complaint Review Board for Government Procurement of the Public Construction Commission, Executive Yuan. The last mediation meeting was held on August 9, 2022, and the mediation committee said that it would make mediation suggestions after considering various situations. The Company

received the mediation suggestions on April 13, 2023. As the parties have not determined whether to accept the mediation suggestion it is difficult for the Company to assess the results.

13. Other material risks and countermeasures:

(1) Information risk management

a. Purpose of Information Security:

Ensure the accuracy and integrity of our internal information management, the reliability and security of our hardware, software, and peripheral operating environment, maintain information security, reduce information security risks, and meet the needs of our continued normal operations.

b. Information security risk management framework:

The Information Technology Department is 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. The Audit Office is the supervisory unit for information security monitoring and is responsible for "supervision", following up on the implementation of corrective and preventive measures.

c. Policy of Information Security:

the Company referred to the CNS17799 Information Security Management System Verification Standard, and formulated its Cyber Security Management Regulations and related management items to ensure the confidentiality, integrity and availability of the information assets.

The company's information security policy face the following aspects:

Strengthen the awareness of information security: Build awareness of all colleagues

Institution establishment: Formulate information security policies and standardize information security management measures

Set software and hardware: Set software and hardware related to information security

d. Specific management measures of information security:

Type	Information security features	Explanation	Related Operations
Authority Management	Confidentiality	Personnel account and management measures of authority management	1. Personnel account privilege management audit 2. Periodic check of personnel account permissions
Access control	Confidentiality	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	Availability Completeness	Computer virus protection measures	1. Virus protection and malware detection 2. Emails hide computer virus propaganda 3. Replace the old firewall and mail filtering system
System availability	Availability Completeness	Disposal measures in case of system service interruption	1. Data backup measures, on and off-site backup and offline backup mechanism 2. Regular disaster recovery drills

e. Management Program of Information Security

- ◆ In 2022, the Company joined Taiwan Computer Emergency Response Team/ Coordination Center (TWCERT/CC), received threat information irregularly through E-mail, assessed whether the company's internal equipment or software was exposed to threats and ordered the person to repair it in time.
- ◆ All computers of the Company have been installed with anti-virus software, and the virus signature was automatically updated regularly.
- ◆ The company has exposed its information security policy on its website and establish an information room with a environmental control system, in addition to the , 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.
- ◆ Conducted user-side information security audits - once every six months, up to 120 in 2020 and 2021, and up to 114 in 2022.
- ◆ Enhance the awareness and concept of information security, 404 visits were received. All employees have completed online or paper courses of information security education training.

(2) Climate change risk

Climate change has become a thorny issue that countries around the world are competing to invest a lot of resources to explore, more dramatic weather changes

around the world and the frequency of natural disasters has increased significantly. In recent years, Taiwan's regulations and users have gradually raised the building standards of green building and energy saving requirements for buildings, and newer concepts such as healthy building, green building and intelligent building have also been gradually emphasized.

In order to reduce the impact of climate-related risks and opportunities on the business, the environmental team of the company meets regularly to communicate and understand the management needs of the company. greenhouse gas emissions, energy use and green buildings are taken as the indicators and objectives of the company's climate management, and then continue to deepen according to the extension period of the environmental team of the company. Meanwhile, our technical unit also actively addresses climate and environmental change issues and assists in evaluation and decision making, and continues to develop in green building technologies to assist customers in upgrading their green buildings to reduce the impact of climate change while increasing its positive effect and reducing its negative impact. The Company incorporates green energy analysis in the design phase of turnkey projects and uses environmentally friendly design and materials during construction to implement energy-saving and carbon-reduction policies, and to maintain environmental protection and corporate social responsibility. The Company has invited experts to discuss the trend and application of circular economy in the construction industry, meanwhile has planned education and training on building physical environment simulation and analysis and introduces it to education and training of employees, including courses on building environment simulation and analysis, building physical environment analysis, wind environment analysis, lighting and energy analysis, etc.

The Company has approved the steel SD550 patent method to be incorporated into the design of the Tucheng House and there is a peer pay to use the patent 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. The Company will contribute to environmental protection and fulfill our corporate social responsibility.

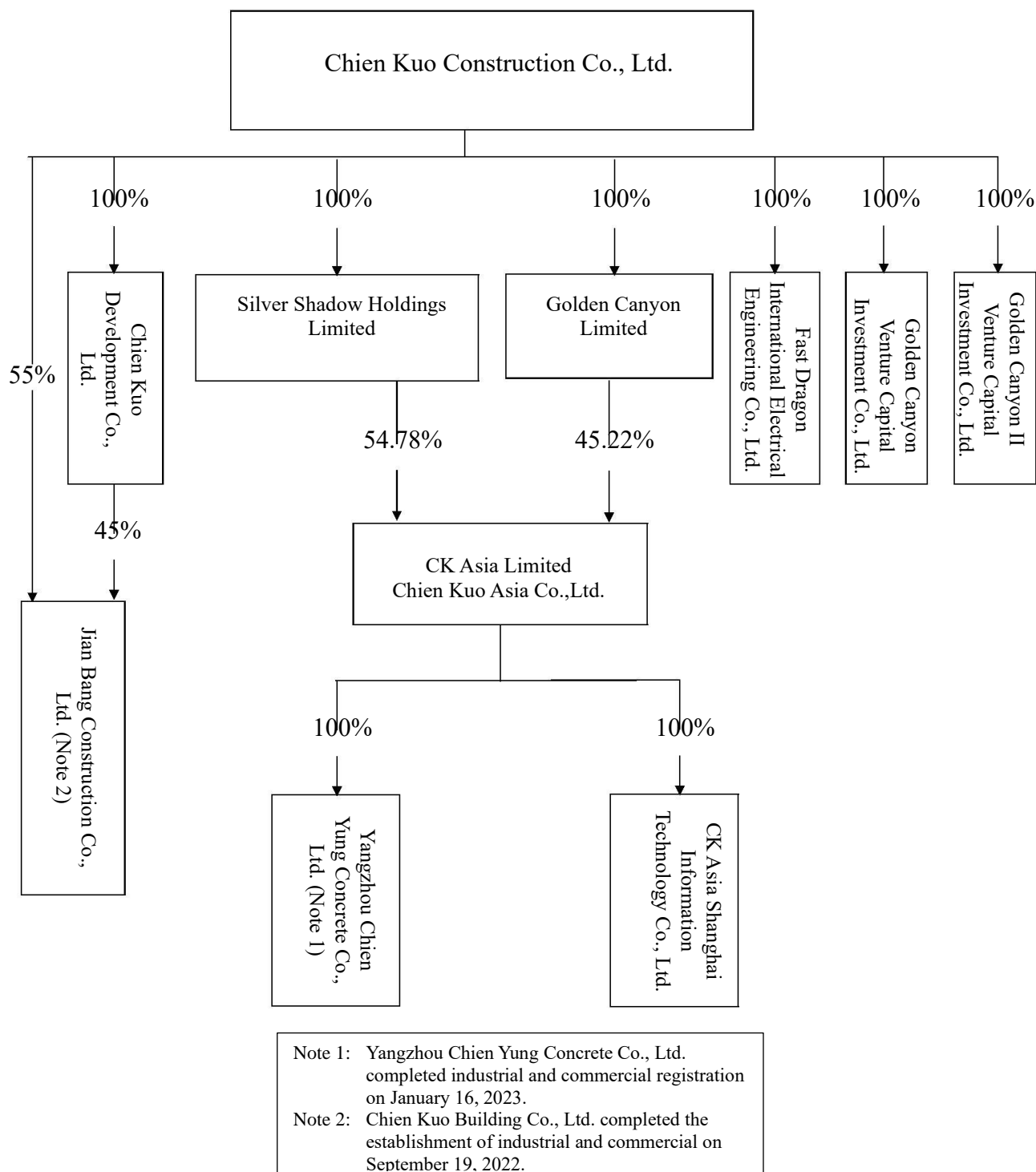
VII. Other Important Issues: None.

Chapter 8 Special Items

I. Information on Associates

(I) Consolidated Business Report of Associates

1. Organizational Chart of Associates



2. Basic information of each associate

Unit: In thousands

Company name	Date of incorporation	Address	Paid-in Capital	Main business or production items
Chien Kuo Building Co., Ltd.	1990.04.19	20F, No. 69, Sec. 2, Dunhua S. Rd., Da'an District, Taipei City	NTD 100,000	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	NTD 50,000	Planning, design and installation of air-conditioning, fire protection, power distribution and other projects
Golden Canyon Venture Capital Investment Co., Ltd.	2020.08.17	20F, No. 69, Sec. 2, Dunhua S. Rd., Da'an District, Taipei City	NTD 401,000	Venture capital business
Golden Canyon II Venture Capital Investment Co., Ltd.	2021.06.03	20F, No. 69, Sec. 2, Dunhua S. Rd., Da'an District, Taipei City	NTD 200,000	Venture capital business
Jian Bang Construction Co., Ltd. (Note 2)	2022.09.19	20F, No. 69, Sec. 2, Dunhua S. Rd., Da'an District, Taipei City	NTD 50,000	Parking operation business, housing and building development, leasing and sale
Silver Shadow Holding Limited	1995.02.24	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, B.V.I	USD 21,606	Overseas Short and Long Term Investment
Golden Canyon Limited	1996.06.21	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, B.V.I	USD 5,881	Overseas Short and Long Term Reinvestment
Chien Kuo Asia Co., Ltd.	2003.05.29	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands.	USD 4	China reinvestment
CK Asia (Shanghai) Information Technology Co., Ltd.	1996.03.27	Room 607, Building 1, No.55 Ao Na Lu, Shanghai Pilot Free Trade Zone	USD 100	Computer software technology development and consultation
Yangzhou Chien Yung Concrete Co., Ltd. (Note 3)	2004.02.26	Qiuzhuang Formation, Wangjia Village, Shiqiao Town, Yangzhou Development Zone	USD 2,000	Production and sales of commercial concrete, concrete products and concrete additives

Note 1: 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, 2022	30.71	3.938	4.4094

Note 2: Chien Kuo Building Co., Ltd. completed the establishment and registration of industrial and commercial on September 19, 2022.

Note 3: Yangzhou Chien Yung Concrete Co., Ltd. completed industrial and commercial registration on January 16, 2023.

3. The industries covered by the all associates and their division of labor :
- (1) The industries covered by all associates include construction, mechanical and electrical engineering, 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	100%
Fast Dragon International Electrical Engineering Co., Ltd.	Chairman Directors Directors Supervisor General Manager	Chang-Shiou Wu (Chien Kuo Construction) Chi-Te Chen (Chien Kuo Construction) Pai-Tso Sun (Chien Kuo Construction) Kua-teng SU Jin-Hui Zhou	7,000	100%
Golden Canyon Venture Capital Investment Co., Ltd.	Chairman Directors Directors 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%
Golden Canyon II Venture Capital Investment Co., Ltd.	Chairman Directors Directors 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	20,000	100%

Company name	Title	Name or representative	Shareholding (Note 1)	
			Shares	Shareholding Ratio (%)
Jian Bang Construction Co., Ltd. (Note 2)	Chairman Supervisor General Manager	Pai-Tso Sun (Chien Kuo Construction) Ssu-Chia Kung (Chien Kuo Construction) Pai-Tso Sun	5,000	55%
Silver Shadow Holding Limited	Directors Directors Directors	Chi-Te Chen Chang-Shiou Wu Pai-Tso Sun	21,606	100%
Golden Canyon Limited	Directors Directors Directors	Chi-Te Chen Chang-Shiou Wu Pai-Tso Sun	5,881	100%
Chien Kuo Asia Co., Ltd.	Directors Directors Directors	Chi-Te Chen Chang-Shiou Wu Pai-Tso Sun	413	100%
CK Asia (Shanghai) Information Technology Co., Ltd.	Chairman Directors Directors Supervisor General Manager	Kuo-Feng Ting Pai-Tso Sun Ssu-Chia Kung Shu-Feng Yang Kuo-Feng Ting	Not applicable	100%
Yangzhou Chien Yung Concrete Co., Ltd. (Note 3)	Chairman Directors Directors Supervisor General Manager	Kuo-Feng Ting Chang-Shiou Wu I-ching LI Ssu-Chia Kung Kuo-Feng Ting	Not applicable	100%

Note 1: Information related to such an associate is the information on the latest year up to December 31, 2022.

Note 2: Chien Kuo Building Co., Ltd. completed the establishment of industrial and commercial on September 19, 2022.

Note 3: Yangzhou Chien Yung Concrete Co., Ltd. completed industrial and commercial registration on January 16, 2023.

6. Operating status of each associate

Unit: In thousands of New Taiwan Dollars

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	92,772	224	92,548	335	(8,765)	-
Fast Dragon International Electrical Engineering Co., Ltd.	50,000	156,683	98,110	58,573	114,680	668	-
Golden Canyon Venture Capital Investment Co., Ltd.	401,000	448,176	3,286	444,890	51,778	46,537	
Golden Canyon II Venture Capital Investment Co., Ltd.	200,000	200,263	122	200,141	597	354	
Jian Bang Construction Co., Ltd.	50,000	49,842	0	49,842	0	(158)	
Golden Canyon Limited	180,614	1,560,776	0	1,560,776	0	(41,477)	-

Company name	Capital	Total assets	Total Liabilities	Net worth	Operating revenue	Profit or loss	Earnings per Share (after tax)
Silver Shadow Holding Limited	663,525	1,922,162	0	1,922,162	0	(47,136)	-
Chien Kuo Asia Co., Ltd.	127	272,512	0	272,512	0	11,141	-
CK Asia (Shanghai) Information Technology Co., Ltd.	3,071	26,281	14,238	12,043	0	22,758	Note 1
Yangzhou Chien Yung Concrete Co., Ltd.	61,420	0	0	0	0	8,978	Note 1

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

(II) Consolidated Financial Statements of Associates: (Please refer to Appendix A).

(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 2022 (from January 1 to December 31, 2022), 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 subsidiary 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 subsidiary 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 15, 2023

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, 2022 and 2021, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to Consolidated Financial Statements (including Summary of Significant Accounting Policies) for the period from January 1 to December 31, 2022 and 2021.

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of Chien Kuo Construction Co., Ltd. and its subsidiaries as of December 31, 2022 and 2021, and its consolidated financial performance and consolidated cash flows for the annual periods ended December 31, 2022 and 2021 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 in accordance with the "Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants," and the 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 2022 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 2022 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.

The major auditing procedures that we have performed in respect of the matters described above are as follows:

1. Understanding management's procedures for estimating the total costs of long term construction contracts;
2. 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;
3. reviewing whether there are significant adjustments to the estimated total cost of construction contracts after the period;
4. analyzing changes in revenue, costs and gross profit for each project.

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

Other Matters

Chien Kuo Construction Co., Ltd. has also compiled Financial Statements for 2022 and 2021, 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 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 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 group 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 2022. 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 Taiwan
CPA: Li-Chun Chang

CPA: Wen-Chin Lin

Financial Supervisory Commission
Approval Document No.:
FSC Approval Document No. 1100356048

Securities and Futures Bureau Approval
Document No.:
Tai-Cai-Zheng-6 No. 0920123784

March 15, 2023

Notes to Readers

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

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

Chien Kuo Construction Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

December 31, 2022 and 2021

Unit: NT\$ Thousands

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note VI)	\$ 3,166,181	41	\$ 2,453,293	29
1110	Financial assets measured at fair value through profit or loss (Note VII)	880,330	11	1,830,044	22
1120	Financial assets measured at fair value through other comprehensive income (Note VIII)	19,392	-	23,126	-
1136	Financial assets measured at amortized cost (Note IX)	231,914	3	573,902	7
1140	Contract assets (Note XXII)	1,584,729	20	1,622,095	20
1150	Notes receivable (Note X)	-	-	34,536	-
1170	Accounts receivable (Notes X and XXII)	110,519	2	241,362	3
1200	Other receivables	25,122	-	27,817	-
1220	Current tax assets	130,217	2	110,984	1
1323	Inventories (for construction business) (Notes XI and XXXI)	467,688	6	465,926	6
1410	Prepayments (Note XII)	163,274	2	119,411	2
1470	Other current assets	72,327	1	11,518	-
11XX	Total current assets	6,851,693	88	7,514,014	90
	Non-current assets				
1510	Financial assets measured at fair value through profit or loss (Note VII)	168,529	2	88,042	1
1517	Financial assets measured at fair value through other comprehensive income (Notes VIII and XXXI)	348,388	5	525,553	6
1535	Financial assets measured at amortized cost (Notes IX and XXXI)	70,050	1	-	-
1550	Investments accounted for using equity method (Note XIV)	48,780	1	-	-
1600	Property, plant and equipment (Note XV)	123,395	2	33,847	1
1755	Right-of-use assets (Note XVI)	13,894	-	23,284	-
1760	Investment properties (Notes XVII and XXXI)	101,493	1	102,487	1
1840	Deferred tax assets (Note XXIV)	19,839	-	25,552	-
1990	Other non-current assets (Note XXXI)	40,720	-	32,291	1
15XX	Total non-current assets	935,088	12	831,056	10
1XXX	Total assets	\$ 7,786,781	100	\$ 8,345,070	100
	Liabilities and Equity				
	Current liabilities				
2100	Short-term loans (Note XVIII)	\$ 500,000	6	\$ 200,000	2
2110	Short-term notes and bills payable (Note XVIII)	349,787	5	-	-
2130	Contract liabilities (Note XXII)	28,885	-	287,695	3
2150	Notes payable	-	-	38,137	1
2170	Accounts payable (Note XIX)	1,254,433	16	1,649,752	20
2200	Other payables	175,157	2	281,237	3
2230	Current tax liabilities	32,837	1	52,091	1
2320	Current portion of long-term loans (Notes XVIII and XXXI)	-	-	499,862	6
2399	Other current liabilities (Note XVI)	61,112	1	64,979	1
21XX	Total current liabilities	2,402,211	31	3,073,753	37
	Non-current liabilities				
2570	Deferred tax liabilities (Note XXIV)	537,267	7	486,280	6
2600	Other non-current liabilities (Note XVI)	106,455	1	82,459	1
25XX	Total non-current liabilities	643,722	8	568,739	7
2XXX	Total liabilities	3,045,933	39	3,642,492	44
	Equity (Note XXI)				
	Capital				
3110	Common stock	2,520,001	32	2,574,401	31
3200	Additional paid-in capital	187,308	3	204,852	2
	Retained Earnings				
3310	Legal reserve	724,858	10	682,772	8
3320	Special reserve	11,397	-	46,790	1
3350	Unappropriated earnings	1,110,640	14	1,181,539	14
3300	Total retained earnings	1,846,895	24	1,911,101	23
3400	Other equity	186,644	2	12,224	-
3XXX	Total equity	4,740,848	61	4,702,578	56
	Total liabilities and equity	\$ 7,786,781	100	\$ 8,345,070	100

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

Chairman: Chang-shiou WU

Manager: Mao-sheng KAN

Accounting Manager: Lin-Ju LIN

Chien Kuo Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income

January 1 to December 31, 2022 and 2021

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

Code		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Note XXII)	\$ 5,065,701	100	\$ 5,326,431	100
5000	Operating cost (Notes XXIII and XXX)	<u>4,517,166</u>	<u>89</u>	<u>4,702,057</u>	<u>88</u>
5900	Gross profit	548,535	11	624,374	12
6000	Operating expenses (Notes XXIII and XXX)	<u>293,552</u>	<u>6</u>	<u>338,354</u>	<u>7</u>
6900	Net operating income	<u>254,983</u>	<u>5</u>	<u>286,020</u>	<u>5</u>
	Non-operating income and expenses (Notes XXIII and XXX)				
7010	Other income	88,419	1	142,670	3
7020	Other gains and losses	(114,223)	(2)	126,235	2
7050	Finance costs	(12,207)	-	(9,219)	-
7060	Shares of profits or loss of associates accounted for using equity method	(<u>220</u>)	<u>-</u>	<u>-</u>	<u>-</u>
7000	Total non-operating income and expenses	(<u>38,231</u>)	(<u>1</u>)	<u>259,686</u>	<u>5</u>
7900	Income before income tax	216,752	4	545,706	10
7950	Income tax expense(Note XXIV)	<u>32,637</u>	(<u>1</u>)	<u>140,556</u>	<u>2</u>
8200	Net income	<u>184,115</u>	<u>3</u>	<u>405,150</u>	<u>8</u>

(Continued on next page)

(Continued from the previous page)

Code		2022		2021	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	\$ 3,428	-	\$ 2,318	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(90,288)	(2)	50,959	1
8349	Income tax related to items that will not be reclassified subsequently to profit or loss (Note XXIV)	(686)	-	(463)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of financial statements of foreign operations	344,404	7	27,394	-
8399	Income tax related to items that will be reclassified subsequently to profit or loss (Note XXIV)	(68,881)	(1)	(5,479)	-
8300	Other comprehensive income or loss (after tax)	<u>187,977</u>	<u>4</u>	<u>74,729</u>	<u>1</u>
8500	Total comprehensive income	<u>\$ 372,092</u>	<u>7</u>	<u>\$ 479,879</u>	<u>9</u>
	Earnings per share (Note XXV)				
9750	Basic	<u>\$ 0.72</u>		<u>\$ 1.57</u>	
9850	Diluted	<u>\$ 0.72</u>		<u>\$ 1.57</u>	

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

Chairman: Chang-shiou WU

Manager: Mao-sheng KAN

Accounting Manager: Lin-Ju LIN

Chien Kuo Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: 1,000 NTD,
except for earnings per share (NTD)

Code		Capital	Additional paid-in capital	Retained Earnings			Exchange differences on translation of financial statements of foreign operations	Other equity	Total	Treasury stock	Total equity
				Legal reserve	Special reserve	Unappropriated earnings		Financial Assets Measured at Fair Value through Other Comprehensive Income			
A1	Balance as of January 1, 2021	\$ 2,574,401	\$ 204,852	\$ 645,464	\$ 23,412	\$ 1,038,788	(\$ 229,518)	\$ 171,252	(\$ 58,266)	\$ -	\$ 4,428,651
	Appropriation and distribution of retained earnings for 2020										
B1	Provision of legal reserve	-	-	37,308	-	(37,308)	-	-	-	-	-
B3	Provision of special reserve	-	-	-	34,854	(34,854)	-	-	-	-	-
B5	Cash dividends appropriated to shareholders - NT\$0.80 per share	-	-	-	-	(205,952)	-	-	-	-	(205,952)
B17	Reversal of special reserve due to disposal of subsidiaries				(11,476)	11,476			-		-
D1	Net income for 2021	-	-	-	-	405,150	-	-	-	-	405,150
D3	Other comprehensive income (net of tax) for 2021	-	-	-	-	1,855	21,915	50,959	72,874	-	74,729
D5	Total comprehensive income in 2021	-	-	-	-	407,005	21,915	50,959	72,874	-	479,879
Q1	Disposal of equity instruments measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	2,384	-	(2,384)	(2,384)	-	-
Z1	Balance as of December 31, 2021	2,574,401	204,852	682,772	46,790	1,181,539	(207,603)	219,827	12,224	-	4,702,578
	Appropriation and distribution of retained earnings for 2021										
B1	Provision of legal reserve	-	-	42,086	-	(42,086)	-	-	-	-	-
B3	Reversal of special reserve	-	-	-	(34,566)	34,566	-	-	-	-	-
B5	Cash dividends appropriated to shareholders - NT\$1.02 per share	-	-	-	-	(257,440)	-	-	-	-	(257,440)
B17	Reversal of special reserve due to disposal of subsidiaries	-	-	-	(827)	827	-	-	-	-	-
D1	Net income for 2022	-	-	-	-	184,115	-	-	-	-	184,115
D3	Other comprehensive income (net of tax) for 2022	-	-	-	-	2,742	275,523	(90,288)	185,235	-	187,977
D5	Total comprehensive income in 2022	-	-	-	-	186,857	275,523	(90,288)	185,235	-	372,092
Q1	Disposal of equity instrument investments measured at fair value through other comprehensive income	-	-	-	-	10,815	-	(10,815)	(10,815)	-	-
L1	Purchase of treasury stock	-	-	-	-	-	-	-	-	(76,382)	(76,382)
L3	Retirement of treasury stock	(54,400)	(17,544)	-	-	(4,438)	-	-	-	76,382	-
Z1	Balance as of December 31, 2022	\$ 2,520,001	\$ 187,308	\$ 724,858	\$ 11,397	\$ 1,110,640	\$ 67,920	\$ 118,724	\$ 186,644	\$ -	\$ 4,740,848

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

Chairman: Chang-shiou WU

Manager: Mao-sheng KAN

Accounting Manager: Lin-Ju LIN

Chien Kuo Construction Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousands

Code		2022	2021
	Cash flows from operating activities		
A10000	Income before income tax	\$ 216,752	\$ 545,706
A20010	Adjustments to reconcile income (loss):		
A29900	Net gain on disposal of subsidiaries	-	(145,987)
A21200	Interest income	(43,028)	(66,232)
A21300	Dividend income	(18,046)	(70,475)
A22500	Gains on disposal of property, plant and equipment	(65,533)	(22)
A20400	Net loss on financial assets at fair value through profit or loss	142,518	7,800
A20100	Depreciation expense	30,323	21,184
A20200	Amortization expenses	1,123	295
A20900	Finance costs	12,207	9,219
A20300	Expected credit loss (reversed gain)	(21,782)	8,232
A22700	Gain on disposal of investment properties	-	(62)
A22300	Shares of loss of associates accounted for using equity method	220	-
A30000	Changes in operating assets and liabilities, net		
A31125	Contract assets	37,366	(35,724)
A31130	Notes receivable	34,536	54,516
A31150	Account receivables	152,698	337,188
A31180	Other receivables	(209)	9,927
A31200	Construction in Progress	(1,762)	-
A31230	Prepayments	(43,862)	(65,808)
A31240	Other current assets	(60,809)	(5,158)
A32125	Contract liability	(258,810)	193,659
A32130	Notes payable	(38,137)	28,017
A32150	Accounts payable	(395,326)	(160,506)
A32180	Other payables	(27,538)	(32,091)
A32230	Other current liabilities	(1,103)	(6,564)
A32990	Other non-current liabilities	(402)	(833)
A33000	Cash (out)inflow generated from operations	(348,604)	626,281
A33100	Interest received	40,858	64,375
A33300	Interest paid	(12,180)	(8,609)
A33500	Income taxes paid	(71,954)	(89,493)
AAAA	Net cash (out)inflows from operating activities	(391,880)	592,554

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Code		2022	2021
	Cash flows from investment activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	\$ -	(\$ 79,795)
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	90,611	4,597
B00040	Acquisition of financial assets measured at amortized cost	(152,603)	(425,000)
B00050	Disposal of financial assets measured at amortized cost	425,000	149,535
B00100	Acquisition of financial assets measured at fair value through profit or loss	(2,383,142)	(6,674,936)
B00200	Proceeds from disposal of financial assets measured at fair value through profit or loss	3,176,651	6,720,830
B01800	Acquisition of long-term investments accounted for using equity method	(49,000)	-
B02300	Net cash flows from disposal of subsidiaries	-	12,504
B02700	Acquisition of property, plant and equipment	(105,212)	(6,939)
B02800	Proceeds from disposal of property, plant, and equipment	66,487	127
B03800	Decrease (increase) in refundable deposits	5,514	(173)
B04500	Acquisition of intangible assets	(4,989)	(1,600)
B05500	Proceeds from disposal of investment properties	-	19,221
B07100	Increase in prepayment for equipment	(4,387)	-
B07600	Dividend received	<u>15,922</u>	<u>63,315</u>
BBBB	Net cash inflows (outflows) from investing activities	<u>1,080,852</u>	<u>(218,314)</u>
	Cash flows from financing activities:		
C00100	Increase in short-term loans	300,000	185,000
C00500	Increase in short-term bills payable	349,787	-
C01700	Repayment of long-term loans	(500,000)	(450,000)
C03000	Increase (decrease) in guarantee deposits received	31,015	(22,607)
C04020	Repayment of lease principal	(14,702)	(13,570)
C04500	Cash dividends distributed	(257,440)	(205,952)
C04900	Purchase of treasury stock	(<u>76,382</u>)	<u>-</u>
CCCC	Net cash outflows from financing activities	<u>(167,722)</u>	<u>(507,129)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>191,638</u>	<u>(32,155)</u>
EEEE	Net increase (decrease) in cash and cash equivalents	712,888	(165,044)
E00100	Cash and cash equivalents at the beginning of year	<u>2,453,293</u>	<u>2,618,337</u>
E00200	Cash and cash equivalents at the end of period	<u>\$ 3,166,181</u>	<u>\$ 2,453,293</u>

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Reconciliation of cash and cash equivalents at the beginning of period

<u>Code</u>		<u>December 31, 2022</u>	<u>December 31, 2021</u>
E00210	Cash and cash equivalents reported in the balance sheet	\$ 2,453,293	\$ 2,607,033
E00240	Cash and cash equivalents included in disposal groups classified as held for sale	<u>-</u>	<u>11,304</u>
E00200	Cash and cash equivalents at the beginning of year	<u>\$ 2,453,293</u>	<u>\$ 2,618,337</u>

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

Chairman: Chang-shiou WU

Manager: Mao-sheng KAN

Accounting Manager: Lin-Ju LIN

Chien Kuo Construction Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
January 1 to December 31, 2022 and 2021
(Amount in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

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 sizes, 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 approved by the Board of Directors on March 15, 2023.

III. Application of New and Amended Standards and Interpretations

(I) The first-time application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (hereinafter referred to as "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as "FSC") with effective date:

The application of the amended IFRSs endorsed and issued into effect by the FSC did not result in significant changes in the accounting policies of the Group.

(II) FSC-endorsed IFRSs that are applicable from 2023 onward

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendment to IAS 8 "Definition of Accounting Estimation"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1. These amendments shall be applied for the annual reporting period beginning on or after January 1, 2023.

Note 2. This amendment shall be applied to changes in accounting estimation and changes in accounting policies that occur during the annual reporting period beginning on January 1, 2023.

Note 3. Except for the recognition of deferred income tax on temporary differences between lease and decommissioning obligations on January 1, 2022, this amendment is applicable to transactions that occur on and after January 1, 2022.

1. Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments expressly stipulate that the Group should determine the disclosure of significant accounting policy information based on the definition of materiality. 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 Group.
- 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.

In addition, the amendments provide an example of how accounting policy information may be material if it relates to significant transactions, other events, or conditions and if the following circumstances exist:

- (1) Has been changed during the period by the Group, and this change results in a significant change in the information of the financial statements;
- (2) Was chosen properly by the Group 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 Group is required to make significant judgments and assumptions; or
- (5) Relates to complex accounting practices, and users of the Company's financial statements would otherwise not understand the relating significant transactions, other events or conditions.

2. Amendment to IAS 8 "Definition of Accounting Estimation"

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 adopted to develop an accounting estimate to achieve this goal. The changes are considered as changes in accounting estimates while the effects of changes in accounting estimates from changes in an input or a measurement technique do not belong to correction of prior period errors.

Besides the effects mentioned above, as of the date the consolidated financial statements were authorized for issue, the Group continued to assess that the amendments to other standards and interpretations shall not have significant impact on the financial position and financial performance.

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

New/Revised/Amended Standards and Interpretations	Effective Date Issued by the IASB (Note 1)
Amendments to IFRS10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS1 "Classify Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1. Unless otherwise stated, the aforementioned new standards, interpretations and amendments are effective from the reporting fiscal year after their respective effective dates.

Note 2. A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the effects on its financial position and financial performance of amendments to the other 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 statements have been 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 on the measurement date.
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 assets or liabilities.

(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 Group 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 of 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 statements of the subsidiaries have been adjusted to bring their accounting policies in line with those used by the Group. 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 Group'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 Group 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 Group loses control over a subsidiary, the gains and losses from 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 Group 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 Group.

The Group takes the fair value of the residual investment in the former subsidiary at the date of loss of control to be the initially investment amount in an associate recognized.

Please refer to Note XIII and Appendixes 8 and 9 for details, shareholding percentages, and operations 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 Group 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)

Investments in associates

Associates are entities over which the Consolidated Company has significant influence and which is neither a subsidiary nor a joint venture.

The Consolidated Company uses the equity method to account for its investments in associates.

Under the equity method, investments in associates are initially recognized at cost and adjusted thereafter to recognize the Group's shares of the profit or loss and other comprehensive income as well as the profit distribution 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.

The depreciation of PP&E in its useful life is made on a straight line basis for each major part/component separately. The Group 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 Group.

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.

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

On each balance sheet date, the Group 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 Group estimates the recoverable amount of such asset. If it is not possible to estimate the recoverable amount of an individual asset, the Group 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 Group 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 Group 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 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 XXIX for the determination of fair value.

- B. Financial Assets Measured at Amortized Cost

When the Group'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 Group 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 Group'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 Group 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 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 Group 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

Equity instruments issued by the Group are recognized at the acquisition price less direct issue costs.

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 Group 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

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) Revenue Recognition

After identifying the performance obligations of contracts with the customers, the Group 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 Group 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 Group recognizes a contract liability for the difference. Certain payments retained by the customer as specified in the contract is intended to ensure that the Group adequately completes all its contractual obligations. Such retention receivables are recognized as contract assets until the Group 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 Group evaluates whether a contract is (or includes) a lease on the contract establishment date.

1. The Group 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 Group 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 Group 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.

(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 Group 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 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 Group 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 Group 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. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

When the Group 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 Group has taken into consideration the possible impact of inflation and interest rate fluctuations in the market on the related significant accounting estimates. The management will continue to review the estimates and basic assumptions. If a revision of estimates only affects the current period, it shall be recognized in the period of revision; if a revision of accounting estimates affects the current year and future periods, it shall be recognized in the period of revision and future periods.

Construction contracts

Income or loss 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 be included in and recognized as contract revenue only when relevant uncertainties are subsequently eliminated and the probability of reversing the amount of accumulated contract revenue is quite low.

As estimated total 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 construction income or loss.

VI.	<u>Cash and cash equivalents</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Cash on hand and revolving funds	\$ 2,228	\$ 2,645
	Bank checks and demand deposits	348,271	1,035,906
	Cash equivalents (time deposits with original maturity date within 6 months)		
	Bank time deposits	<u>2,815,682</u>	<u>1,414,742</u>
		<u>\$ 3,166,181</u>	<u>\$ 2,453,293</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Time deposits	0.32%~5.10%	0.12%~3.40%

Time deposits that do not meet the definition of cash equivalents have been reclassified under "financial assets carried at amortized cost." Please refer to Note IX.

VII.	<u>Financial assets measured at fair value through profit or loss</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Mandatorily measured at fair value through profit or loss		
	<u>Current</u>		
	Derivative financial assets		
	- Structured note (I)	\$ -	\$ 391,013
	Non-derivative financial assets		
	- Structured deposits	-	103,710
	- Listed stocks and emerging stocks		
	Stock	22,201	425,222
	- Unlisted stocks	28,500	-
	- Fund beneficiary certificates (II)	829,629	892,343
	- Bank debentures	-	17,756
		<u>\$ 880,330</u>	<u>\$ 1,830,044</u>
	<u>Non-current</u>		
	- Unlisted stocks	\$ 116,612	\$ 36,100
	- Private equity funds	51,917	51,942
		<u>\$ 168,529</u>	<u>\$ 88,042</u>

- (I) Structured notes not yet matured as of the balance sheet date are notes linking 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 a fixed interest, the note will be converted into stocks holding the underlying securities at the exercise price. Contracts not yet maturing are as follows:

December 31, 2021

Subject Securities	Amount (NT\$ Thousands)	Maturity Date	Interest Rate	Exercise Price
Alcoa Corporation (AA)	USD 1,000	March 30, 2022	10%	USD 35.8191
SEA LIMITED (SE)	USD 1,000	March 17, 2022	12%	USD 273.5691
Alcoa Corporation (AA)	USD 1,000	April 19, 2022	12%	USD 32.4204
Cleveland-Cliffs Inc. (CLF)	USD 1,000	March 30, 2022	10%	USD 13.7860
Square Inc. (SQ)	USD 1,000	February 24, 2022	12%	USD 173.8032
KraneShares CSI China Internet ETF (KWEB)	RMB 4,000	March 17, 2022	12%	USD 35.9598
SEA LIMITED (SE)	USD 1,000	March 8, 2022	10%	USD 280.2804
BioNTech SE (BNTX)	USD 1,000	April 20, 2022	12%	USD 203.3455
Square, Inc. (SQ)	USD 1,000	March 8, 2022	10%	USD 208.0847
TESLA, INC. (TSLA)	USD 1,000	March 25, 2022	10%	USD 667.9148
Square Inc. (SQ)	USD 1,000	March 18, 2022	12%	USD 205.1585
SEA LIMITED (SE)	USD 1,000	April 19, 2022	12%	USD 226.2885
Boeing Company (BA)	USD 1,000	April 19, 2022	12%	USD 156.8986
Freeport-McMoRan, Inc. (FCX)	USD 1,000	April 19, 2022	12%	USD 27.6997
Cleveland-Cliffs Inc. (CLF)	USD 1,000	April 19, 2022	12%	USD 13.0940
Tencent Holdings Limited (700HK)	RMB 4,000	March 3, 2022	12%	HK\$ 386.1883

- (II) According to the beneficiary certificate contract, foreign private equity funds can only be redeemed at 98% of the redemption price within one year. In addition, the fund company has set a monthly/quarterly redemption threshold, above which the fund cannot be redeemed in that month/quarter.

VIII. Financial assets measured at fair value through other comprehensive income

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Investment in equity instruments</u>		
Listed stocks		
Current	\$ 19,392	\$ 23,126
Non-current	348,388	525,553
	<u>\$ 367,780</u>	<u>\$ 548,679</u>

The Group 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.

For financial assets pledged at fair value through other comprehensive income, please refer to Note XXXI.

IX. Financial Assets Measured at Amortized Cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Time deposits with original maturity date over six months	\$ 15,662	\$ 425,000
Restricted bank deposits (1)	13,172	117,446
Restricted bank term deposits (1)	203,080	21,446
Restricted bills with repurchase agreement (1)	-	10,010
	<u>\$ 231,914</u>	<u>\$ 573,902</u>
<u>Non-current</u>		
Pledged certificate of deposit	<u>\$ 70,050</u>	<u>\$ -</u>

(1) The above restricted financial assets are held by the Group in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act, and their use is subject to the restrictions of the Management, Utilization, and Taxation of Repatriated Offshore Funds Act.

The interest rate intervals for term deposits and repurchase agreement as of the balance sheet dates are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Time deposits with original maturity date over six months	3.64%	0.22%~0.23%
Restricted bank term deposits	3.20%~3.38%	0.18%~0.25%
Restricted bills with repurchase agreement	-	0.19%
Pledged certificate of deposit	0.65%	-

For information on pledged financial assets at amortized cost, please refer to Note XXXI.

X. Notes Receivable and Accounts Receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	<u>\$ -</u>	<u>\$ 34,536</u>
<u>Account receivables</u>		
Measured at amortized cost		
Total carrying amount	\$ 145,053	\$ 312,055
Less: Allowance losses	(<u>34,534</u>)	(<u>70,693</u>)
	<u>\$ 110,519</u>	<u>\$ 241,362</u>

Account receivables

The credit policy of the Group is mainly contract-based, and the notes receivable and accounts receivable are not interest-bearing. To minimize credit risk, the management of the Group 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 Group 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. As such, the Group's management concludes that the credit risk has been significantly reduced.

The impairment assessment of the Group's accounts receivable is based on individual assessment, aging analysis, historical experience and analysis of customers' current financial position to estimate the amount of irrecoverable receivables. Some of the overdue receivables are under legal proceedings in accordance with the written agreements.

In determining the recoverability of accounts receivable, the Group considers the change in the quality of credit from the time the receivables are originally granted to the time they are presented on the balance sheet. An appropriate allowance for loss is recognized when the receivables are assessed to be irrecoverable beyond the credit period.

The Group 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 Group 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 Group is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not overdue	\$ <u>-</u>	\$ <u>34,536</u>

Aging analysis of accounts receivable of the Group is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not overdue	\$ 105,909	\$ 205,591
Less than 180 days	-	7,340
181~360 days	-	14,148
More than 361 days	<u>39,144</u>	<u>84,976</u>
Total	\$ <u>145,053</u>	\$ <u>312,055</u>

Changes in allowance losses for accounts receivable are as follows:

	<u>2022</u>	<u>2021</u>
Balance - beginning of year	\$ 70,693	\$ 74,839
Add: Impairment loss recognized		
(reversed)	(21,782)	8,232
Less: Write-off for the year	(15,561)	(12,027)
Exchange difference	<u>1,184</u>	<u>(351)</u>
Balance - end of year	\$ <u>34,534</u>	\$ <u>70,693</u>

XI. Inventories (for construction business)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Xinzhi Section, Xinzhuang District	\$465,926	\$465,926
Shaoxing S. St., National Taiwan		
University	<u>1,762</u>	<u>-</u>
	\$ <u>467,688</u>	\$ <u>465,926</u>

The Group acquired the land sitting at the northern part of the industrial zone in Xinzhuang District 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 XXXI. In addition, the Group entered into an urban regeneration project relating to a building of National Taiwan University located at Shaoxing S. St. with Taipei Housing and Urban Regeneration Center in November 2022.

XII. Prepayments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Prepayments for construction contracts	\$119,352	\$105,689
Tax overpaid retained	27,875	4,973
Prepaid insurance	4,635	3,003
Others	<u>11,412</u>	<u>5,746</u>
	<u>\$163,274</u>	<u>\$119,411</u>

XIII. Subsidiary

(I) Subsidiaries included in the consolidated financial statements

The entities of the consolidated financial statements are as follows:

Name of Investor	Subsidiary Company Name	Business Activities	Shareholding Percentage		Explanation
			December 31, 2022	December 31, 2021	
The Company	Golden Canyon Limited (Golden Canyon)	Reinvestment	100%	100%	
	Silver Shadow Holding Limited (Silver Shadow)	Reinvestment	100%	100%	
	Shun Long International Electrical Engineering Co., Ltd. (Shun Long)	Undertaking mechanical, electrical and plumbing/refrigeration/air conditioning engineering; wholesale and retail of equipment	100%	100%	
	Chien Kuo Building Co., Ltd. (Chien Kuo Building)	Building construction commission; public housing lease and sale	100%	100%	
	Golden Canyon Venture Capital Investment Co., Ltd. (Golden Canyon Venture Capital)	Venture capital	100%	100%	
	Golden Canyon II Venture Capital Investment Co., Ltd. (Golden Canyon Venture Capital II)	Venture capital	100%	100%	(Note 1)
	Chien Bang Real Estate Development Co., Ltd. (Chien Bang Building)	Building construction commission; public housing lease and sale	55%	-	(Note 2)
	Chien Bang Real Estate Development Co., Ltd. (Chien Bang Building)	Building construction commission; public housing lease and sale	45%	-	(Note 2)
Chien Kuo Building					

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Name of Investor	Subsidiary Company Name	Business Activities	Shareholding Percentage		Explanation
			December 31, 2022	December 31, 2021	
Subsidiaries of Golden Canyon and Silver Shadow	CK Asia Co., Ltd. (CK Asia)	Reinvestment	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%	(Note 6)
	Wuxi Chien Bang Concrete Co., Ltd. (Wuxi Chien Bang)	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	-	-	(Note 3)
	Chien Ya (Suzhou) Information Technology Consultant Co., Ltd. (Chien Ya Suzhou)	Computer software technology development and consultation	-	-	(Note 4)
	Chien Ya (Wuxi) Information Technology Consultant Co., Ltd. (Chien Ya Wuxi)	Computer software technology development and consultation	-	-	(Note 5)

Subsidiaries included in the consolidated financial statements are described as follows:

- (1) Golden Canyon Venture Capital II was established on June 3, 2021 as a wholly-owned subsidiary of the Company.
- (2) Chien Bang Real Estate Development Co., Ltd. was established by the Company and Chien Kuo Building as a joint venture on September 16, 2022.
- (3) The liquidation of Chien Ya Yangzhou was completed on September 27, 2021.
- (4) The liquidation of Chien Ya Suzhou was completed on November 16, 2021.
- (5) The liquidation of Chien Ya Wuxi was completed on August 11, 2021.
- (6) The liquidation of Yangzhou Chien Yung was completed on November 21, 2022.

(II) Subsidiaries not included in the consolidated financial statements: None.

XIV. Investments accounted for using equity method

(I) Investments in associates

	December 31, 2022	December 31, 2021
Associates not individually significant		
Chang Jia Energy Co., Ltd.	\$ 48,780	\$ -

	<u>2022</u>	<u>2021</u>
Additions to right-of-use assets	<u>\$ 6,258</u>	<u>\$ 11,868</u>
Depreciation expense of right-of-use assets		
Buildings	\$ 12,530	\$ 11,821
Transportation equipment	<u>2,034</u>	<u>1,812</u>
	<u>\$ 14,564</u>	<u>\$ 13,633</u>

Other than the increase and recognition of depreciation expenses above, the Group's right-of-use assets did not undergo significant sublease and impairment for 2022 and 2021.

(II) Lease liabilities	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of lease liabilities		
Current (listed as other current liabilities)	<u>\$ 11,386</u>	<u>\$ 14,150</u>
Non-current (listed as other non-current liabilities)	<u>\$ 2,750</u>	<u>\$ 9,512</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Buildings	1.65%	1.65%~4.57%
Transportation equipment	3.00%	3.00%

(III) Other lease information	<u>2022</u>	<u>2021</u>
Short-term lease expense	<u>\$ 11,314</u>	<u>\$ 10,334</u>
Total cash outflow on lease	<u>\$ 26,016</u>	<u>\$ 23,904</u>

XVII. Investment Property

	<u>2022</u>	<u>2021</u>
<u>Cost</u>		
Balance - beginning of year	\$ 120,607	\$ 145,086
Disposal	<u>-</u>	<u>(24,479)</u>
Balance - end of year	<u>\$ 120,607</u>	<u>\$ 120,607</u>
<u>Accumulated depreciation and impairment</u>		
Balance - beginning of year	\$ 18,120	\$ 22,443
Depreciation expense	994	997
Disposal	<u>-</u>	<u>(5,320)</u>
Balance - end of year	<u>\$ 19,114</u>	<u>\$ 18,120</u>
Net amount - end of year	<u>\$ 101,493</u>	<u>\$ 102,487</u>
Fair Value	<u>\$ 156,017</u>	<u>\$ 131,795</u>

Depreciation expenses of investment property are provided using the straight-line method over 6~50 years of useful lives.

The fair value of investment property is calculated by reference to the latest transaction price in the neighborhood.

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

XVIII. Loans

(I) Short-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Unsecured loans</u>		
Credit line loans	<u>\$ 500,000</u>	<u>\$ 200,000</u>
Annual interest rate (%)		
(Effective interest rate)	1.45%~1.98%	0.94%~0.99%

(II) Short-term notes and bills payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial papers payable (1)	\$ 350,000	\$ -
Less: Discount on short-term notes and bills payable	(<u>213</u>)	<u>-</u>
	<u>\$ 349,787</u>	<u>\$ -</u>

1. In order to obtain working capital, the Group uses the land to be constructed (recorded as inventory (for construction business)) as collateral.

Short-term notes and bills payable not yet maturing are as follows:

<u>December 31, 2022</u>					
Guarantor/ Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Effective Interest Rate Interval	Collateral
Dah Chung Bills	<u>\$ 350,000</u>	(<u>\$ 213</u>)	<u>\$ 349,787</u>	1.94%	Xinzhi Section, Xinzhuang District Land

(III) Long-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured loans</u> (Note XXXI)		
Bank loans (1)	\$ -	\$ 350,000
Less: Current portion	<u>-</u>	(<u>350,000</u>)
Subtotal	<u>-</u>	<u>-</u>
<u>Unsecured loans</u>		
Long-term commercial paper payables (2)	-	150,000
Less: Discount on long-term commercial papers payable	<u>-</u>	(<u>138</u>)
	-	149,862
Less: Current portion	<u>-</u>	(<u>149,862</u>)
Subtotal	<u>-</u>	<u>-</u>
Long-term loans	<u>\$ -</u>	<u>\$ -</u>
Annual interest rate (%)		
(Effective interest rate)	-	1.35%~1.36%

1. To obtain land held for construction (classified as Inventories (for construction business)), the Group entered into the medium and long-term loan contract with the bank in June 2017. The maturity date was July 12, 2022. Interest was paid monthly, and the principal was repaid in full upon maturity. The land was pledged as collateral. The land was released from the pledge after the expiration date.
2. The long-term commercial papers issued by the Group are issued cyclically according to the contract. Since the original contract period is more than 12 months and the Group intends to continue the long-term refinancing, it is classified as long-term commercial paper.

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

December 31, 2021

<u>Guarantor/Accepting Institution</u>	<u>Nominal Amount</u>	<u>Discounted Amount</u>	<u>Carrying Amount</u>	<u>Effective Interest Rate Interval</u>	<u>Collateral</u>
Mega International Commercial Bank	\$ 150,000	(\$ 138)	\$ 149,862	1.36%	None

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 Group.

XX. Post-retirement Benefit Plans

(I) Defined Contribution Plan

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

(II) Defined Benefit Plans

The Group'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 Group 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 Group 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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 33,103	\$ 33,358
Fair value of plan assets	(36,671)	(33,101)
Net defined benefit (assets)		
liabilities (listed as other non-current (assets) liabilities)	(\$ 3,568)	\$ 257

Changes in net defined benefit (assets) liabilities are as follows:

	Present value of defined benefit obligations	Fair Value of plan assets	Net defined benefit (assets) liabilities
January 1, 2021	<u>\$ 38,752</u>	<u>(\$ 35,806)</u>	<u>\$ 2,946</u>
Service costs			
Current service cost	303	-	303
Interest expense (income)	<u>115</u>	<u>(107)</u>	<u>8</u>
Recognized in profit and loss	<u>418</u>	<u>(107)</u>	<u>311</u>
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	(517)	(517)
Actuarial loss - Experience adjustments	(875)	-	(875)
Actuarial gain - Change in demographic and financial assumptions	<u>(\$ 926)</u>	<u>\$ -</u>	<u>(\$ 926)</u>
Recognized in other comprehensive income	<u>(1,801)</u>	<u>(517)</u>	<u>(2,318)</u>
Contribution from employer	-	(682)	(682)
Benefits paid	<u>(4,011)</u>	<u>4,011</u>	<u>-</u>
December 31, 2021	<u>33,358</u>	<u>(33,101)</u>	<u>257</u>
Service costs			
Current service cost	245	-	245
Interest expense (income)	<u>221</u>	<u>(221)</u>	<u>-</u>
Recognized in profit and loss	<u>466</u>	<u>(221)</u>	<u>245</u>
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	(2,707)	(2,707)
Actuarial loss - Experience adjustments	715	-	715
Actuarial gain - Change in demographic and financial assumptions	<u>(1,436)</u>	<u>-</u>	<u>(1,436)</u>
Recognized in other comprehensive income	<u>(721)</u>	<u>(2,707)</u>	<u>(3,428)</u>
Contribution from employer	-	(642)	(642)
December 31, 2022	<u>\$ 33,103</u>	<u>(\$ 36,671)</u>	<u>(\$ 3,568)</u>

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

	2022	2021
By function		
Operating costs	\$ 231	\$ 298
Operating expenses	<u>14</u>	<u>13</u>
	<u>\$ 245</u>	<u>\$ 311</u>

The Group 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 Group's defined benefit obligations is calculated by certified actuaries and the major assumptions on the measurement date are as follows:

	December 31, 2022	December 31, 2021
Discount rate	1.25%	0.67%
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, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	(\$ 592)	(\$ 648)
Decrease by 0.25%	<u>\$ 608</u>	<u>\$ 667</u>
Expected growth rate of salary		
Increase by 0.25%	<u>\$ 602</u>	<u>\$ 656</u>
Decrease by 0.25%	(\$ 589)	(\$ 641)

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.

	December 31, 2022	December 31, 2021
Expected contribution amounts within 1 year	<u>\$ 641</u>	<u>\$ 621</u>
Average maturity period of defined benefit obligations	7 years	7 years

XXI. Equity

(I) Capital

	December 31, 2022	December 31, 2021
Number of 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>252,000</u>	<u>257,440</u>
Issued capital	<u>\$ 2,520,001</u>	<u>\$ 2,574,401</u>

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

To maintain the Company's creditworthiness and shareholder equity, the Board of Directors resolved on May 10, 2022 to repurchase treasury stock and subsequently set the record date for capital reduction on August 12, 2022. The paid-in capital is 252,000 thousand shares after the retirement of 5,440 thousand shares of treasury stock.

(II) Additional paid-in capital

	December 31, 2022	December 31, 2021
<u>May be used to offset deficits, appropriated as cash dividends or transferred to capital (1)</u>		
Stock issuance premium	\$ 186,037	\$ 190,053
Treasury stock transactions	-	13,528
Difference between prices of shares acquired from subsidiaries and book value	993	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>\$ 187,308</u>	<u>\$ 204,852</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 unappropriated earnings of prior years, shall be proposed by the Board of Directors for earnings distribution, which shall then be resolved by the shareholders' meeting.

For the appropriation policy regarding compensation to employees and remuneration to directors as set forth in the Company's Articles of Incorporation, please refer to Note XXIII (VI).

The Company's dividend policy takes into account the environment and growth of the industry, long-term financial plans and optimization of shareholders' equity. Cash dividends to be appropriated in a year shall 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. 1090150022, 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 shareholders' 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 held the regular shareholders' meeting on June 21, 2022, and July 22, 2021, and respectively resolved the 2021 and 2020 earnings distribution proposals as follows:

	Proposal of Earnings Appropriation		Dividends per Share (NT\$)	
	2021	2020	2021	2020
Legal reserve	\$ 42,086	\$ 37,308		
Appropriation (reversal) of special reserve	(34,566)	34,854		
Cash dividends	257,440	205,952	\$ 1.02	\$ 0.80

The appropriation of earnings and dividends per share for 2022 proposed by the Board of Directors on March 15, 2023 are as follows:

	Proposal of Earnings Appropriation	Dividends per Share (NT\$)
Legal reserve	\$ 19,406	
Cash dividends	252,000	\$ 1.0

The distribution of earnings for 2022 is subject to the resolution of the Stockholders' meeting to be held on June 20, 2023.

(IV) Treasury stock

Accounting subject	Repurchase for Retirement (In 1,000 Shares)
Number of shares as of January 1, 2022	-
Increase	5,440
Retirement for the period	(5,440)
Number of shares as of December 31, 2022	-

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

	2022	2021
Revenue from construction contracts	\$ 5,065,366	\$ 5,326,133
Others	335	298
	<u>\$ 5,065,701</u>	<u>\$ 5,326,431</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 Group estimates the most possible amount for transaction price by reference to the past contracts of similar conditions and scale.

(II) Contract balance

	December 31, 2022		December 31, 2021	
	Construction Segment	Discontinued Segment	Construction Segment	Discontinued Segment
Accounts receivable (Note X)	<u>\$ 105,775</u>	<u>\$ 4,744</u>	<u>\$ 236,691</u>	<u>\$ 4,671</u>
Contract assets				
Real estate construction	\$ 1,255,597	\$ -	\$ 783,730	\$ -
Construction retainage receivable	330,646	-	839,879	-
Less: Allowance losses	(1,514)	-	(1,514)	-
	<u>\$ 1,584,729</u>	<u>\$ -</u>	<u>\$ 1,622,095</u>	<u>\$ -</u>

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	December 31, 2022		December 31, 2021	
	Construction Segment	Discontinued Segment	Construction Segment	Discontinued Segment
Contract liability				
Real estate construction	\$ 28,885	\$ -	\$ 287,695	\$ -

- (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 Consolidated Company as of December 31, 2022 are as follows:

Anticipated years to recognize revenue	December 31, 2022
2023~2028	\$ 15,778,494

XXIII. Net Income from Continuing Operations

(I) Other income

	2022	2021
Interest income	\$ 43,028	\$ 66,232
Dividend income	18,046	70,475
Others	27,345	5,963
	<u>\$ 88,419</u>	<u>\$ 142,670</u>

(II) Other gains and losses

	2022	2021
Net gain on disposal of subsidiaries	\$ -	\$ 145,987
Loss on foreign currency exchange, net	(37,234)	(5,192)
Loss on valuation of financial assets at fair value through profit or loss	(142,518)	(7,800)
Gains on disposal of property, plant and equipment	65,533	22
Others	(4)	(6,782)
	<u>(\$ 114,223)</u>	<u>\$ 126,235</u>

(III) Finance costs

	2022	2021
Interest expenses		
Interest on bank loans	\$ 11,910	\$ 8,702
Lease liabilities	297	517
	<u>\$ 12,207</u>	<u>\$ 9,219</u>

(IV) Depreciation and amortization expenses

	2022	2021
Property, plant, and equipment	\$ 14,765	\$ 6,554
Right-of-use assets	14,564	13,633
Investment Property	994	997
Intangible assets	<u>1,123</u>	<u>295</u>
Total	<u>\$ 31,446</u>	<u>\$ 21,479</u>
Depreciation expenses by function		
Operating costs	\$ 11,379	\$ 2,455
Operating expenses	17,988	17,770
Other gains and losses	<u>956</u>	<u>959</u>
	<u>\$ 30,323</u>	<u>\$ 21,184</u>
Amortization expenses by function		
Operating costs	\$ 32	\$ 3
Operating expenses	<u>1,091</u>	<u>292</u>
	<u>\$ 1,123</u>	<u>\$ 295</u>

(V) Employee benefits expenses

	2022	2021
Short-term employee benefits	\$ 468,763	\$ 518,921
Post-employment benefits		
Defined contribution plan	18,190	18,631
Defined benefit plans	245	311
Termination benefits	<u>518</u>	<u>2,008</u>
	<u>\$ 487,716</u>	<u>\$ 539,871</u>
By function		
Operating costs	\$ 254,850	\$ 285,602
Operating expenses	<u>232,866</u>	<u>254,269</u>
	<u>\$ 487,716</u>	<u>\$ 539,871</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, remuneration for employees and directors as employee remuneration, and no more than 3% of such income as directors' remuneration. Remuneration to employees and remuneration to directors for 2022 and 2021 were resolved by the Board of Directors on March 15, 2023 and March 24, 2022 respectively as follows:

	2022		2021	
	Cash	Percentage (%)	Cash	Percentage (%)
Employee remuneration	\$ 7,178	3%	\$ 15,563	3%
Director remuneration	<u>7,178</u>	3%	<u>15,563</u>	3%
	<u>\$ 14,356</u>		<u>\$ 31,126</u>	

If there is a change in the amounts after the annual consolidated financial statements are approved for issue, the differences shall be treated as a change in the accounting estimate in the following year.

Information about remuneration to employees and remuneration to directors approved by the Board of Directors is available at the Market Observation Post System website 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>2022</u>	<u>2021</u>
Current-period income tax		
Income tax expenses recognized in the current period	\$ 52,245	\$ 111,009
Additional tax on unappropriated earnings	7,221	4,323
Adjustments for previous years	(<u>13,962</u>)	(<u>3,197</u>)
	45,504	112,135
Deferred income tax		
Income tax expenses recognized in the current period	(<u>12,867</u>)	<u>28,421</u>
Income tax expenses recognized in profit or loss	<u>\$ 32,637</u>	<u>\$ 140,556</u>

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

	<u>2022</u>	<u>2021</u>
Income before income tax	<u>\$ 216,752</u>	<u>\$ 545,706</u>
Income tax expenses calculated based on income before income tax and the statutory tax rate	\$ 43,350	\$ 112,028
Permanent difference	35	80
Exemptions	(9,998)	(18,256)
Adjustments on income tax expenses of prior years	(13,962)	(3,197)
Additional tax on unappropriated earnings	7,221	4,323
Tax on capital gain from disposal of subsidiaries	-	40,614
Additional tax for minimum tax	1,709	-
Others	<u>4,282</u>	<u>4,964</u>
Income tax expenses recognized in profit or loss	<u>\$ 32,637</u>	<u>\$ 140,556</u>

(II) Income tax recognized in other comprehensive income		2022	2021
<u>Deferred income tax</u>			
Arise from current period			
Exchange differences on translation of financial statements of foreign operations		\$ 68,881	\$ 5,479
Remeasurement of defined benefit plans		<u>686</u>	<u>463</u>
Income tax recognized in other comprehensive income		<u>\$ 69,567</u>	<u>\$ 5,942</u>

(III) Deferred Income Tax Assets and Liabilities
Changes in deferred income tax assets and liabilities are as follows:
2022

	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	\$ 6,769	\$ 848	\$ -	\$ 7,617
Construction proceeds temporarily estimated	15,486	(5,398)	-	10,088
Unrealized construction loss	2,564	(1,102)	-	1,462
Others	<u>733</u>	<u>625</u>	(<u>686</u>)	<u>672</u>
	<u>\$ 25,552</u>	(<u>\$ 5,027</u>)	(<u>\$ 686</u>)	<u>\$ 19,839</u>
<u>Deferred tax liabilities</u>				
Gains or losses from investment accounted for using equity method	\$ 463,710	(\$ 17,894)	\$ -	\$ 445,816
Accumulated conversion adjustment	10,841	-	68,881	79,722
Reserve for land value increment tax	10,814	-	-	10,814
Others	<u>915</u>	<u>-</u>	<u>-</u>	<u>915</u>
	<u>\$ 486,280</u>	(<u>\$ 17,894</u>)	<u>\$ 68,881</u>	<u>\$ 537,267</u>

2021

	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	\$ 5,567	\$ 1,202	\$ -	\$ 6,769
Construction proceeds temporarily estimated	18,464	(2,978)	-	15,486
Unrealized construction loss	3,541	(977)	-	2,564
Impairment loss	896	(896)	-	-
Others	<u>2,497</u>	(<u>1,301</u>)	(<u>463</u>)	<u>733</u>
	<u>\$ 30,965</u>	(<u>\$ 4,950</u>)	(<u>\$ 463</u>)	<u>\$ 25,552</u>

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	Balance - beginning of year	Recognized in profit and loss	Recognized in other comprehensive income	Balance - end of year
<u>Deferred tax liabilities</u>				
Gains or losses from investment accounted for using equity method	\$ 440,239	\$ 23,471	\$ -	\$ 463,710
Accumulated conversion adjustment	5,362	-	5,479	10,841
Reserve for land value increment tax	10,814	-	-	10,814
Others	<u>915</u>	<u>-</u>	<u>-</u>	<u>915</u>
	<u>\$ 457,330</u>	<u>\$ 23,471</u>	<u>\$ 5,479</u>	<u>\$ 486,280</u>

(IV) Income tax approval status

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

<u>Company name</u>	<u>Year Approved</u>
The Company	2020
Chien Kuo Building Co., Ltd.	2020
Shun Long International Electrical Engineering Co., Ltd.	2020
Golden Canyon Venture Capital Investment Co., Ltd.	2020
Golden Canyon II Venture Capital Investment Co., Ltd.	Not yet approved

XXV. Earnings Per Share

	2022	Unit: NT\$ 2021
Basic earnings per share	<u>\$ 0.72</u>	<u>\$ 1.57</u>
Diluted earnings per share	<u>\$ 0.72</u>	<u>\$ 1.57</u>

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

Net income

	2022	2021
Net income attributable to owners of the Company	<u>\$ 184,115</u>	<u>\$ 405,150</u>

Shares

	2022	Unit: In thousand shares 2021
Weighted average number of shares of common stock used for the calculation of basic earnings per share	254,382	257,440
Effect of potentially dilutive shares of common stocks:		
Employee remuneration	<u>878</u>	<u>1,321</u>
Weighted average number of shares of common stock used for the calculation of diluted earnings per share	<u>255,260</u>	<u>258,761</u>

If the Group 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 shareholders' meeting in the following year resolves the number of shares to be distributed to employees.

XXVI. Disposal of Subsidiaries

The Group completed the disposal of all equity interests in Wuxi Chien Bang on February 5, 2021. The disposal proceeds of Wuxi Chien Bang were NT\$539,613 thousand (RMB 126,000 thousand).

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

	<u>Wuxi Chien Bang</u>
Current assets	
Cash and cash equivalents	\$ 11,091
Notes and accounts receivables	235,499
Other receivables	10,846
Inventories	7,637
Prepayments	892
Other current assets	387
Non-current assets	
Property, plant, and equipment	76,628
Right-of-use assets	4,311
Current liabilities	
Notes payable	-
Accounts payable	(9,510)
Other payables	(10,004)
Contract liability	(9,162)
Other current liabilities	(<u>1,027</u>)
Net assets disposed of	<u>\$ 317,588</u>

(II) Gain on disposal of subsidiaries

	<u>Wuxi Chien Bang</u>
Consideration received	\$ 539,613
Net assets disposed of	(317,588)
Accumulated exchange difference on net assets of a subsidiary reclassified from equity to profit or loss as a result of losing control over the subsidiary	(76,038)
Profit on disposal	<u>\$ 145,987</u>

(III) Net cash inflow on disposal of subsidiaries

	<u>Wuxi Chien Bang</u>
Consideration received in the form of cash and cash equivalents	\$ 539,613
Less: Advance receipts - beginning	(531,083)
Less: Balance of cash and cash equivalents disposed of	(11,091)
Foreign exchange adjustments	<u>15,065</u>
	<u>\$ 12,504</u>

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

Except as disclosed in other notes, the Group conducted the following investment and financing activities of non-cash transaction in 2022 and 2021:

The financial assets measured at fair value through profit and loss that the Group disposed of from January 1 to December 31, 2022 with settlement-date lag are recognized as other receivables for NT\$16,730 thousand as of December 31, 2022.

On December 31, 2021, financial assets measured at fair value through profit and loss that the Group purchased and disposed of for NT\$78,551 thousand and NT\$22,478 thousand, respectively, from January 1 to December 31, 2021, are recognized as other payables and other receivables, respectively, due to settlement-date lag.

XXVIII. Capital Risk Management

The objective of the Group'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 shareholders. To maintain or adjust the capital structure, the Group may adjust dividends paid to shareholders, refund capital to shareholders or issue new shares to lower its debts.

XXIX. 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 Group 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 measured at fair value on a recurring basis

1. Fair value level

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit or loss</u>				
Listed stocks and emerging stocks	\$ 2,716	\$ 19,485	\$ -	\$ 22,201
Unlisted stocks	-	-	145,112	145,112
Fund beneficiary certificates	690,035	139,594	-	829,629
Private equity funds	-	-	51,917	51,917
Total	<u>\$ 692,751</u>	<u>\$ 159,079</u>	<u>\$ 197,029</u>	<u>\$1,048,859</u>

Financial assets measured at fair value through other comprehensive income

Listed stocks	<u>\$ 367,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 367,780</u>
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December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit or loss</u>				
Structured notes	\$ -	\$ 391,013	\$ -	\$ 391,013
Listed stocks and emerging stocks	425,222	-	-	425,222
Unlisted stocks	-	-	36,100	36,100
Fund beneficiary certificates	892,343	-	-	892,343
Private equity funds	-	-	51,942	51,942
Structured deposits	-	103,710	-	103,710
Bank debentures	17,756	-	-	17,756
Total	<u>\$1,335,321</u>	<u>\$ 494,723</u>	<u>\$ 88,042</u>	<u>\$1,918,086</u>

Financial assets measured at fair value through other comprehensive income

Listed stocks	<u>\$ 548,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 548,679</u>
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There was no transfer between Level 1 and Level 2 fair value measurement for 2022 and 2021.

2. Adjustments on the financial instruments measured at Level 3 fair value

	January 1 to December 31, 2022	January 1 to December 31, 2021
Beginning balance	\$ 88,042	\$ 67,355
Recognized in profit and loss		
- Profit or loss on unrealized valuation of financial assets at fair value through profit or loss	17,280	-
Recognized in other comprehensive income		
- Differences on translation of foreign operations	5,518	(1,416)
Purchase	101,732	30,088
Disposal	(5,543)	(7,985)
Transfer out from Level 3 (Note 1)	(10,000)	-
Ending balance	<u>\$ 197,029</u>	<u>\$ 88,042</u>

Note 1. The unlisted domestic stocks originally held by the Group have been listed and traded on the Emerging Stock Market since April 2022, and thus were transferred from Level 3 to Level 2 for fair value measurement.

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

Type of Financial Instruments	Valuation Techniques and Inputs
Structured notes	Measured by option valuation model.
Structured deposits	The fair values of structured deposits are measured by the yield rate derived from the principal amount of the deposits and the operation of the main investment areas.
Emerging stocks	The liquidity is adjusted by the price of inactive market transactions.
Foreign private equity funds	The quotation is provided by the fund company.

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

The fair value of private equity funds is estimated based on the valuation report provided by the fund company.

The fair value of unlisted stocks without active market is estimated with reference to recent financing activities.

The unobservable inputs applied by the Group were a 10% discount for lack of liquidity and a 10% discount for minority interest on December 31, 2022 and December 31, 2021. When other inputs are held constant, a 1% discount

would decrease the fair value by NT\$15,441 thousand and NT\$3,747 thousand, respectively.

(III) Types of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$ 1,048,859	\$ 1,918,086
Financial assets measured at amortized cost (Note 1)	3,660,280	3,343,099
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments	367,780	548,679
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	2,383,082	2,741,678

Note 1. The balance includes financial assets measured at amortized cost, which comprise cash and cash equivalents, restricted bank deposits, time deposits and repurchase notes, note receivables, accounts receivable, other receivables, refundable deposits and pledged certificate of deposit.

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

(IV) Financial risk management objectives and policies

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

Financial risk management of the Group is carried out by its finance department based on the policies approved by the Board of Directors. Through cooperation with the Group'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, other price risks, credit risk, utilization of derivatives and non-derivatives and investment of remaining liquidity.

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 see Note XXXIII for details on carrying amounts of significant monetary assets denominated in foreign currencies on the balance sheet dates.

Sensitivity analysis

The Group is mainly exposed to USD and RMB fluctuations.

The following table details the Group's sensitivity to a 1% change 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 increase in income before tax when the currency appreciates by 1% against the combined entity's functional currency.

	Effect on Profit or Loss	
	2022	2021
RMB	\$ 3	\$ 9,123
USD	2,145	216

(2) Interest rate risk

The interest rate risk of the Group is mainly from cash and cash equivalents. Cash and cash equivalents held at floating interest rates expose the Group to the cash flow interest rate risk, and 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 Group to the fair value interest rate risk. The policy of the Group 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 Group with exposure to interest rate on the balance sheet dates are as follows:

	December 31, 2022	December 31, 2021
With fair value interest rate risk		
- Financial assets	\$ 3,104,474	\$ 1,871,198
- Financial liabilities	663,923	223,662
With cash flow interest rate risk		
- Financial assets	361,443	1,153,352
- Financial liabilities	200,000	499,862

Sensitivity analysis

The sensitivity analysis below is prepared based on the risk exposure of derivative and non-derivative instruments to the interest rates at the 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, holding other variables constant, the Group's income before tax will increase/decrease by NT\$1,614 thousand and NT\$6,535 thousand for the years ended December 31, 2022 and 2021, respectively.

(3) Other price risks

Investments in beneficiary certificates and domestic and foreign equity instruments expose the Group to the equity price risk. The Group diversifies its investment portfolio to manage the price risk of investments in financial instruments.

Sensitivity analysis

The sensitivity analysis below is based on the exposure to equity price risk at the balance sheet date.

If the equity price increased/decreased by 10%, income before tax from January 1 to December 31, 2022 and 2021 would have increased/decreased by NT\$104,886 thousand and NT\$191,809 thousand due to a change in the fair value of financial assets at fair value through profit or loss.

If the equity price had increased/decreased by 10%, other comprehensive income before tax from January 1 to December 31, 2022 and 2021 would have increased/decreased by NT\$36,778 thousand and NT\$54,868 thousand, respectively, due to a change 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 Group arising from default by clients or counterparties of financial instruments on the contractual obligations. The policy of the Group in response to credit risk is as follows:

Customers

The Group's established internal credit policy requires that all entities within the Group manage and conduct 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 Group 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 Group'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, 2022

	<u>Less than 1 Year</u>	<u>1~2 Year(s)</u>	<u>2~5 Years</u>
Non-interest-bearing liabilities	\$ 1,280,377	\$ 91,890	\$ 57,323
Lease liabilities	11,539	2,151	640
Fixed interest rate instruments	649,787	-	-
Floating interest rate instruments	<u>200,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,141,703</u>	<u>\$ 94,041</u>	<u>\$ 57,963</u>

December 31, 2021

	<u>Less than 1 Year</u>	<u>1~2 Year(s)</u>	<u>2~5 Years</u>
Non-interest-bearing liabilities	\$ 1,904,050	\$ 38,818	\$ 26,258
Lease liabilities	14,433	9,104	489
Fixed interest rate instruments	200,000	-	-
Floating interest rate instruments	<u>499,862</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,618,345</u>	<u>\$ 47,922</u>	<u>\$ 26,747</u>

The amount of the above non-derivative financial asset and liability instruments with floating interest rates will change due to differences between the floating interest rates and the interest rates estimated as of the balance sheet date.

(3) Financing facilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Credit line of unsecured bank loan		
- Amount used	\$ 500,000	\$ 350,000
- Amount unused	<u>1,571,209</u>	<u>1,653,854</u>
	<u>\$ 2,071,209</u>	<u>\$ 2,003,854</u>
Secured bank loan facilities		
- Amount used	\$ 350,000	\$ 350,000
- Amount unused	<u>100,000</u>	<u>100,000</u>
	<u>\$ 450,000</u>	<u>\$ 450,000</u>

XXX. 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 Group and other related parties are as follows.

(I) Names and relationships of related parties

<u>Name of Related Party</u>	<u>Relationship with the Group</u>
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.
Tzu-chiang YANG	Director of the Company
Pang-yen YANG	Director of the Company

(II) Other related party transactions

1. Lease agreements

The Group rents the office from other related parties based on the local rental standards. The rent is paid on a monthly basis.

<u>Account</u>	<u>Category of Related Parties</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Lease liabilities	Other related parties	<u>\$ 5,562</u>	<u>\$ 11,033</u>

<u>Account</u>	<u>Category of Related Parties</u>	<u>2022</u>	<u>2021</u>
Interest expenses	Other related parties	<u>\$ 133</u>	<u>\$ 198</u>
Lease expenses	Other related parties	<u>\$ 160</u>	<u>\$ 132</u>

2. Lease agreements (operating lease)

The Group rents the office to other related parties based on the local rental standards, and a fixed lease payment is collected monthly according to the lease agreement.

<u>Account</u>	<u>Category of Related Parties</u>	<u>2022</u>	<u>2021</u>
Rent income	Other related parties	<u>\$ 1,143</u>	<u>\$ 1,143</u>

3. Donation

<u>Category of Related Parties</u>	<u>2022</u>	<u>2021</u>
Other related parties	<u>\$ 2,000</u>	<u>\$ 1,800</u>

The Group donated funds for broadcast production to related parties.

4. Acquisition of financial assets

The Group invested in CSVI VENTURES, L.P. with NT\$12,284 thousand (USD400 thousand) in March 2021. The key decision-maker of the fund is the Company's director.

(III) Remuneration to key management

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 76,636	\$ 75,806
Post-employment benefits	<u>1,908</u>	<u>1,882</u>
	<u>\$ 78,544</u>	<u>\$ 77,688</u>

The remuneration to Directors and other key management is determined by the Remuneration Committee based on individual performance and market trends.

XXXI. Pledged Assets

The Group's assets listed below were provided as collateral against bank loans, collateral against litigations, and deposits for construction performance obligation:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Inventories (for construction business)	\$ 463,577	\$ 463,577
Financial assets measured at FVTOCI - non-current	113,485	143,544
Pledged time deposit certificate (classified as financial assets at amortized - non-current)	70,050	-
Investment Property	29,827	30,401
Other restricted assets (classified as other non-current assets)	<u>23,181</u>	<u>21,057</u>
	<u>\$ 700,120</u>	<u>\$ 658,579</u>

XXXII. Significant Contingent Liabilities and Unrecognized Contract Commitments

Except for those disclosed in other notes, significant commitments and contingencies of the Group on the balance sheet date are as follows:

- (I) Shing Tzung Development Co., Ltd (hereinafter referred to as "Shing Tzung") and its responsible person, Lu, Kuo-Feng, 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 Group's active participation in the repair work, a total of 25 house owners transferred a certain amount of their creditors' rights to the Group, by which the Group had petitioned the court for a provisional attachment against Shing Tzung and its responsible person, and a claim of NT\$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 Group might be entitled. Therefore, the plaintiff's case was rejected. Based on the court judgment, the Group has recognized as a loss the total amount of NT\$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 Group for compensation for the incident because the subcontractor had insufficient capital. The Group also had suffered loss from the incident and, consequently, filed a claim against Shing Tzung for compensation (including expenses incurred by the Group's participation in the repair work) and demanded that Shing Tzung return the promissory notes of performance guarantee to the Group. The two lawsuits were ruled by the Kaohsiung District Court, and both parties filed appeals within the legal period. The Taiwan High Court Kaohsiung Branch Court ruled that the Group is not required to pay the amount to Shing Tzung after offsetting part of its debts; Shing Tzung is required to pay the Group NT\$16,784 thousand and interest at 5% per annum from October 28, 2015 to the date of settlement after deducting the Group's debts offset in the previous case. As of the date of publication of the financial statements, the third trial appeal period of the two lawsuits has expired and neither party has appealed. The cases have been finalized. The Group will record the amount in the first quarter of 2023 based on the outcome of the litigation.

- (II) The construction of the National Kaohsiung Center for the Arts (Weiwuying) (hereinafter referred to as the Project) contracted by the Group was completed on December 16, 2016 and accepted on November 16, 2018, and is being operated by the National Kaohsiung Center for the Arts (Weiwuying) (hereinafter referred to as the Weiwuying Center for the Arts). The warranty period of the nonbuilding structures in the project expired on November 16, 2018. The "Weiwuying" has been opened to the public and the performance schedule is intensive, and hence, the Group had to coordinate the inspection schedule with the Weiwuying Center for the Arts. However, Weiwuying Center for the Arts had been making many unreasonable requests for repairs, causing delays in the inspection schedule. On this basis, Weiwuying Center for the Arts refused to reimburse the warranty joint guarantee certificate provided by the Group for NT\$96,003 thousand. To fulfill the warranty obligation of the contract, the Group still cooperated with the inspection and repair without any interruption. The Group considered that this action of the Weiwuying Center for the Arts was not in accordance with the contract and violated the principle of fairness and reasonableness. Therefore, on March 21, 2022, the Group submitted a proposal for mediation to the Complaint Review Board for Government Procurement, Public Construction Commission, Executive Yuan. The final mediation meeting was held on August 9, 2022, and the members of the mediation committee indicated that they would consider various situations and propose a mediation proposal. Until the mediation proposal is released, it is difficult for the Group to evaluate the results of the mediation.

- (III) As of December 31, 2022 and 2021, the performance guarantee letters issued by the bank for construction projects of the Group amounted to NT\$1,355,140 thousand and NT\$1,548,705 thousand, respectively.
- (IV) As of December 31, 2022 and 2021, the guaranteed bills issued by the Group for business needs amounted to NT\$340,260 thousand and NT\$155,851 thousand, respectively.

XXXIII. Information on Foreign Currency Assets and Liabilities with Significant Influence

Information on financial assets and liabilities denominated in foreign currencies with significant influence is as follows:

Unit: Foreign currency/NT\$ thousand

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB	\$ 69	0.1436 (RMB:USD)	\$ 305
USD	6,986	30.71 (USD:NTD)	<u>214,531</u>
			<u>\$ 214,836</u>

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB	\$ 210,143	0.1568 (RMB:USD)	\$ 912,337
USD	779	27.68 (USD:NTD)	<u>21,553</u>
			<u>\$ 933,890</u>

The unrealized gain or loss on foreign currency exchange with significant influence is as follows:

	2022		2021	
	Exchange Rate	Net Exchange Profit (Loss)	Exchange Rate	Net Exchange Loss
<u>Financial assets</u>				
RMB	0.1488 (RMB:USD)	(\$ 3,944)	0.1550 (RMB:USD)	\$ 25,993
USD	29.81 (USD:NTD)	(<u>4,480</u>)	28.01 (USD:NTD)	(<u>587</u>)
		(<u>\$ 8,424</u>)		<u>\$ 25,406</u>

XXXIV. Supplementary Disclosures

- (I) Information on (I) significant transactions and (II) invested companies is as follows:
1. Loaning Provided to Others: (Appendix 1)
 2. Endorsements/Guarantees Provided for Others: (Appendix 2)
 3. Marketable Securities Held by the End of the Period (Excluding Investment in Subsidiaries, Associates and Joint Ventures): (Appendix 3)
 4. Marketable Securities Acquired and Disposed of Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: (Appendix 4)
 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. (Appendix 5)
 8. Receivables from Related Parties Amounting to NT\$100 Million or 20% of the Paid-in Capital or More. (Appendix 6)
 9. Engaging in Derivatives Trading: (Notes VII and XXVIII)
 10. Others: Inter-company Business Relationships and Significant Inter-company Transactions: (Appendix 7)
 11. Information on Invested Companies: (Appendix 8)
- (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 limits on investments in mainland China: (Appendix 9)
 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 the 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: names of shareholders with a holding ratio of 5% or more, the amount and proportion of shares held: (Appendix 10)

XXXV. 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 service delivered or provided. The Group 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 is no other business unit of significance such that disclosing information on reportable segments in the financial statements is no longer required.

(I) Information on Major Customers:

Individual customers from whom at least 10% of net revenue of the Group is generated are as follows:

	<u>December 31, 2022</u>
10000001	\$ 614,967
10294428	700,566
10335434	516,383
10475891	1,026,183
10481854	<u>886,368</u>
	<u>\$ 3,744,467</u>
	<u>December 31, 2021</u>
10000001	\$ 725,916
10286230	987,901
10382454	684,094
10461612	<u>832,239</u>
	<u>\$ 3,230,150</u>

Chien Kuo Construction Co., Ltd. and Subsidiaries

Loans Provided to Others

January 1 to December 31, 2022

Appendix 1

Unit: NT\$ Thousands

No.	Financing Company	Counterparty	Financial Statement Account	Whether a Related Party	Maximum Balance	Balance - end of year	Amount Actually Withdrawn	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
													Name	Value			
1	Chien Kuo Building Co., Ltd.	Chien Kuo Construction Co., Ltd.	Other receivables	Yes	\$ 20,000	\$ 20,000	\$ 20,000	1.70%	(1)	\$ -	Operating capital	\$ -	-	\$ -	20% of the company's net worth \$ 22,019	40% of the company's net worth \$ 44,037	

Note 1. The nature of financing is described as follows:

(1) For the purpose of short-term financing.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Endorsements/Guarantees Provided for Others
January 1 to December 31, 2022

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 as of the Current Month	Outstanding Endorsements/ Guarantees - Ending	Amount Actually Withdrawn	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	\$ 2,373,913	\$ 100,000	\$ 50,000	\$ -	\$ -	1.05%	\$ 4,747,826	Y	N	N	Financing endorsements/ guarantees
0	Chien Kuo Construction Co., Ltd.	Chien Bang Real Estate Development Co., Ltd.	Subsidiary	2,373,913	24,600	24,600	24,600	-	0.52%	4,747,826	Y	N	N	Project performance guarantee

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 shareholders' equity.
2. The limit on endorsements/guarantees made to other guaranteed parties should be 50% of net worth of shareholders' 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 shareholders' equity.
2. The maximum endorsements/guarantees amount allowable to other guaranteed parties should be 100% of net worth of shareholders' equity.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Marketable Securities Held at the End of the Period
December 31, 2022

Appendix 3

Unit: NT\$ Thousands

Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
Chien Kuo Construction Co., Ltd.	<u>Stock</u>							
	Asustek Computer Inc.	—	Financial assets measured at FVTPL - current	6	\$ 1,611	-	\$ 1,611	—
	CTBC Financial Holding Co., Ltd.	—	"	50	1,105	-	1,105	—
	BMC Venture Capital Investment Corporation	—	Financial assets measured at FVTPL - non-current	3,000	29,100	4.92%	29,100	—
	Chia Hsin Cement Corporation	—	Financial assets measured at FVTOCI - current	1,114	19,392	0.14%	19,392	—
	Taiwan Cement Corporation	—	Financial assets measured at FVTOCI - non-current	6,810	229,146	0.10%	229,146	(Note 2)
	Chia Hsin Cement Corporation	—	"	6,853	119,242	0.88%	119,242	(Note 3)
Golden Canyon Venture Capital Investment Co., Ltd.	<u>Stock</u>							
	LOCUS CELL CO., LTD.	—	Financial assets measured at FVTPL – current	539	19,485	0.27%	19,485	—
	Phoenix Pioneer technology Co., Ltd.	—	"	1,500	28,500	0.50%	28,500	—
Golden Canyon Limited	MEGA UNION TECHNOLOGY INC.	—	Financial assets measured at FVTPL - non-current	1,250	87,512	2.05%	87,512	—
	<u>Fund</u>							
	Citi Taiwan - A1USD Trade Finance Fund	—	Financial assets measured at FVTPL - current	119	376,216	-	376,216	—
	PVG GCN VENTURES, L.P.	—	Financial assets measured at FVTPL - non-current	-	12,978	5.00%	12,978	—
Silver Shadow Holding Limited	CSVI VENTURES,L.P.	(Note 1)	"	-	38,939	4.05%	38,939	—
	<u>Fund</u>							
	Citi Taiwan-45A2USD Liquidity Fund	—	Financial assets measured at FVTPL - current	5	15,725	-	15,725	—
	Citi Taiwan - A1USD Trade Finance Fund	—	"	94	298,094	-	298,094	—

(Continued on next page)

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Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
Silver Shadow Holding Limited	Blackstone Real Estate Income Trust	—	Financial assets measured at	1	\$ 62,809	-	\$ 62,809	—
	iCapital Offshore Access Fund SPC Class B Shares of Bridgewater All Weather Portfolio II Investments, Ltd.	—	FVTPL - current "	3	76,785	-	76,785	—

- Note 1. The chief decision-makers of the fund are the directors of the Group.
- Note 2. Among them, 2,338 shares are pledged to the Court as collateral against the litigation between the Group 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 8 and Appendix 9.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Marketable Securities Acquired and Disposed of Amounting to NT\$300 Million or 20% of the Paid-in Capital or More
January 1 to December 31, 2022

Appendix 4Unit: NT\$ thousands, unless otherwise specified

Purchased and sold companies	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning		Purchased		Sold				Valuation gain or loss of financial products	End of period	
					Shares	Amount	Shares	Amount	Shares	Sales prices	Book cost	Gain or loss on disposals		Shares	Amount
Golden Canyon Limited	Citi Taiwan - A1USD Trade Finance Fund	Financial assets at FVTPL - current	-	-	-	\$ -	178	\$ 552,805	59	\$ 184,346	\$ 184,266	\$ 80	\$ 7,677	119	\$ 376,216

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, 2022

Appendix 5

Unit: NT\$ Thousands

Purchaser/ Seller	Counter-party	Relationship	Transaction Situation				Situations and Reasons of Transaction Terms Different from General Transaction Terms		Notes and Accounts Receivable (Payable)		Note
			Purchases (Sales)	Amount	Ratio to Total Purchase (Sales)	Credit period	Unit Price	Credit period	Ending Balance	Ratio to Total Notes or Accounts Receivable (Payable)	
Chien Kuo Construction Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Subsidiary	Purchases	\$ 114,680	2.54%	Subject to the agreement	-	-	(\$ 117,059)	(9.08%)	
Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Construction Co., Ltd.	Parent company	Sales	(114,680)	(100.00%)	Subject to the agreement	-	-	117,059	100.00%	

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, 2022

Appendix 6

Unit: NT\$ thousands, unless otherwise specified

Company to Which the Accounts Receivable Is Due	Counter-party	Relationship	Balance Dues from Related Parties	Turnover Rate	Overdue Receivables from Related Party		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 company	Accounts receivable \$ 117,059	0.63	\$ -	-	\$ 25,238	\$ -

Note 1. Amount received as of March 15, 2023.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Inter-company Business Relationships and Significant Inter-company Transactions
January 1 to December 31, 2022

Appendix 7

Unit: NT\$ Thousands

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Transaction Details			
				Financial Statements Item	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	\$ 1,975	Note 2	0.03%
			(1)	Construction costs	114,680	Note 2	2.26%
			(1)	Contract assets - property construction	1,164,002	Note 2	14.95%
			(1)	Accounts payable	117,059	Note 2	1.50%
			(1)	Accounts payable - Provisional	2,906	Note 2	0.04%
		Chien Kuo Building Co., Ltd.	(1)	Miscellaneous Income	4,350	Note 2	0.09%
			(1)	Other payables	20,000	Note 2	0.26%

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.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Information on Invested Companies and Their Locations, etc.
January 1 to December 31, 2022

Appendix 8

Unit: NT\$ Thousands

Name of Investor	Name of Investee	Location	Principal Business Activities	Original Investment Amount		Ending Balance			Profit or Loss of Invested Company in the Current Period	Investment Profit/Loss Recognized in the Current Period	Note
				End of the Period	End of Last Year	Shares	Ratio (%)	Carrying Amount			
Chien Kuo Construction Co., Ltd.	Golden Canyon Limited	British Virgin Islands	Reinvestment	\$ 183,751	\$ 183,751	5,881	100.00%	\$ 1,560,776	(\$ 41,477)	(\$ 41,477)	Subsidiary
	Silver Shadow Holding Limited	British Virgin Islands	Reinvestment	704,069	704,069	21,606	100.00%	1,922,162	(47,136)	(47,136)	Subsidiary
	Chien Kuo Building Co., Ltd.	Taiwan	Building construction commission; public housing lease and sale	144,065	144,065	10,000	100.00%	92,548	(8,765)	(8,765)	Subsidiary
	Shun Long International Electrical Engineering Co., Ltd.	Taiwan	Undertaking mechanical, electrical and plumbing/refrigeration/air conditioning engineering; wholesale and retail of equipment	51,219	51,219	7,000	100.00%	58,573	668	668	Subsidiary
	Golden Canyon Venture Capital Investment Co., Ltd.	Taiwan	Venture capital business	401,000	401,000	40,100	100.00%	444,890	46,537	46,537	Subsidiary
	Golden Canyon II Venture Capital Investment Co., Ltd.	Taiwan	Venture capital business	200,000	200,000	20,000	100.00%	200,141	354	354	Subsidiary
	Chien Bang Real Estate Development Co., Ltd.	Taiwan	Building construction commission; public housing lease and sale	27,500	-	2,750	55.00%	27,413	(158)	(87)	Subsidiary
Chien Kuo Building Co., Ltd.	Chien Bang Real Estate Development Co., Ltd.	Taiwan	Building construction commission; public housing lease and sale	22,500	-	2,250	45.00%	22,429	(158)	(71)	Subsidiary
Golden Canyon Venture Capital Investment Co., Ltd.	Chang Jia Energy Co., Ltd.	Taiwan	Self-use power generation equipment of renewable energy	31,500	-	3,150	31.50%	31,359	(448)	(141)	Associates
Golden Canyon II Venture Capital Investment Co., Ltd.	Chang Jia Energy Co., Ltd.	Taiwan	Self-use power generation equipment of renewable energy	17,500	-	1,750	17.50%	17,422	(448)	(79)	Associates
Silver Shadow Holding Limited	CK Asia Co., Ltd.	British Virgin Islands	Reinvestment	118,002	118,002	226	54.78%	149,276	11,141	Note 3	Sub-subsubsidiary
Golden Canyon Limited	CK Asia Co., Ltd.	British Virgin Islands	Reinvestment	104,987	104,987	187	45.22%	123,236	11,141	Note 3	Sub-subsubsidiary

Note 1. Where there involves a foreign currency, it is translated into New Taiwan Dollars by using the exchange rate as of December 31, 2022 (US\$1 = NT\$29.81), except for profit or loss items, which are translated into New Taiwan Dollars by using the average exchange rate over January 1 - December 31, 2022 (US\$1 = NT\$30.71).

Note 2. Please refer to Appendix 9 for information on investments in Mainland China.

Note 3. The gains or losses of an invested company are incorporated into those of the investor. To avoid confusion, they are not separately presented here.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Information on Investments in Mainland China
January 1 to December 31, 2022

Appendix 9

Unit: NT\$ Thousands, unless otherwise specified

Investee in Mainland China	Principal Business Activities	Paid-in Capital	Manner 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 as of December 31, 2022 (Note 1)	Investment Gains Repatriated by the End of the Current Period	Note
					Remitted	Received							
CK Asia (Shanghai) Information Technology Co., Ltd.	Computer software technology development and consultation	\$ 3,071	Investment through a company founded in a third region	\$ 68,326	\$ -	\$ -	\$ 68,326	\$ 22,758	100%	\$ 22,758	\$ 12,043	\$ 41,113	Note 4
Yangzhou Chien Yung Concrete Co., Ltd.	Production and sale of concrete and concrete products	61,420	Investment through a company founded in a third region	197,041	-	-	197,041	8,978	-	8,978	-	168,105	

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 (MOEAIC)	Upper Limit on Investment Authorized by MOEAIC
\$868,785 (Note 3)	\$ 1,046,278 (Note 2)	\$ 2,844,509

Note 1. The amount was recognized based on the audited financial statements.

Note 2. The amount authorized by the Investment Commission, MOEA was NT\$1,600,467 thousand, of which NT\$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 was NT\$868,785 thousand, including the following expenses:

(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, NT\$163,869 thousand (USD5,682 thousand) originated from the funds of the third regions.

Note 4. Yangzhou Chien Yung Concrete Co., Ltd. completed the liquidation on November 21, 2022.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Information on Major Shareholders
December 31, 2022

Appendix 10

Unit: In thousand shares

List of Major Shareholders	Shareholding	
	Number of Shares Held	Percentage (%)
Chien Hwei Investment Co., Ltd.	46,012	18.25%
Chi-te CHEN	18,844	7.47%
Chen-ching CHEN	14,286	5.66%

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 common stocks 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. The number of shares recorded in the Group's consolidated financial statements and the number of shares that have completed delivery of non-physical registration may differ due to the different calculation bases.

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, 2022 and 2021, the Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes to Financial Statements (including Summary of Significant Accounting Policies) for the period from January 1 to December 31, 2022 and 2021.

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, 2022 and 2021, and its financial performance and cash flows for the annual periods ended December 31, 2022 and 2021 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for Audit Opinion

We conducted our audit of the financial statements in accordance with the "Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants," and the 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 2022 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 2022 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.

The major auditing procedures that we have performed in respect of the matters described above are as follows:

1. Understanding management's procedures for estimating the total costs of long term construction contracts;
2. 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;
3. reviewing whether there are significant adjustments to the estimated total cost of construction contracts after the period;
4. analyzing changes in revenue, costs and gross profit for each project.

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

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 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 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.
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. 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 2022. 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 Taiwan

CPA: Li-Chun Chang

CPA: Wen-Chin Lin

Financial Supervisory Commission Approval

Document No.:

FSC Approval Document No. 1100356048

Securities and Futures Bureau Approval

Document No.:

Tai-Cai-Zheng-6 No. 0920123784

March 15, 2023

Notes to Readers

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

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

Chien Kuo Construction Co., Ltd.

Balance Sheets

December 31, 2022 and 2021

Unit: NT\$ Thousands

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash (Note VI)	\$ 165,135	2	\$ 623,118	7
1110	Financial assets measured at fair value through profit or loss (Note VII)	2,716	-	303,111	4
1120	Financial assets measured at fair value through other comprehensive income (Note VIII)	19,392	-	23,126	-
1136	Financial assets measured at amortized cost (Note IX)	216,252	3	148,902	2
1140	Contract assets (Note XX)	1,584,729	20	1,622,095	19
1150	Notes receivable (Note X)	-	-	34,536	-
1170	Accounts receivable (Notes X and XX)	105,775	2	236,691	3
1200	Other receivables	7,013	-	235	-
1323	Inventories (for construction business) (Notes XI and XXVIII)	465,926	6	465,926	6
1410	Prenavments	162,879	2	129,722	2
1470	Other current assets	72,322	1	11,498	-
11XX	Total current assets	2,802,139	36	3,598,960	43
	Non-current assets				
1510	Financial assets measured at fair value through profit or loss (Note VII)	29,100	-	26,100	-
1520	Financial assets measured at fair value through other comprehensive income (Notes VIII and XXVI)	348,388	4	525,553	6
1535	Financial assets measured at amortized cost (Notes IX and XXVIII)	70,050	1	-	-
1550	Investments accounted for using equity method (Note XII)	4,306,503	55	4,018,205	48
1600	Property, plant and equipment (Note XIII)	123,224	2	32,357	1
1755	Right-of-use assets (Note XIV)	13,894	-	22,123	-
1760	Investment properties (Notes XV and XXVIII)	76,689	1	77,644	1
1840	Deferred tax assets (Notes XVIII and XXII)	18,123	-	24,069	-
1990	Other non-current assets (Note XXVIII)	40,717	1	32,284	1
15XX	Total non-current assets	5,026,688	64	4,758,335	57
1XXX	Total assets	\$ 7,828,827	100	\$ 8,357,295	100
	Liabilities and Equity				
	Current liabilities				
2100	Short-term loans (Note XVI)	\$ 520,000	7	\$ 200,000	2
2110	Short-term notes and bills payable (Note XVI)	349,787	4	-	-
2130	Contract liabilities (Note XX)	28,885	-	287,695	3
2170	Accounts payable (Notes XVII and XXV)	1,289,896	16	1,733,212	21
2200	Other payables	170,297	2	270,324	3
2230	Current tax liabilities	31,096	1	37,924	1
2320	Current portion of long-term loans (Note XVI)	-	-	499,862	6
2399	Other current liabilities (Note XIV)	56,427	1	61,202	1
21XX	Total current liabilities	2,446,388	31	3,090,219	37
	Non-current liabilities				
2570	Deferred tax liabilities (Note XXII)	537,267	7	486,280	6
2600	Other non-current liabilities (Notes XIV and XVIII)	104,324	1	78,218	1
25XX	Total non-current liabilities	641,591	8	564,498	7
2XXX	Total liabilities	3,087,979	39	3,654,717	44
	Equity (Note XIX)				
	Capital				
3110	Common stock	2,520,001	32	2,574,401	31
3200	Additional paid-in capital	187,308	3	204,852	2
	Retained Earnings				
3310	Legal reserve	724,858	10	682,772	8
3320	Special reserve	11,397	-	46,790	1
3350	Unappropriated earnings	1,110,640	14	1,181,539	14
3300	Total retained earnings	1,846,895	24	1,911,101	23
3400	Other equity	186,644	2	12,224	-
3XXX	Total equity	4,740,848	61	4,702,578	56
	Total liabilities and equity	\$ 7,828,827	100	\$ 8,357,295	100

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

Chairman: Chang-shiou WU

Manager: Mao-sheng KAN

Accounting Manager: Lin-Ju LIN

Chien Kuo Construction Co., Ltd.
Statements of Comprehensive Income
January 1 to December 31, 2022 and 2021

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

Code		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Note XX)	\$ 5,065,366	100	\$ 5,318,630	100
5000	Operating cost (Notes XXI and XXVII)	<u>4,523,143</u>	<u>89</u>	<u>4,748,454</u>	<u>89</u>
5900	Gross profit	542,223	11	570,176	11
6000	Operating expenses (Notes XXI and XXVII)	<u>293,848</u>	<u>6</u>	<u>299,484</u>	<u>6</u>
6900	Net operating income	<u>248,375</u>	<u>5</u>	<u>270,692</u>	<u>5</u>
	Non-operating income and expenses				
7010	Other income (Notes XXI and XXVII)	50,324	1	66,079	1
7020	Other gains and losses (Note XXI)	(11,396)	-	8,198	-
7050	Finance costs (Notes XXI and XXVII)	(12,412)	-	(9,089)	-
7060	Shares of profits or loss of associates accounted for using equity method (Note XII)	(<u>49,906</u>)	(<u>1</u>)	<u>151,791</u>	<u>3</u>
7000	Total non-operating income and expenses	(<u>23,390</u>)	<u>-</u>	<u>216,979</u>	<u>4</u>
7900	Income before income tax	224,985	5	487,671	9
7950	Income tax expense (Note XXII)	<u>40,870</u>	<u>1</u>	<u>82,521</u>	<u>1</u>
8200	Net income	<u>184,115</u>	<u>4</u>	<u>405,150</u>	<u>8</u>

(Continued on next page)

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Code		2022		2021	
		Amount	%	Amount	%
8310	Other comprehensive income				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note XVIII)	\$ 3,428	-	\$ 2,318	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(90,288)	(2)	49,650	1
8330	Shares of other comprehensive income from subsidiaries accounted for using equity method	-	-	1,309	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss (Note XXII)	(686)	-	(463)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8380	Shares of other comprehensive income from subsidiaries accounted for using equity method	344,404	7	27,394	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss (Note XXII)	(68,881)	(1)	(5,479)	-
8300	Other comprehensive income (after tax)	<u>187,977</u>	<u>4</u>	<u>74,729</u>	<u>1</u>
8500	Total comprehensive income	<u>\$ 372,092</u>	<u>8</u>	<u>\$ 479,879</u>	<u>9</u>
	Earnings per share (Note XXIII)				
9750	Basic	<u>\$ 0.72</u>		<u>\$ 1.57</u>	
9850	Diluted	<u>\$ 0.72</u>		<u>\$ 1.57</u>	

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

Chairman: Chang-shiou WU

Manager: Mao-sheng KAN

Accounting Manager: Lin-Ju LIN

Chien Kuo Construction Co., Ltd.
Statements of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousands

Code		Capital	Additional paid-in capital	Retained Earnings			Exchange differences on translation of financial statements of foreign operations	Other equity	Total	Treasury stock	Total equity
				Legal reserve	Special reserve	Unappropriated earnings		Financial Assets Measured at Fair Value through Other Comprehensive Income			
A1	Balance as of January 1, 2021	\$ 2,574,401	\$ 204,852	\$ 645,464	\$ 23,412	\$ 1,038,788	(\$ 229,518)	\$ 171,252	(\$ 58,266)	\$ -	\$ 4,428,651
	Appropriation and distribution of retained earnings for 2020										
B1	Provision of legal reserve	-	-	37,308	-	(37,308)	-	-	-	-	-
B3	Provision of special reserve	-	-	-	34,854	(34,854)	-	-	-	-	-
B5	Cash dividends appropriated to shareholders - NT\$0.80 per share	-	-	-	-	(205,952)	-	-	-	-	(205,952)
B17	Reversal of special reserve due to disposal of subsidiaries				(11,476)	11,476			-		-
D1	Net income for 2021	-	-	-	-	405,150	-	-	-	-	405,150
D3	Other comprehensive income (net of tax) for 2021	-	-	-	-	1,855	21,915	50,959	72,874	-	74,729
D5	Total comprehensive income in 2021	-	-	-	-	407,005	21,915	50,959	72,874	-	479,879
Q1	Disposal of equity instruments measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	2,384	-	(2,384)	(2,384)	-	-
Z1	Balance as of December 31, 2021	2,574,401	204,852	682,772	46,790	1,181,539	(207,603)	219,827	12,224	-	4,702,578
	Appropriation and distribution of retained earnings for 2021										
B1	Provision of legal reserve	-	-	42,086	-	(42,086)	-	-	-	-	-
B3	Reversal of special reserve	-	-	-	(34,566)	34,566	-	-	-	-	-
B5	Cash dividends appropriated to shareholders - NT\$1.02 per share	-	-	-	-	(257,440)	-	-	-	-	(257,440)
B17	Reversal of special reserve due to disposal of subsidiaries				(827)	827			-		-
D1	Net income for 2022	-	-	-	-	184,115	-	-	-	-	184,115
D3	Other comprehensive income (net of tax) for 2022	-	-	-	-	2,742	275,523	(90,288)	185,235	-	187,977
D5	Total comprehensive income in 2022	-	-	-	-	186,857	275,523	(90,288)	185,235	-	372,092
Q1	Disposal of equity instrument investments measured at fair value through other comprehensive income	-	-	-	-	10,815	-	(10,815)	(10,815)	-	-
L1	Purchase of treasury stock	-	-	-	-	-	-	-	-	(76,382)	(76,382)
L3	Retirement of treasury stock	(54,400)	(17,544)	-	-	(4,438)	-	-	-	76,382	-
Z1	Balance as of December 31, 2022	\$ 2,520,001	\$ 187,308	\$ 724,858	\$ 11,397	\$ 1,110,640	\$ 67,920	\$ 118,724	\$ 186,644	\$ -	\$ 4,740,848

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

Chairman: Chang-shiou WU

Manager: Mao-sheng KAN

Accounting Manager: Lin-Ju LIN

Chien Kuo Construction Co., Ltd.
Statements of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousands

Code		2022	2021
	Cash flows from operating activities		
A10000	Income before income tax	\$ 224,985	\$ 487,671
A20010	Adjustments to reconcile income (loss):		
A22400	Shares of profit or loss of subsidiaries and associates accounted for using equity method	49,906	(151,791)
A21300	Dividend income	(15,349)	(38,807)
A20100	Depreciation expense	29,587	19,608
A20200	Amortization expenses	1,123	295
A20400	Net loss (gain) on financial assets at fair value through profit or loss	68,526	(17,223)
A20900	Finance costs	12,412	9,089
A22700	Gain on disposal of investment properties	-	(62)
A21200	Interest income	(3,281)	(4,435)
A22500	Gains on disposal of property, plant and equipment	(64,459)	-
A30000	Changes in operating assets and liabilities: net		
A31125	Contract assets	37,366	(35,724)
A31130	Notes receivable	34,536	(27,036)
A31150	Account receivables	130,916	152,765
A31180	Other receivables	(623)	6,523
A31230	Prepayments	(33,157)	(64,801)
A31240	Other current assets	(60,824)	(5,127)
A32125	Contract liability	(258,810)	201,247
A32150	Accounts payable	(443,316)	(233,635)
A32180	Other payables	(21,365)	(10,536)
A32230	Other current liabilities	(3,021)	(1,119)
A32990	Other non-current liabilities	(396)	(372)
A33000	Cash (out)inflow generated from operations	(315,244)	286,530
A33100	Interest received	1,819	4,477
A33300	Interest paid	(12,385)	(7,133)
A33500	Income taxes paid	(60,330)	(36,134)
AAAA	Net cash (out)inflows from operating activities	(386,140)	247,740

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Code		2022	2021
	Cash flows from investment activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	\$ -	(\$ 79,795)
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	90,611	4,597
B00040	Acquisition of financial assets measured at amortized cost	(137,400)	-
B00050	Disposal of financial assets measured at amortized cost	-	143,839
B00100	Acquisition of financial assets measured at fair value through profit or loss	(499,426)	(915,464)
B00200	Proceeds from disposal of financial assets measured at fair value through profit or loss	645,051	1,341,336
B02200	Net cash outflow from acquisition of subsidiaries	(27,500)	(200,000)
B02400	Capital reduction of subsidiaries and refund of shares	-	176,829
B02700	Acquisition of property, plant and equipment	(105,212)	(6,940)
B02800	Disposal of property, plant, and equipment	64,459	-
B03800	Decrease (increase) in refundable deposits	5,512	(183)
B04500	Acquisition of intangible assets	(4,989)	(1,600)
B05500	Proceeds from disposal of investment properties	-	19,221
B07100	Increase in prepayment for equipment	(4,387)	-
B07600	Dividend received	<u>46,925</u>	<u>56,456</u>
BBBB	Net cash inflows from investing activities	<u>73,644</u>	<u>533,699</u>
	Cash flows from financing activities:		
C00100	Increase in short-term loans	320,000	200,000
C00500	Increase in short-term bills payable	349,787	-
C01700	Renewment of long-term loans	(500,000)	(450,000)
C03000	Increase (decrease) in guarantee deposits received	32,951	(18,654)
C04020	Renewment of lease principal	(14,403)	(12,762)
C04500	Cash dividends distributed	(257,440)	(205,952)
C04900	Purchase of treasury stock	(<u>76,382</u>)	<u>-</u>
CCCC	Net cash outflows from financing activities	(<u>145,487</u>)	(<u>487,368</u>)
EEEE	Net (decrease) increase in cash	(457,983)	294,071
E00100	Cash at the beginning of year	<u>623,118</u>	<u>329,047</u>
E00200	Cash at the end of year	<u>\$ 165,135</u>	<u>\$ 623,118</u>

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

Chairman: Chang-shiou WU

Manager: Mao-sheng KAN

Accounting Manager: Lin-Ju LIN

Chien Kuo Construction Co., Ltd.
Notes to Financial Statements
January 1 to December 31, 2022 and 2021
(Amount in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

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

II. Date and Procedures of Authorization of Financial Statements

The financial statements were approved by the Board of Directors on March 15, 2023.

III. Application of New and Amended Standards and Interpretations

(I) The first-time application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (hereinafter referred to as "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as "FSC") with effective date:

The application of the amended IFRSs endorsed and issued into effect by the FSC did not result in significant changes in the accounting policies of the Company.

(II) FSC-endorsed IFRSs that are applicable from 2023 onward

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendment to IAS 8 "Definition of Accounting Estimation"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1. These amendments shall be applied for the annual reporting period beginning on or after January 1, 2023.

Note 2. This amendment shall be applied to changes in accounting estimation and changes in accounting policies that occur during the annual reporting period beginning on January 1, 2023.

Note 3. Except for the recognition of deferred income tax on temporary differences between lease and decommissioning obligations on January 1, 2022, this amendment is applicable to transactions that occur on and after January 1, 2022.

1. Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments expressly stipulate that the Company should determine the disclosure of significant accounting policy information based on the definition of materiality. 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.

In addition, the amendments provide an example of how accounting policy information may be material if it relates to significant transactions, other events, or conditions and if the following circumstances exist:

- (1) Has been changed during the period by the Company, and this change results in a significant change in the 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; or
- (5) Relates to complex accounting practices, and users of the Company's financial statements would otherwise not understand the relating significant transactions, other events or conditions.

2. Amendment to IAS 8 "Definition of Accounting Estimation"

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 adopted to develop an accounting estimate to achieve this goal. The changes are considered as changes in accounting estimates while the effects of changes in accounting estimates from changes in an input or a measurement technique do not belong to correction of prior period errors.

Besides the effects mentioned above, as of the date the financial statements were authorized for issue, the Company continued to assess that the amendments to other standards and interpretations shall not have significant impact on the financial position and financial performance.

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

New/Revised/Amended Standards and Interpretations	Effective Date Issued by the IASB (Note 1)
Amendments to IFRS10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS1 "Classify Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1. Unless otherwise stated, the aforementioned new standards, interpretations and amendments are effective from the reporting fiscal year after their respective effective dates.

Note 2. A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16

As of the date the financial statements were authorized for issue, the Company accessed that the amendments to other standards and interpretations shall not have significant impact on the financial position and financial performance.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and endorsed and issued into effect by FSC.

(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 on the measurement date.
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 assets or liabilities.

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 financial statements of this year, the differences of the accounting

treatment between the basis and the 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 Currency

In preparing the 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 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. 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.

If the Company disposes of all of its interests in a foreign operation that constitutes a loss of control over the foreign operation, all cumulative translation

differences associated with the foreign operation that are attributable to the Company's owners are 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 a loss of control over the subsidiary, it shall be treated as an 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) 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.

(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 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.

(VIII) 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.

(IX) 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 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 or maybe also included in the amounts originally recognized for financial assets and financial liabilities.

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 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 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 other gains and losses. Please refer to Note XXVI 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 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.

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 acquisition 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

Equity instruments issued by the Company are recognized at the acquisition price less direct issue costs.

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.

4. Derivatives

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.

(X) 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.

(XI) 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.

(XII) 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 rereasurement 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).

(XIII) Income Tax

Income tax expenses are the sum of current 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. Primary Sources of Uncertainties in Material 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 has taken into consideration the possible impact of inflation and interest rate fluctuations in the market on the related significant accounting estimates. The management will continue to review the estimates and basic assumptions. If a revision of estimates only affects the current period, it shall be recognized in the period of revision; if a revision of accounting estimates affects the current year and future periods, it shall be recognized in the period of revision and future periods.

Construction contracts

Income or loss 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 be included in and recognized as contract revenue only when relevant uncertainties are subsequently eliminated and the probability of reversing the amount of accumulated contract revenue is quite low.

As estimated total 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 construction income or loss.

VI.	<u>Cash</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Cash on hand and revolving funds	\$ 2,123	\$ 2,542
	Bank checks and demand deposits	<u>163,012</u>	<u>620,576</u>
		<u>\$ 165,135</u>	<u>\$ 623,118</u>
VII.	<u>Financial assets measured at fair value through profit or loss</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Mandatorily measured at fair value through profit or loss		
	Non-derivative financial assets		
	<u>Current</u>		
	- Listed stocks and emerging stocks	\$ 2,716	\$ 256,717
	- Fund beneficiary certificates	<u>-</u>	<u>46,394</u>
		<u>2,716</u>	<u>303,111</u>
	Non-current		
	- Unlisted stocks	<u>29,100</u>	<u>26,100</u>
		<u>\$ 31,816</u>	<u>\$ 329,211</u>
VIII.	<u>Financial assets measured at fair value through other comprehensive income</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	Investment in equity instruments		
	Domestic listed stocks		
	- Current	\$ 19,392	\$ 23,126
	- Non-current	<u>348,388</u>	<u>525,553</u>
		<u>\$ 367,780</u>	<u>\$ 548,679</u>

The 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 XXVIII.

IX. Financial Assets Measured at Amortized Cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Restricted bank deposits (1)	\$ 13,172	\$ 117,446
Restricted bank term deposits (1)	203,080	21,446
Restricted bills with repurchase agreement (1)	<u>-</u>	<u>10,010</u>
	<u>\$ 216,252</u>	<u>\$ 148,902</u>
<u>Non-current</u>		
Pledged certificate of deposit	<u>\$ 70,050</u>	<u>\$ -</u>

(1) The above restricted financial assets are held by the Company in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act, and their use is subject to the restrictions of the Management, Utilization, and Taxation of Repatriated Offshore Funds Act.

The interest rate intervals for term deposits and repurchase agreement as of the balance sheet dates are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Restricted bank term deposits	3.20%~3.38%	0.18%~0.25%
Restricted bills with repurchase agreement	—	0.19%
Pledged certificate of deposit	0.65%	—

X. Notes Receivable and Accounts Receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	<u>\$ -</u>	<u>\$ 34,536</u>
<u>Account receivables</u>		
Measured at amortized cost		
Total carrying amount	\$ 114,861	\$ 245,777
Less: Allowance losses	(9,086)	(9,086)
	<u>\$ 105,775</u>	<u>\$ 236,691</u>

Account 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. As such, the Company's management concludes that the credit risk has been significantly reduced.

The impairment assessment of the Company's accounts receivable is based on individual assessment, aging analysis, historical experience and analysis of customers' current financial position to estimate the amount of irrecoverable receivables. Some of the overdue receivables are under legal proceedings in accordance with the written agreements.

In determining the recoverability of accounts receivable, the Company considers the change in the quality of credit from the time the receivables are originally granted to the time they are presented on the balance sheet. An appropriate allowance for loss is recognized when the receivables are assessed to be irrecoverable beyond the credit period. 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, 2022</u>	<u>December 31, 2021</u>
Not overdue	<u>\$ -</u>	<u>\$ 34,536</u>

Aging analysis of accounts receivable of the Company is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not overdue	\$ 105,909	\$ 205,591
Less than 180 days	-	7,340
181~360 days	-	14,148
More than 361 days	<u>8,952</u>	<u>18,698</u>
Total	<u>\$ 114,861</u>	<u>\$ 245,777</u>

Loss allowance for accounts receivable did not change for the year ended December 31, 2022 and 2021.

XI. Inventories (for construction business)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Xinzhi Section, Xinzhuang District	<u>\$ 465,926</u>	<u>\$ 465,926</u>

The Company acquired the land sitting at the northern part of the industrial zone in Xinzhuang District 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 XVI and XXVIII.

XII. Investments accounted for using equity method

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Investments in subsidiaries	<u>\$ 4,306,503</u>	<u>\$ 4,018,205</u>
Golden Canyon Limited	\$ 1,560,776	\$ 1,447,815
Silver Shadow Holding Limited	1,922,162	1,779,332
Chien Kuo Building Co., Ltd.	92,548	110,093
Shun Long International Electrical Engineering Co., Ltd.	58,573	82,825
Golden Canyon Venture Capital Investment Co., Ltd.	444,890	398,353
Golden Canyon II Venture Capital Investment Co., Ltd.	200,141	199,787
Chien Bang Real Estate Development Co., Ltd.	<u>27,413</u>	<u>-</u>
	<u>\$ 4,306,503</u>	<u>\$ 4,018,205</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, 2022</u>	<u>December 31, 2021</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%	100%
Golden Canyon Venture Capital Investment Co., Ltd.	100%	100%
Golden Canyon II Venture Capital Investment Co., Ltd.	100%	100%
Chien Bang Real Estate Development Co., Ltd.	55%	—

The recognition of shares of profits and shares of other comprehensive income from subsidiaries accounted for using the equity method in 2022 and 2021 was based on the financial statements audited by certified public accountants of subsidiaries for the same periods

XIII. Property, plant, and equipment

	Freehold land	Buildings	Machinery equipment	Transportation equipment	Office equipment	Leasehold improvements	Other Equipment	Outstanding projects and equipment to be inspected	Total
<u>Cost</u>									
Balance as of January 1, 2021	\$ 15,742	\$ 1,742	\$ 400	\$ 200	\$ 828	\$ 17,714	\$ 10,827	\$ -	\$ 47,453
Addition	-	-	1,934	1,538	886	174	2,407	-	6,939
Disposal	-	-	-	-	(196)	(115)	-	-	(311)
Balance as of December 31, 2021	<u>\$ 15,742</u>	<u>\$ 1,742</u>	<u>\$ 2,334</u>	<u>\$ 1,738</u>	<u>\$ 1,518</u>	<u>\$ 17,773</u>	<u>\$ 13,234</u>	<u>\$ -</u>	<u>\$ 54,081</u>
<u>Accumulated depreciation</u>									
Balance as of January 1, 2021	\$ -	\$ 1,202	\$ 267	\$ -	\$ 479	\$ 10,262	\$ 3,981	\$ -	\$ 16,191
Depreciation expense	-	48	254	97	212	3,068	2,165	-	5,844
Disposal	-	-	-	-	(196)	(115)	-	-	(311)
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 1,250</u>	<u>\$ 521</u>	<u>\$ 97</u>	<u>\$ 495</u>	<u>\$ 13,215</u>	<u>\$ 6,146</u>	<u>\$ -</u>	<u>\$ 21,724</u>
Net worth as of December 31, 2021	<u>\$ 15,742</u>	<u>\$ 492</u>	<u>\$ 1,813</u>	<u>\$ 1,641</u>	<u>\$ 1,023</u>	<u>\$ 4,558</u>	<u>\$ 7,088</u>	<u>\$ -</u>	<u>\$ 32,357</u>
<u>Cost</u>									
Balance as of January 1, 2022	\$ 15,742	\$ 1,742	\$ 2,334	\$ 1,738	\$ 1,518	\$ 17,773	\$ 13,234	\$ -	\$ 54,081
Addition	-	-	210	-	986	-	93,037	10,979	105,212
Disposal	-	-	-	-	(210)	-	(3,791)	-	(4,001)
Balance as of December 31, 2022	<u>\$ 15,742</u>	<u>\$ 1,742</u>	<u>\$ 2,544</u>	<u>\$ 1,738</u>	<u>\$ 2,294</u>	<u>\$ 17,773</u>	<u>\$ 102,480</u>	<u>\$ 10,979</u>	<u>\$ 155,292</u>
<u>Accumulated depreciation</u>									
Balance as of January 1, 2022	\$ -	\$ 1,250	\$ 521	\$ 97	\$ 495	\$ 13,215	\$ 6,146	\$ -	\$ 21,724
Depreciation expense	-	48	534	290	555	3,088	9,830	-	14,345
Disposal	-	-	-	-	(210)	-	(3,791)	-	(4,001)
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 1,298</u>	<u>\$ 1,055</u>	<u>\$ 387</u>	<u>\$ 840</u>	<u>\$ 16,303</u>	<u>\$ 12,185</u>	<u>\$ -</u>	<u>\$ 32,068</u>
Net worth as of December 31, 2022	<u>\$ 15,742</u>	<u>\$ 444</u>	<u>\$ 1,489</u>	<u>\$ 1,351</u>	<u>\$ 1,454</u>	<u>\$ 1,470</u>	<u>\$ 90,295</u>	<u>\$ 10,979</u>	<u>\$ 123,224</u>

Depreciation expenses of the 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
Leasehold improvements	3~6 years
Machinery equipment	4~7 years
Transportation equipment	6 years
Office equipment	3~4 years
Other Equipment	3~9 years

XIV. Lease Agreement

(I) Right-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of right-of-use assets		
Buildings	\$ 10,473	\$ 18,840
Transportation equipment	<u>3,421</u>	<u>3,283</u>
	<u>\$ 13,894</u>	<u>\$ 22,123</u>

	<u>2022</u>	<u>2021</u>
Additions to right-of-use assets	<u>\$ 6,258</u>	<u>\$ 9,877</u>
Depreciation expense of right-of-use assets		
Buildings	\$ 12,253	\$ 10,992
Transportation equipment	<u>2,034</u>	<u>1,812</u>
	<u>\$ 14,287</u>	<u>\$ 12,804</u>
(II) Lease liabilities		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of lease liabilities		
Current (listed as other current liabilities)	<u>\$ 11,386</u>	<u>\$ 13,140</u>
Non-current (listed as other non-current liabilities)	<u>\$ 2,750</u>	<u>\$ 9,339</u>
The discount rate intervals of the lease liabilities are as follows:		
	<u>2022</u>	<u>2021</u>
Buildings	1.65%	1.65%
Transportation equipment	3.00%	3.00%
(III) Other lease information		
	<u>2022</u>	<u>2021</u>
Short-term lease expense	<u>\$ 10,964</u>	<u>\$ 9,695</u>
Total cash outflow on lease	<u>\$ 25,367</u>	<u>\$ 22,457</u>
XV. <u>Investment Property</u>		
	<u>2022</u>	<u>2021</u>
<u>Cost</u>		
Balance - beginning of year	\$ 95,571	\$ 120,050
Disposal	<u>-</u>	<u>(24,479)</u>
Balance - end of year	<u>\$ 95,571</u>	<u>\$ 95,571</u>
<u>Accumulated depreciation and impairment</u>		
Balance - beginning of year	\$ 17,927	\$ 22,289
Depreciation expense	955	959
Disposal	<u>-</u>	<u>(5,321)</u>
Balance - end of year	<u>\$ 18,882</u>	<u>\$ 17,927</u>
Net amount - end of year	<u>\$ 76,689</u>	<u>\$ 77,644</u>
Fair Value	<u>\$ 121,997</u>	<u>\$ 97,775</u>

Depreciation expenses of investment property are provided using the straight-line method over 6 to 50 years of useful lives.

The fair value of investment property is calculated by reference to the latest transaction price in the neighborhood.

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

XVI. Loans

(I) Short-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Unsecured loans</u>		
Credit line loans	\$ 500,000	\$ 200,000
Related parties loans	<u>20,000</u>	<u>-</u>
	<u>\$ 520,000</u>	<u>\$ 200,000</u>
Annual interest rate (%) (Effective interest rate)	1.45%~1.98%	0.94%~0.99%

(II) Short-term notes and bills payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial papers payable (1)	\$ 350,000	\$ -
Less: Discount on short-term notes and bills payable	(<u>213</u>)	<u>-</u>
	<u>\$ 349,787</u>	<u>\$ -</u>

- In order to obtain working capital, the Company uses the land to be constructed (recorded as inventory (for construction business)) as collateral.

Short-term notes and bills payable not yet maturing are as follows:

December 31, 2022

<u>Guarantor/ Accepting Institution</u>	<u>Nominal Amount</u>	<u>Discounted Amount</u>	<u>Carrying Amount</u>	<u>Effective Interest Rate Interval</u>	<u>Collateral</u>
Dah Chung Bills	<u>\$ 350,000</u>	(<u>\$ 213</u>)	<u>\$ 349,787</u>	1.94%	Xinzhi Section, Xinzhuang District Land

(III) Long-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured loans</u> (Note XXVIII)		
Bank loans (1)	\$ -	\$ 350,000
Less: Current portion	-	(350,000)
Subtotal	-	-
<u>Unsecured loans</u>		
Long-term commercial paper payables (2)	-	150,000
Less: Discount on long-term commercial papers payable	-	(138)
	-	149,862
Less: Current portion	-	(149,862)
Subtotal	-	-
Long-term loans	<u>\$ -</u>	<u>\$ -</u>

Annual interest rate (%) (Effective interest rate)

—

1.35%~1.36%

1. To obtain land held for construction (classified as Inventories (for construction business)), the Company entered into the medium and long-term loan contract with the bank in June 2017. The maturity date was July 12, 2022. Interest was paid monthly, and the principal was repaid in full upon maturity. The land was pledged as collateral. The land was released from the pledge after the expiration date.
2. The long-term commercial 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 paper.

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

December 31, 2021

<u>Guarantor/ Accepting Institution</u>	<u>Nominal Amount</u>	<u>Discounted Amount</u>	<u>Carrying Amount</u>	<u>Effective Interest Rate Interval</u>	<u>Collateral</u>
Mega International Commercial Bank	<u>\$ 150,000</u>	<u>(\$ 138)</u>	<u>\$ 149,862</u>	1.36%	None

XVII. 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.

XVIII. 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, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 33,103	\$ 33,358
Fair value of plan assets	(<u>36,671</u>)	(<u>33,101</u>)
Net defined benefit (assets) liabilities (listed as other non-current (assets) liabilities)	(<u>\$ 3,568</u>)	<u>\$ 257</u>

Changes in net defined benefit (assets) liabilities are as follows:

	Present value of defined benefit obligations	Fair Value of plan assets	Net defined benefit (assets) liabilities
January 1, 2021	<u>\$ 38,752</u>	<u>(\$ 35,806)</u>	<u>\$ 2,946</u>
Service costs			
Current service cost	303	-	303
Interest expense (income)	<u>115</u>	<u>(107)</u>	<u>8</u>
Recognized in profit and loss	<u>418</u>	<u>(107)</u>	<u>311</u>
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	(517)	(517)
Actuarial loss - Experience adjustments	(875)	-	(875)
Actuarial gain - Change in demographic and financial assumptions	(926)	-	(926)
Recognized in other comprehensive income	(1,801)	(517)	(2,318)
Contribution from employer	-	(682)	(682)
Benefits paid	(4,011)	4,011	-
December 31, 2021	<u>33,358</u>	<u>(33,101)</u>	<u>257</u>
Service costs			
Current service cost	245	-	245
Interest expense (income)	<u>221</u>	<u>(221)</u>	<u>-</u>
Recognized in profit and loss	<u>466</u>	<u>(221)</u>	<u>245</u>
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	(2,707)	(2,707)
Actuarial loss - Experience adjustments	715	-	715
Actuarial gain - Change in demographic and financial assumptions	(1,436)	-	(1,436)
Recognized in other comprehensive income	(721)	(2,707)	(3,428)
Contribution from employer	-	(642)	(642)
December 31, 2022	<u>\$ 33,103</u>	<u>(\$ 36,671)</u>	<u>(\$ 3,568)</u>

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

	<u>2022</u>	<u>2021</u>
By function		
Operating costs	\$ 231	\$ 298
Operating expenses	<u>14</u>	<u>13</u>
	<u>\$ 245</u>	<u>\$ 311</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, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.25%	0.67%
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, 2022</u>	<u>December 31, 2021</u>
Discount rate		
Increase by 0.25%	(\$ <u>592</u>)	(\$ <u>648</u>)
Decrease by 0.25%	<u>\$ 608</u>	<u>\$ 667</u>
Expected growth rate of salary		
Increase by 0.25%	<u>\$ 602</u>	<u>\$ 656</u>
Decrease by 0.25%	(<u>\$ 589</u>)	(<u>\$ 641</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, 2022</u>	<u>December 31, 2021</u>
Expected contribution amounts within 1 year	<u>\$ 641</u>	<u>\$ 621</u>
Average maturity period of defined benefit obligations	7 years	7 years

XIX. Equity

(I) Capital
Common stock

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Number of 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>252,000</u>	<u>257,440</u>
Issued capital	<u>\$ 2,520,001</u>	<u>\$ 2,574,401</u>

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

To maintain the Company's creditworthiness and shareholder equity, the Board of Directors resolved on May 10, 2022 to repurchase treasury stock and subsequently set the record date for capital reduction on August 12, 2022. The paid-in capital is 252,000 thousand shares after the retirement of 5,440 thousand shares of treasury stock.

(II) Additional paid-in capital

	<u>December 31, 2022</u>	<u>December 31, 2021</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	\$ 186,037	\$ 190,053
Treasury stock transactions	-	13,528
Difference between prices of shares acquired from subsidiaries and book value	993	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>\$ 187,308</u>	<u>\$ 204,852</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 unappropriated earnings of prior years, shall be proposed by the Board of Directors for earnings distribution, which shall then be resolved by the shareholders' meeting.

For the appropriation policy regarding compensation to employees and remuneration to directors as set forth in the Company's Articles of Incorporation, please refer to Note XXI (VI).

The Company's dividend policy takes into account the environment and growth of the industry, long-term financial plans and optimization of shareholders' equity. Cash dividends to be appropriated in a year shall 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. 1090150022, 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 shareholders' 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 held the regular shareholders' meeting on June 21, 2022, and July 22, 2021, and respectively resolved the 2021 and 2020 earnings distribution proposals as follows:

	Proposal of Earnings Appropriation		Dividends per Share (NT\$)	
	2021	2020	2021	2020
Legal reserve	\$ 42,086	\$ 37,308		
Appropriation (reversal) of special reserve	(34,566)	34,854		
Cash dividends	257,440	205,952	\$ 1.02	\$ 0.80

The appropriation of earnings and dividends per share for 2022 proposed by the Board of Directors on March 15, 2023 are as follows:

	Proposal of Earnings Appropriation	Dividends per Share (NT\$)
Legal reserve	\$ 19,406	
Cash dividends	252,000	\$ 1.0

The distribution of earnings for 2022 is subject to the resolution of the Stockholders' meeting to be held on June 20, 2023.

(IV) Treasury stock

Accounting subject	Repurchase for Retirement (In 1,000 Shares)
Number of shares as of January 1, 2022	\$ -
Increase	5,440
Retirement for the period	(5,440)
Number of shares as of December 31, 2022	\$ -

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.

XX. Revenue

(I) Revenue from contracts with customers

	2022	2021
Revenue from construction contracts	\$ 5,065,366	\$ 5,318,630

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, 2022	December 31, 2021
Accounts receivable (Note X)	\$ 105,775	\$ 236,691
Contract assets		
Real estate construction	\$ 1,255,597	\$ 783,730
Construction retainage receivable	330,646	839,879
Less: Allowance losses	(1,514)	(1,514)
	\$ 1,584,729	\$ 1,622,095
Contract liability		
Real estate construction	\$ 28,885	\$ 287,695

- (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, 2022 are as follows:

Anticipated years to recognize revenue	December 31, 2022
2023~2028	<u>\$ 15,778,494</u>

XXI. Net income

Net income for the current year comprises the following items:

(I) Other income

	2022	2021
Reversal of gains on unpaid payables	\$ 23,321	\$ -
Dividend income	15,349	38,807
Revenue from manpower support	4,350	16,800
Interest income	3,281	4,435
Others	<u>4,023</u>	<u>6,037</u>
	<u>\$ 50,324</u>	<u>\$ 66,079</u>

(II) Other gains and losses

	2022	2021
Loss on foreign currency exchange, net	(\$ 3,892)	(\$ 2,532)
Gain (loss) on valuation of financial assets at fair value through profit or loss	(68,526)	17,223
Gains on disposal of property, plant and equipment	64,459	62
Others	<u>(3,437)</u>	<u>(6,555)</u>
	<u>(\$ 11,396)</u>	<u>\$ 8,198</u>

(III) Finance costs

	2022	2021
Interest expenses		
Interest on bank loans	\$ 12,082	\$ 8,630
Lease liabilities	<u>330</u>	<u>459</u>
	<u>\$ 12,412</u>	<u>\$ 9,089</u>

(IV) Depreciation and amortization expenses

	2022	2021
Property, plant, and equipment	\$ 14,345	\$ 5,845
Right-of-use assets	14,287	12,804
Investment Property	955	959
Intangible assets	<u>1,123</u>	<u>295</u>
	<u>\$ 30,710</u>	<u>\$ 19,903</u>
Depreciation expenses by function		
Operating costs	\$ 11,204	\$ 2,281
Operating expenses	17,428	16,368
Other gains and losses	<u>955</u>	<u>959</u>
	<u>\$ 29,587</u>	<u>\$ 19,608</u>
Amortization expenses by function		
Operating costs	\$ 32	\$ 3
Operating expenses	<u>1,091</u>	<u>292</u>
	<u>\$ 1,123</u>	<u>\$ 295</u>

(V) Employee benefits expenses

	2022	2021
Short-term employee benefits	\$ 460,321	\$ 496,097
Post-employment benefits		
Defined contribution plan	17,765	17,604
Defined benefit plans (Note XVIII)	245	311
Termination benefits	<u>518</u>	<u>1,939</u>
Total employee benefits expenses	<u>\$ 478,849</u>	<u>\$ 515,951</u>
By function		
Operating costs	\$ 251,019	\$ 272,507
Operating expenses	<u>227,830</u>	<u>243,444</u>
	<u>\$ 478,849</u>	<u>\$ 515,951</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, remuneration for employees and directors as employee remuneration, and no more than 3% of such income as directors' remuneration. Remuneration to employees and remuneration to directors for 2022 and 2021 were resolved by the Board of Directors on March 15, 2023 and March 24, 2022 respectively as follows:

	2022		2021	
	Cash	Percentage (%)	Cash	Percentage (%)
Employee remuneration	\$ 7,178	3%	\$ 15,563	3%
Director remuneration	<u>7,178</u>	3%	<u>15,563</u>	3%
	<u>\$ 14,356</u>		<u>\$ 31,126</u>	

If there is a change in the amounts after the annual financial statements are approved for issue, the differences shall be treated as a change in the accounting estimate in the following year.

Information about remuneration to employees and remuneration to directors approved by the Board of Directors is available at the Market Observation Post System website of Taiwan Stock Exchange.

XXII. Income Tax

- (I) Major components of income tax expenses recognized in profit or loss are as follows:

	2022	2021
Current-period income tax		
Income tax expenses recognized in the current period	\$ 49,714	\$ 52,840
Additional tax on unappropriated earnings	7,221	4,323
Adjustments for previous years	(<u>3,431</u>)	(<u>3,197</u>)
	<u>53,504</u>	<u>53,966</u>
Deferred income tax		
Income tax expenses recognized in the current period	(<u>12,634</u>)	<u>28,555</u>
Income tax expenses recognized in profit or loss	<u>\$ 40,870</u>	<u>\$ 82,521</u>

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

	2022	2021
Income before income tax	<u>\$ 224,985</u>	<u>\$ 487,671</u>
Income tax expenses calculated based on income before income tax and the statutory tax rate	\$ 44,997	\$ 97,534
Permanent difference	35	80
Exemptions	(9,998)	(18,256)
Additional tax on unappropriated earnings	7,221	4,323
Adjustments on income tax expenses of prior years	(3,431)	(3,197)
Others	<u>2,046</u>	<u>2,037</u>
Income tax expenses recognized in profit or loss	<u>\$ 40,870</u>	<u>\$ 82,521</u>

(II) Income tax recognized in other comprehensive income

	2022	2021
<u>Deferred income tax</u>		
- Translation of foreign operations	\$ 68,881	\$ 5,479
- Remeasurement of defined benefit plans	<u>686</u>	<u>463</u>
Income tax recognized in other comprehensive income	<u>\$ 69,567</u>	<u>\$ 5,942</u>

(III) Deferred Income Tax Assets and Liabilities

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

2022

	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	\$ 6,094	\$ 508	\$ -	\$ 6,602
Construction proceeds temporarily estimated	14,791	(5,248)	-	9,543
Unrealized construction loss	2,451	(1,145)	-	1,306
Defined benefit pension plan	125	(152)	(686)	(713)
Unrealized exchange losses	128	777	-	905
Expected credit losses	<u>480</u>	<u>-</u>	<u>-</u>	<u>480</u>
	<u>\$ 24,069</u>	<u>(\$ 5,260)</u>	<u>(\$ 686)</u>	<u>\$ 18,123</u>
<u>Deferred tax liabilities</u>				
Gains or losses from investment accounted for using equity method	\$ 463,710	(\$ 17,894)	\$ -	\$ 445,816
Exchange differences on translation of foreign operations	10,841	-	68,881	79,722
Reserve for land value increment tax	10,814	-	-	10,814
Others	<u>915</u>	<u>-</u>	<u>-</u>	<u>915</u>
	<u>\$ 486,280</u>	<u>(\$ 17,894)</u>	<u>\$ 68,881</u>	<u>\$ 537,267</u>

2021

	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	\$ 5,227	\$ 867	\$ -	\$ 6,094
Construction proceeds temporarily estimated	17,752	(2,961)	-	14,791
Unrealized construction loss	3,244	(793)	-	2,451
Defined benefit pension plan	589	(1)	(463)	125
Impairment loss	896	(896)	-	-
Unrealized exchange losses	1,428	(1,300)	-	128
Expected credit losses	<u>480</u>	<u>-</u>	<u>-</u>	<u>480</u>
	<u>\$ 29,616</u>	<u>(\$ 5,084)</u>	<u>(\$ 463)</u>	<u>\$ 24,069</u>
<u>Deferred tax liabilities</u>				
Gains or losses from investment accounted for using equity method	\$ 440,239	\$ 23,471	\$ -	\$ 463,710
Exchange differences on translation of foreign operations	5,362	-	5,479	10,841
Reserve for land value increment tax	10,814	-	-	10,814
Others	<u>915</u>	<u>-</u>	<u>-</u>	<u>915</u>
	<u>\$ 457,330</u>	<u>\$ 23,471</u>	<u>\$ 5,479</u>	<u>\$ 486,280</u>

(IV) Income tax approval status

The tax authorities have approved the profit-seeking enterprise income tax returns of the Company through 2020.

XXIII. Earnings Per Share

	2022	Unit: NT\$ 2021
Basic earnings per share	<u>\$ 0.72</u>	<u>\$ 1.57</u>
Diluted earnings per share	<u>\$ 0.72</u>	<u>\$ 1.57</u>

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

	2022	2021
Net income	<u>\$ 184,115</u>	<u>\$ 405,150</u>

Shares

	Unit: In thousand shares	
	2022	2021
Weighted average number of shares of common stock used for the calculation of basic earnings per share	254,382	257,440
Effect of potentially dilutive shares of common stocks:		
Employee remuneration	<u>878</u>	<u>1,321</u>
Weighted average number of shares of common stock used for the calculation of diluted earnings per share	<u>255,260</u>	<u>258,761</u>

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 shareholders' meeting in the following year resolves the number of shares to be distributed to employees.

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

Except as disclosed in other notes, the Company conducted the following investment and financing activities of non-cash transaction in 2022 and 2021:

The financial assets measured at fair value through profit and loss that the Company disposed of in 2022 with settlement-date lag are recognized as other receivables for NT\$4,693 thousand as of December 31, 2022.

The financial assets measured at fair value through profit and loss that the Company purchased in 2021 with settlement-date lag are recognized as other payables for NT\$78,551 thousand as of December 31, 2021.

XXV. Capital Risk Management

The objective of the Company's capital management is to ensure that the Company 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 shareholders. To maintain or adjust the capital structure, the Company may adjust dividends paid to shareholders, refund capital to shareholders or issue new shares to lower its debts.

XXVI. 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 measured at fair value on a recurring basis

1. Fair value level

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at fair value through profit or loss</u>				
Listed stocks	\$ 2,716	\$ -	\$ -	\$ 2,716
Unlisted stocks	-	-	29,100	29,100
Total	<u>\$ 2,716</u>	<u>\$ -</u>	<u>\$ 29,100</u>	<u>\$ 31,816</u>

Financial assets measured at fair value through other comprehensive income

Listed stocks	<u>\$ 367,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 367,780</u>
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December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at fair value through profit or loss</u>				
Listed stocks	\$ 256,717	\$ -	\$ -	\$ 256,717
Unlisted stocks	-	-	26,100	26,100
Fund beneficiary certificates	46,394	-	-	46,394
Total	<u>\$ 303,111</u>	<u>\$ -</u>	<u>\$ 26,100</u>	<u>\$ 329,211</u>

Financial assets measured at fair value through other comprehensive income

Listed stocks	<u>\$ 548,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 548,679</u>
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There was no transfer between Level 1 and Level 2 fair value measurement for 2022 and 2021.

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

The fair value of private equity funds is estimated based on the valuation report provided by the fund company.

The fair value of unlisted stocks without active market is estimated with reference to recent financing activities.

The unobservable inputs applied by the Company were a 10% discount for lack of liquidity and a 10% discount for minority interest on December 31, 2022 and December 31, 2021. When other inputs are held constant, a 1% discount would decrease the fair value by NT\$2,103 thousand and NT\$2,070 thousand, respectively.

(III) Types of financial instruments

	December 31, 2022	December 31, 2021
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$ 31,816	\$ 329,211
Financial assets measured at amortized cost (Note 1)	620,715	1,055,664
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments	367,780	548,679
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	2,431,554	2,772,021

Note 1. The balance includes financial assets measured at amortized cost, which comprise cash and cash equivalents, restricted bank deposits, time deposits and repurchase notes, note receivables, accounts receivable, other receivables, refundable deposits and pledged certificate of deposit.

Note 2. The balance includes financial liabilities at amortized cost, which comprise notes payable, accounts payable, other payables, guarantee deposit received 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 risks), 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, other price risks, credit risk, utilization of derivatives and non-derivatives and investment of remaining liquidity.

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 see Note XXX for details on carrying amounts of significant monetary assets denominated in foreign currencies 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	
	2022	2021
USD	\$ 2,145	\$ 216

(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, 2022</u>	<u>December 31, 2021</u>
With fair value interest rate risk		
- Financial assets	\$ 273,130	\$ 31,456
- Financial liabilities	683,923	223,662
With cash flow interest rate risk		
- Financial assets	176,184	738,022
- Financial liabilities	200,000	499,862

Sensitivity analysis

The sensitivity analysis below is prepared based on the risk exposure of derivative and non-derivative instruments to the interest rates at the 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 \$238 thousand and \$2,382 thousand for 2022 and 2021, respectively.

(3) Other price risks

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.

If the price increased/decreased by 10%, income before tax in 2022 and 2021 would have increased/decreased by NT\$3,182 thousand and NT\$32,921 thousand due to a change in the fair value of financial assets at fair value through profit or loss.

If the equity price had increased/decreased by 10%, other comprehensive income in 2022 and 2021 would have increased/decreased by NT\$36,778 thousand and NT\$54,868 thousand, respectively, due to a change 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 counter parties of financial instruments on the contractual obligations. The policy of the Company in response to credit risk is as follows:

Customers

The Company's established internal credit policy requires that all entities within the Company manage and conduct 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.

<u>December 31, 2022</u>			
	<u>Less than 1 Year</u>	<u>1~2 Year(s)</u>	<u>2~5 Years</u>
Non-interest-bearing liabilities	\$ 1,310,980	\$ 91,890	\$ 57,323
Lease liabilities	11,539	2,151	640
Fixed interest rate instruments	669,787	-	-
Floating interest rate instruments	<u>200,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,192,306</u>	<u>\$ 94,041</u>	<u>\$ 57,963</u>

<u>December 31, 2021</u>			
	<u>Less than 1 Year</u>	<u>1~2 Year(s)</u>	<u>2~5 Years</u>
Non-interest-bearing liabilities	\$ 1,938,460	\$ 38,818	\$ 26,258
Lease liabilities	13,423	8,931	489
Fixed interest rate instruments	200,000	-	-
Floating interest rate instruments	<u>499,862</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,651,745</u>	<u>\$ 47,749</u>	<u>\$ 26,747</u>

The amount of the above non-derivative financial asset and liability instruments with floating interest rates will change due to differences between the floating interest rates and the interest rates estimated as of the balance sheet date.

(3) Financing facilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Credit line of unsecured bank loan		
- Amount used	\$ 500,000	\$ 350,000
- Amount unused	<u>1,521,209</u>	<u>1,563,584</u>
	<u>\$ 2,021,209</u>	<u>\$ 1,913,584</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>

XXVII. 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

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
Shun Long International Electrical Engineering Co., Ltd. (Shun Long)	Subsidiary
Chien Kuo Building Co., Ltd.	Subsidiary
Chien Bang Real Estate Development Co., Ltd. (Chien Bang Building)	Subsidiary
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.
Tzu-chiang YANG	Director of the Company
Pang-yen YANG	Director of the Company

(II) Construction projects undertaken

<u>Category/ Name of Related Party</u>	<u>No. of Contract</u>	<u>Total amount of contract</u>	<u>Construction costs recognized in the current year</u>	<u>Accumulated construction costs recognized</u>	<u>Accounts payable</u>
<u>2022</u>					
Shun Long	101C1604	\$ 76,522	\$ 2,026	\$ 76,522	\$ -
	101C1702	296,944	5,547	296,944	-
	101C1703	549,496	11,585	547,771	32,021
	101C1707	420,252	20,953	420,252	-
	101C1801	118,722	2,117	118,722	-
	101C1802	442,403	56,033	429,673	45,739
	101C1803	192,036	16,419	186,558	39,299
		<u>\$ 2,096,375</u>	<u>\$ 114,680</u>	<u>\$ 2,076,442</u>	<u>\$ 117,059</u>
<u>2021</u>					
Shun Long	101C1504	\$ 230,664	\$ 3,851	\$ 230,664	\$ -
	101C1603	77,098	214	74,496	10,472
	101C1605	264,576	1,700	264,576	-
	101C1701	119,049	14,629	116,605	12,110
	101C1702	301,054	16,431	291,397	30,964
	101C1703	559,718	26,510	536,185	56,432
	101C1707	437,989	80,195	399,299	48,786
	101C1802	426,528	226,230	373,640	59,161
	101C1803	199,532	135,305	170,140	31,745
		<u>\$ 2,616,208</u>	<u>\$ 505,065</u>	<u>\$ 2,457,002</u>	<u>\$ 249,670</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

Account	Category of Related Parties	2022	2021
Other income	Subsidiary	<u>\$ 4,350</u>	<u>\$ 16,874</u>

They are 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

The Company rents the office from other related parties based on the local rental standards. The rent is paid on a monthly basis.

Account	Category of Related Parties	2022	2021
Acquisition of right-of-use assets	Other related parties	<u>\$ -</u>	<u>\$ 5,811</u>

Account	Category of Related Parties	December 31, 2022	December 31, 2021
Lease liabilities	Other related parties	<u>\$ 5,562</u>	<u>\$ 11,033</u>

Account	Category of Related Parties	2022	2021
Interest expenses	Other related parties	<u>\$ 133</u>	<u>\$ 198</u>

2. Lease agreements (operating lease)

The Company rents the office to other related parties based on the local rental standards, and a fixed lease payment is collected monthly according to the lease agreement.

Account	Category of Related Parties	2022	2021
Rent income	Other related parties	<u>\$ 1,143</u>	<u>\$ 1,143</u>

3. Donation

Category of Related Parties	2022	2021
Other related parties	<u>\$ 2,000</u>	<u>\$ 1,800</u>

The Company donated funds for broadcast production to related parties.

4. Loans from related parties

Category/ Name of Related Party	December 31, 2022	December 31, 2021
Subsidiary	<u>\$ 20,000</u>	<u>\$ -</u>

<u>Interest expenses</u>			
Category/ Name of	Related Party	December 31, 2022	December 31, 2021
Subsidiary		<u>\$ 171</u>	<u>\$ -</u>

The interest rates on loans from related parties are comparable to market rates and are unsecured.

(V)	Endorsements/guarantees		
	<u>Endorsements/Guarantees Provided for Others</u>		
	Category/ Name of Related Party	December 31, 2022	December 31, 2021
	Shun Long	<u>\$ 50,000</u>	<u>\$ 100,000</u>
	Chien Bang Building	<u>\$ 24,600</u>	<u>\$ -</u>

(VI)	Remuneration to key management		
		2022	2021
	Short-term employee benefits	<u>\$ 75,333</u>	<u>\$ 74,318</u>
	Post-employment benefits	<u>1,907</u>	<u>1,882</u>
		<u>\$ 77,240</u>	<u>\$ 76,200</u>

The remuneration to Directors and other key management is determined by the Remuneration Committee based on individual performance and market trends.

XXVIII. 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, 2022	December 31, 2021
Inventories (for construction business)	\$ 463,577	\$ 463,577
Financial assets measured at FVTOCI - non-current	113,485	143,544
Pledged time deposit certificate (classified as financial assets at amortized - non-current)	70,050	-
Investment Property	29,827	30,401
Other restricted assets (classified as other non-current assets)	<u>23,181</u>	<u>21,057</u>
	<u>\$ 700,120</u>	<u>\$ 658,579</u>

XXIX. 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) Shing Tzung Development Co., Ltd (hereinafter referred to as "Shing Tzung") and its responsible person, Lu, Kuo-Feng, 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 a claim of NT\$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 NT\$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. The two lawsuits were ruled by the Kaohsiung Ciantou District Court, and both parties filed appeals within the legal period. The Taiwan High Court Kaohsiung Branch Court ruled that the Company is not required to pay the amount to Shing Tzung after offsetting part of its debts; Shing Tzung is required to pay the Company NT\$16,784 thousand and interest at 5% per annum from October 28, 2015 to the date of settlement after deducting the Company's debts offset in the previous case. As of the date of publication of the financial statements, the third trial appeal period of the two lawsuits has expired and neither party has appealed. The cases have been finalized. The Company will record the amount in the first quarter of 2023 based on the outcome of the litigation.

- (II) The construction of the National Kaohsiung Center for the Arts (Weiwuying) (hereinafter referred to as the Project) contracted by the Company was completed on December 16, 2016 and accepted on November 16, 2018, and is being operated by the National Kaohsiung Center for the Arts (Weiwuying) (hereinafter referred to as the Weiwuying Center for the Arts). The warranty period of the nonbuilding structures in the project expired on November 16, 2018. The "Weiwuying" has been opened to the public and the performance schedule is intensive, and hence, the Company had to coordinate the inspection schedule with the Weiwuying Center for the Arts. However, Weiwuying Center for the Arts had been making many unreasonable requests for repairs, causing delays in the inspection schedule. On this basis, Weiwuying Center for the Arts refused to reimburse the warranty joint guarantee certificate provided by the

Company for NT\$96,003 thousand. To fulfill the warranty obligation of the contract, the Company still cooperated with the inspection and repair without any interruption. The Company considered that this action of the Weiwuying Center for the Arts was not in accordance with the contract and violated the principle of fairness and reasonableness. Therefore, on March 21, 2022, the Company submitted a proposal for mediation to the Complaint Review Board for Government Procurement, Public Construction Commission, Executive Yuan. The final mediation meeting was held on August 9, 2022, and the members of the mediation committee indicated that they would consider various situations and propose a mediation proposal. Until the mediation proposal is released, it is difficult for the Company to evaluate the results of the mediation.

(III) As of December 31, 2022 and 2021, the performance guarantee letters issued by the bank for construction projects of the Company amounted to NT\$1,355,140 thousand and NT\$1,548,705 thousand, respectively.

(IV) As of December 31, 2022 and 2021, the guaranteed bills issued by the Company for business needs amounted to NT\$340,260 thousand and NT\$155,851 thousand, respectively.

XXX. Information on Foreign Currency Assets and Liabilities with Significant Influence

Information on financial assets and liabilities denominated in foreign currencies with significant influence is as follows:

Unit: Foreign currency/NT\$ thousand

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 6,986	30.71 (USD: NTD)	<u>\$ 214,531</u>
<u>Non-monetary items</u>			
USD	113,414	30.71 (USD: NTD)	<u>\$ 3,482,934</u>

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 779	27.68 (USD: NTD)	<u>\$ 21,553</u>
<u>Non-monetary items</u>			
USD	116,588	27.68 (USD: NTD)	<u>\$ 3,227,147</u>

The unrealized gain or loss on foreign currency exchange with significant influence is as follows:

	2022		2021	
	Exchange Rate	Net Exchange Loss	Exchange Rate	Net Exchange Loss
<u>Financial assets</u>				
USD	29.81 (USD:NTD)	(\$ <u>4,480</u>)	28.01 (USD:NTD)	(\$ <u>587</u>)

XXXI. Supplementary Disclosures

- (I) Information on (I) significant transactions and (II) invested companies is as follows:
1. Loaning Provided to Others: (Appendix 1)
 2. Endorsements/Guarantees Provided for Others: (Appendix 2)
 3. Marketable Securities Held at the End of the Period (Excluding investment in Subsidiaries, Associates and Joint Ventures): (Appendix 3)
 4. Marketable Securities Acquired and Disposed of Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: (Appendix 4)
 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. (Appendix 5)
 8. Receivables from Related Parties Amounting to NT\$100 Million or 20% of the Paid-in Capital or More. (Appendix 6)
 9. Engaging in Derivatives Trading: None.
 10. Information on Invested Companies: (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 limits on investments in mainland China: (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 the 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: names of shareholders with a holding ratio of 5% or more, the amount and proportion of shares held: (Appendix 9)

Chien Kuo Construction Co., Ltd.
Loans Provided to Others
January 1 to December 31, 2022

Appendix 1

Unit: NT\$ Thousands

No.	Financing Company	Counterparty	Financial Statement Account	Whether a Related Party	Maximum Balance	Balance - end of year	Amount Actually Withdrawn	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
													Name	Value			
1	Chien Kuo Building Co., Ltd.	Chien Kuo Construction Co., Ltd.	Other receivables	Yes	\$ 20,000	\$ 20,000	\$ 20,000	1.70%	(1)	\$ -	Operating capital	\$ -	-	\$ -	20% of the company's net worth \$ 22,019	40% of the company's net worth \$ 44,037	

Note 1. The nature of financing is described as follows:
(1) For the purpose of short-term financing.

Chien Kuo Construction Co., Ltd.
Endorsements/Guarantees Provided for Others
January 1 to December 31, 2022

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 as of the Current Month	Outstanding Endorsements/ Guarantees - Ending	Amount Actually Withdrawn	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	\$ 2,373,913	\$ 100,000	\$ 50,000	\$ -	\$ -	1.05%	\$ 4,747,826	Y	N	N	Financing endorsements/ guarantees Project performance guarantee
0	Chien Kuo Construction Co., Ltd.	Chien Bang Real Estate Development Co., Ltd.	Subsidiary	2,373,913	24,600	24,600	24,600	-	0.52%	4,747,826	Y	N	N	

Note 1. The limit on endorsements/guarantees provided for each guaranteed party is calculated as follows:

- The limit on endorsements/guarantees made to companies in the same industry should be 200% of net worth of shareholders' equity.
- The limit on endorsements/guarantees made to other guaranteed parties should be 50% of net worth of shareholders' equity.

Note 2. The maximum endorsements/guarantees amount allowable is calculated as follows:

- The maximum endorsements/guarantees amount allowable to companies in the same industry should be 400% of net worth of shareholders' equity.
- The maximum endorsements/guarantees amount allowable to other guaranteed parties should be 100% of net worth of shareholders' equity.

Chien Kuo Construction Co., Ltd.
Marketable Securities Held at the End of the Period
December 31, 2022

Appendix 3

Unit: NT\$ Thousands

Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
Chien Kuo Construction Co., Ltd.	<u>Stock</u>							
	Asustek Computer Inc.	—	Financial assets measured at FVTPL - current	6	\$ 1,611	-	\$ 1,611	—
	CTBC Financial Holding Co., Ltd.	—	"	50	1,105	-	1,105	—
	BMC Venture Capital Investment Corporation	—	Financial assets measured at FVTPL - non-current	3,000	29,100	4.92%	29,100	—
	Chia Hsin Cement Corporation	—	Financial assets measured at FVTOCI - current	1,114	19,392	0.14%	19,392	—
	Taiwan Cement Corporation	—	Financial assets measured at FVTOCI - non-current	6,810	229,146	0.10%	229,146	(Note 2)
	Chia Hsin Cement Corporation	—	"	6,853	119,242	0.88%	119,242	(Note 3)
Golden Canyon Venture Capital Investment Co., Ltd.	<u>Stock</u>							
	LOCUS CELL CO., LTD.	—	Financial assets measured at FVTPL - current	539	19,485	0.27%	19,485	—
	Phoenix Pioneer technology Co., Ltd.	—	"	1,500	28,500	0.50%	28,500	—
Golden Canyon Limited	MEGA UNION TECHNOLOGY INC.	—	Financial assets measured at FVTPL - non-current	1,250	87,512	2.05%	87,512	—
	<u>Fund</u>							
	Citi Taiwan - A1USD Trade Finance Fund	—	Financial assets measured at FVTPL - current	119	376,216	-	376,216	—
	PVG GCN VENTURES, L.P.	—	Financial assets measured at FVTPL - non-current		12,978	5.00%	12,978	—
Silver Shadow Holding Limited	CSVI VENTURES,L.P.	(Note 1)	"		38,939	4.05%	38,939	—
	<u>Fund</u>							
	Citi Taiwan - 45A2USD Liquidity Fund	—	Financial assets measured at FVTPL - current	5	15,725	-	15,725	—
	Citi Taiwan - A1USD Trade Finance Fund	—	"	94	298,094	-	298,094	—

(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	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
Silver Shadow Holding Limited	Blackstone Real Estate Income Trust	—	Financial assets measured at	1	\$ 62,809	-	\$ 62,809	—
	iCapital Offshore Access Fund SPC Class B Shares of Bridgewater All Weather Portfolio II Investments, Ltd.	—	FVTPL - current "	3	76,785	-	76,785	—

- Note 1. The chief decision makers of the fund are the directors of the Company.
- Note 2. Among them, 2,338 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.
Marketable Securities Acquired and Disposed of Amounting to NT\$300 Million or 20% of the Paid-in Capital or More
January 1 to December 31, 2022

Appendix 4Unit: NT\$ thousands, unless otherwise specified

Purchased and sold companies	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning		Purchased		Sold				Valuation gain or loss of financial products	End of period	
					Shares	Amount	Shares	Amount	Shares	Sales prices	Book cost	Gain or loss on disposals		Shares	Amount
Golden Canyon Limited	Citi Taiwan - A1USD Trade Finance Fund	Financial assets at FVTPL - current	-	-	-	\$ -	178	\$ 552,805	59	\$ 184,346	\$ 184,266	\$ 80	\$ 7,677	119	\$ 376,216

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, 2022

Appendix 5

Unit: NT\$ Thousands

Purchaser/ Seller	Counter-party	Relationship	Transaction Situation				Situations and Reasons of Transaction Terms Different from General Transaction Terms		Notes and Accounts Receivable (Payable)		Note
			Purchases (Sales)	Amount	Ratio to Total Purchase (Sales)	Credit period	Unit Price	Credit period	Ending Balance	Ratio to Total Notes or Accounts Receivable (Payable)	
Chien Kuo Construction Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Subsidiary	Purchases	\$ 114,680	2.54%	Subject to the agreement	-	-	(\$ 117,059)	(9.08%)	
Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Construction Co., Ltd.	Parent company	Sales	(114,680)	(100.00%)	Subject to the agreement	-	-	117,059	100.00%	

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, 2022

Appendix 6

Unit: NT\$ thousands, unless otherwise specified

Company to Which the Accounts Receivable Is Due	Counter-party	Relationship	Balance Dues from Related Parties	Turnover Rate	Overdue Receivables from Related Party		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 company	Accounts receivable \$ 117,059	0.63	\$ -	-	\$ 25,238	\$ -

Note 1. Amount received as of March 15, 2023.

Chien Kuo Construction Co., Ltd.
Information on Invested Companies and Their Locations, etc.
January 1 to December 31, 2022

Appendix 7

Unit: NT\$ Thousands

Name of Investor	Name of Investee	Location	Principal Business Activities	Original Investment Amount		Ending Balance			Profit or Loss of Invested Company in the Current Period	Investment Profit/Loss Recognized in the Current Period	Note
				End of the Period	End of Last Year	Shares	Ratio (%)	Carrying Amount			
Chien Kuo Construction Co., Ltd.	Golden Canyon Limited	British Virgin Islands	Reinvestment	\$ 183,751	\$ 183,751	5,881	100.00%	\$ 1,560,776	(\$ 41,477)	(\$ 41,477)	Subsidiary
	Silver Shadow Holding Limited	British Virgin Islands	Reinvestment	704,069	704,069	21,606	100.00%	1,922,162	(47,136)	(47,136)	Subsidiary
	Chien Kuo Building Co., Ltd.	Taiwan	Building construction commission; public housing lease and sale	144,065	144,065	10,000	100.00%	92,548	(8,765)	(8,765)	Subsidiary
	Shun Long International Electrical Engineering Co., Ltd.	Taiwan	Undertaking mechanical, electrical and plumbing/refrigeration/air conditioning engineering; wholesale and retail of equipment	51,219	51,219	7,000	100.00%	58,573	668	668	Subsidiary
	Golden Canyon Venture Capital Investment Co., Ltd.	Taiwan	Venture capital business	401,000	401,000	40,100	100.00%	444,890	46,537	46,537	Subsidiary
	Golden Canyon II Venture Capital Investment Co., Ltd.	Taiwan	Venture capital business	200,000	200,000	20,000	100.00%	200,141	354	354	Subsidiary
	Chien Bang Real Estate Development Co., Ltd.	Taiwan	Building construction commission; public housing lease and sale	27,500	-	2,750	55.00%	27,413	(158)	(87)	Subsidiary
Chien Kuo Building Co., Ltd.	Chien Bang Real Estate Development Co., Ltd.	Taiwan	Building construction commission; public housing lease and sale	22,500	-	2,250	45.00%	22,429	(158)	(71)	Subsidiary
Golden Canyon Venture Capital Investment Co., Ltd.	Chang Jia Energy Co., Ltd.	Taiwan	Self-use power generation equipment of renewable energy	31,500	-	3,150	31.50%	31,359	(448)	(141)	Associates
Golden Canyon II Venture Capital Investment Co., Ltd.	Chang Jia Energy Co., Ltd.	Taiwan	Self-use power generation equipment of renewable energy	17,500	-	1,750	17.50%	17,422	(448)	(79)	Associates
Silver Shadow Holding Limited	CK Asia Co., Ltd.	British Virgin Islands	Reinvestment	118,002	118,002	226	54.78%	149,276	11,141	Note 3	Sub-subsubsidiary
Golden Canyon Limited	CK Asia Co., Ltd.	British Virgin Islands	Reinvestment	104,987	104,987	187	45.22%	123,236	11,141	Note 3	Sub-subsubsidiary

Note 1. Where there involves a foreign currency, it is translated into New Taiwan Dollars by using the exchange rate as of December 31, 2022 (US\$1 = NT\$29.81), except for profit or loss items, which are translated into New Taiwan Dollars by using the average exchange rate over January 1 - December 31, 2022 (US\$1 = NT\$30.71).

Note 2. Please refer to Appendix 8 for information on investments in Mainland China.

Note 3. The gains or losses of an invested company are incorporated into those of the investor. To avoid confusion, they are not separately presented here.

Chien Kuo Construction Co., Ltd.
Information on Investments in Mainland China
January 1 to December 31, 2022

Appendix 8

Unit: NT\$ Thousands, unless otherwise specified

Investee in Mainland China	Principal Business Activities	Paid-in Capital	Manner 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 as of December 31, 2022 (Note 1)	Investment Gains Repatriated by the End of the Current Period	Note
					Remitted	Received							
CK Asia (Shanghai) Information Technology Co., Ltd.	Computer software technology development and consultation	\$ 3,071	Investment through a company founded in a third region	\$ 68,326	\$ -	\$ -	\$ 68,326	\$ 22,758	100%	\$ 22,758	\$ 12,043	\$ 41,113	Note 4
Yangzhou Chien Yung Concrete Co., Ltd.	Production and sale of concrete and concrete products	61,420	Investment through a company founded in a third region	197,041	-	-	197,041	8,978	-	8,978	-	168,105	

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 (MOEAIC)	Upper Limit on Investment Authorized by MOEAIC
\$868,785 (Note 3)	\$ 1,046,278 (Note 2)	\$ 2,844,509

Note 1. The amount was recognized based on the audited financial statements.

Note 2. The amount authorized by the Investment Commission, MOEA was NT\$1,600,467 thousand, of which NT\$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 was NT\$868,785 thousand, including the following expenses:

(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, NT\$163,869 thousand (USD5,682 thousand) originated from the funds of the third regions.

Note 4. Yangzhou Chien Yung Concrete Co., Ltd. completed the liquidation on November 21, 2022.

Chien Kuo Construction Co., Ltd. and Subsidiaries

Information on Major Shareholders

December 31, 2022

Appendix 9

Unit: In thousand shares

List of Major Shareholders	Shareholding	
	Number of Shares Held	Percentage (%)
Chien Hwei Investment Co., Ltd.	46,012	18.25%
Chi-te CHEN	18,844	7.47%
Chen-ching CHEN	14,286	5.66%

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 common stocks 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. The number of shares recorded in the Company's consolidated financial statements and the number of shares that have completed delivery of non-physical registration may differ due to the different calculation bases.

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Chien Kuo Construction Co., Ltd.
Statements of Financial Assets Measured at Fair Value through Profit or Loss
December 31, 2022

Form of Statement I

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 measured at FVTPL - current							
Stock	Asustek Computer Inc.	6	\$ 10	\$ 60	\$ 1,625	268.50	\$ 1,611
	CTBC Financial Holding Co., Ltd.	50	10	500	<u>1,133</u>	22.10	<u>1,105</u>
					<u>\$ 2,758</u>		<u>\$ 2,716</u>
Financial assets measured at FVTPL - non-current							
Stock	BMC Venture Capital Investment Corporation	3,000	10	30,000	<u>\$ 30,000</u>	0.97	<u>\$ 29,100</u>

Chien Kuo Construction Co., Ltd.

Statement of Financial Assets Measured at Fair Value through Other Comprehensive Income

January 1 to December 31, 2022

Form of Statement II

Unit: Shares in 1,000 Shares; Amount in NT\$ thousand, unless otherwise specified

Name of Investee	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	\$ 23,126	-	\$ -	-	\$ -	(\$ 3,734)	1,114	\$ 19,392
Non-current									
Domestic listed Companies									
Taiwan Cement Corporation	6,191	\$ 297,170	619	\$ -	-	\$ -	(\$ 68,024)	6,810	\$ 229,146
Chia Hsin Cement Corporation	6,853	142,200	-	-	-	-	(22,958)	6,853	119,242
Chunghwa Telecom Co., Ltd.	189	22,018	-	-	189	21,971	(47)	-	-
Mega Financial Holding Company Ltd.	860	30,573	-	-	860	28,371	(2,202)	-	-
SinoPac Financial Holdings Company Ltd.	2,080	33,592	-	-	2,080	29,453	(4,139)	-	-
		<u>\$ 525,553</u>		<u>\$ -</u>		<u>\$ 79,795</u>	<u>(\$ 97,370)</u>		<u>\$ 348,388</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. 2,338 thousand shares of Taiwan Cement Corporation are pledged to the Court as collateral against the litigation between the Company and Shing Tzung.

Chien Kuo Construction Co., Ltd.
Statements of Changes in Contract Assets and Contract Liabilities
January 1 to December 31, 2022

Form of Statement III

Unit: NT\$ Thousands

Project	Amount paid for this year				Amount received for this year				Contract assets	Contract liability
	Balance - beginning of year	Construction costs	Project completed and transferred	Balance - end of year	Balance - beginning of year	Increase (decrease) for this year	Amount carried down upon completion	Balance - end of year		
101C1603	\$ 469,586	\$ 10,662	\$ 480,248	\$ -	\$ 481,100	(\$ 852)	\$ 480,248	\$ -	\$ -	\$ -
101C1701	794,669	14,975	809,644	-	809,644	-	809,644	-	-	-
101C1702	1,516,420	55,715	1,572,135	-	1,517,739	54,396	1,572,135	-	-	-
101C1703	2,846,671	41,820	-	2,888,491	2,854,110	49,421	-	2,903,531	-	15,040
101C1705	3,075,031	260,676	3,335,707	-	3,189,595	146,112	3,335,707	-	-	-
101C1707	2,431,311	64,991	2,496,302	-	2,479,629	16,673	2,496,302	-	-	-
101C1802	1,563,818	286,249	-	1,850,067	1,479,274	319,567	-	1,798,841	51,226	-
101C1803	896,867	107,479	-	1,004,346	752,450	196,950	-	949,400	54,946	-
101C1901	549,669	460,668	-	1,010,337	399,735	493,775	-	893,510	116,827	-
101C1902	457,837	505,752	-	963,589	261,129	193,233	-	454,362	509,227	-
101C1903	176,047	194,814	-	370,861	108,790	97,311	-	206,101	164,760	-
101C1904	377,839	438,788	-	816,627	467,405	293,000	-	760,405	56,222	-
101C2001	1,567,794	212,147	-	1,779,941	1,557,509	129,226	-	1,686,735	93,206	-
101C2003	367,815	425,316	-	793,131	347,258	424,475	-	771,733	21,398	-
101C2101	82,098	886,369	-	968,467	80,039	833,476	-	913,515	54,952	-
101C2102	94,450	375,626	-	470,076	4,134	430,458	-	434,592	35,484	-
101C2103	9,080	4,642	13,722	-	-	13,722	13,722	-	-	-
101C2104	4,536	67,133	-	71,669	-	21,429	-	21,429	50,240	-
101C2105	111	40,680	-	40,791	-	-	-	-	40,791	-
101C2151	28,302	600,866	-	629,168	24,376	618,381	-	642,757	-	13,589
101C2201	-	19	-	19	-	147	-	147	-	128
101C2202	-	19	-	19	-	147	-	147	-	128
101C2203	-	1,057	-	1,057	-	-	-	-	1,057	-
101C2204	-	3,694	-	3,694	-	-	-	-	3,694	-
101C2205	-	1,567	-	1,567	-	-	-	-	1,567	-
	<u>\$ 17,309,951</u>	<u>\$ 5,061,724</u>	<u>\$ 8,707,758</u>	<u>\$ 13,663,917</u>	<u>\$ 16,813,916</u>	<u>\$ 4,331,047</u>	<u>\$ 8,707,758</u>	<u>\$ 12,437,205</u>	<u>\$ 1,255,597</u>	<u>\$ 28,885</u>

Chien Kuo Construction Co., Ltd.
Statement of Accounts receivables
December 31, 2022

Form of Statement IV

Unit: NT\$ Thousands

<u>Customers' Name</u>	<u>Amount</u>
Customer A	\$ 60,927
Customer B	22,287
Customer C	21,678
Other (Note)	<u>883</u>
	<u>\$ 105,775</u>

Note. The balance for each customer did not exceed 5% of the balance of this account

Chien Kuo Construction Co., Ltd.

Statement of Prepayments

December 31, 2022

Form of Statement V

Unit: NT\$ Thousands

<u>Item</u>			<u>Amount</u>
Prepayments	for	construction	\$ 121,152
materials			
Tax overpaid retained			25,764
Prepaid insurance			4,635
Others			<u>11,328</u>
			<u>\$ 162,879</u>

Chien Kuo Construction Co., Ltd.
Statements of Changes in Investments Accounted for Using the Equity Method
January 1 to December 31, 2022

Form of Statement VI

Unit: NT\$ thousands, unless otherwise specified

Name of Investee	Balance - beginning of year		Increase for this year		Decrease for this year		Gain (loss) on investment	Exchange differences on translation of financial statements of foreign operations (Note 2)	Balance - end of year			Endorsements and guarantees Name of investee provided	Note
	Number of Shares (in Thousands)	Amount	Number of Shares (in Thousands)	Amount	Number of Shares (in Thousands)	Amount			Number of Shares (in Thousands)	Percentage (%)	Amount		
Subsidiary													
Unlisted Companies													
Golden Canyon Limited	5,881	\$ 1,447,815	-	\$ -	-	\$ -	(\$ 41,477)	\$ 154,438	5,881	100	\$ 1,560,776	None	
Silver Shadow Holding Limited	21,606	1,779,332	-	-	-	-	(47,136)	189,966	21,606	100	1,922,162	None	
Chien Kuo Building Co., Ltd.	10,000	110,093	-	-	-	8,780	(8,765)	-	10,000	100	92,548	None	Note 3
Shun Long International Electrical Engineering Co., Ltd.	7,000	82,825	-	-	-	24,920	668	-	7,000	100	58,573	None	Note 3
Golden Canyon Venture Capital Investment Co., Ltd.	40,100	398,353	-	-	-	-	46,537	-	40,100	100	444,890	None	
Golden Canyon II Venture Capital Investment Co., Ltd.	20,000	199,787	-	-	-	-	354	-	20,000	100	200,141	None	
Chien Bang Real Estate Development Co., Ltd.	-	-	2,750	27,500	-	-	(87)	-	2,750	55	27,413	None	Note 4
		<u>\$ 4,018,205</u>		<u>\$ 27,500</u>		<u>\$ 33,700</u>	<u>(\$ 49,906)</u>	<u>\$ 344,404</u>			<u>\$ 4,306,503</u>		

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. Increase for the year was due to the establishment of a joint venture by the Company and Chien Kuo Building on September 16, 2022.

Chien Kuo Construction Co., Ltd.
Statement of Short-term Loans
December 31, 2022

Form of Statement VII

Unit: NT\$ Thousands

Creditor	Repayment method	Ending balance	Term of the agreement	Effective Interest Rate	Collaterals or guarantees
Credit line loans					
Taiwan Cooperative Bank	Interest should be paid monthly, and the principal should be repaid in full upon maturity	\$ 100,000	2022.07.29~2023.07.29	1.45%	None
Bank of Taiwan	Interest should be paid monthly, and the principal should be repaid in full upon maturity	100,000	2022.11.15~2023.11.15	1.82%	None
Bank SinoPac	The principal and interest should be repaid in full upon maturity	<u>300,000</u>	2022.12.26~2023.01.17	1.98%	None
		<u>500,000</u>			
Related parties loans					
Chien Kuo Building	Interest should be paid monthly, and the principal should be repaid in full upon maturity	<u>20,000</u>	2022.07.01~2023.06.30	1.70%	None
		<u>\$ 520,000</u>			

Chien Kuo Construction Co., Ltd.
Statement of Accounts Payable
December 31, 2022

Form of Statement VIII

Unit: NT\$ Thousands

<u>Name of Subcontractor</u>	<u>Amount</u>
Subcontractor A	\$ 119,965
Subcontractor B	88,909
Subcontractor C	81,748
Other (Note)	<u>999,274</u>
	<u>\$ 1,289,896</u>

Note. The balance for each customer did not exceed 5% of the balance of this account

Chien Kuo Construction Co., Ltd.

Statements of Other Payables

December 31, 2022

Form of Statement IX

Unit: NT\$ Thousands

<u>Item</u>	<u>Amount</u>
Salaries and bonuses payable	\$ 138,111
Insurance premiums and pensions payable to personnel	8,814
Others	<u>23,372</u>
	<u>\$ 170,297</u>

Note: The balance for each item did not exceed 5% of the balance of this account.

Chien Kuo Construction Co., Ltd.
Statements of Other Non-current Liabilities
December 31, 2022

Form of Statement X

Unit: NT\$ Thousands

<u>Item</u>	<u>Amount</u>
Guarantee deposits received	\$ 101,574
Lease liabilities	<u>2,750</u>
	<u>\$ 104,324</u>

Chien Kuo Construction Co., Ltd.
Statement of Operating Revenue and Cost

2022

Form of Statement XI

Unit: NT\$ Thousands

<u>Construction item</u>	<u>Operating revenue</u>	<u>Operating costs</u>	<u>Gross profit</u>
Residential construction	\$ 682,425	\$ 617,219	\$ 65,206
Public construction	1,923,198	1,749,810	173,388
Commercial office, factory office and others	<u>2,459,743</u>	<u>2,156,114</u>	<u>303,629</u>
	<u>\$ 5,065,366</u>	<u>\$ 4,523,143</u>	<u>\$ 542,223</u>

Chien Kuo Construction Co., Ltd.
Statement of General and Administrative Expenses
2022

Form of Statement XII

Unit: NT\$ Thousands

Item	Amount
Salary and bonus	\$ 200,259
Depreciation expense	17,428
Other expense (Note)	<u>76,161</u>
	<u>\$ 293,848</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 Year Ended December 31, 2022 and 2021

Form of Statement XIII

Unit: NT\$ Thousands

	2022				2021			
	Belongs to Operating Costs	Belongs to Operating Expenses	Belongs to Other Gains and Losses	Total	Belongs to Operating Costs	Belongs to Operating Expenses	Belongs to Other Gains and Losses	Total
Employee benefits expenses (Note)								
Salary expense	\$ 207,255	\$ 187,709	\$ -	\$ 394,964	\$ 225,803	\$ 196,084	\$ -	\$ 421,887
Labor Insurance and National Health Insurance expense	21,561	13,531	-	35,092	22,578	12,116	-	34,694
Pension expense	11,133	6,877	-	18,010	11,791	6,124	-	17,915
Remuneration to Directors	-	12,790	-	12,790	-	21,205	-	21,205
Others employee benefits expenses	<u>11,070</u>	<u>6,923</u>	<u>-</u>	<u>17,993</u>	<u>12,335</u>	<u>7,915</u>	<u>-</u>	<u>20,250</u>
	<u>\$ 251,019</u>	<u>\$ 227,830</u>	<u>\$ -</u>	<u>\$ 478,849</u>	<u>\$ 272,507</u>	<u>\$ 243,444</u>	<u>\$ -</u>	<u>\$ 515,951</u>
Depreciation expense	<u>\$ 11,204</u>	<u>\$ 17,428</u>	<u>\$ 955</u>	<u>\$ 29,587</u>	<u>\$ 2,281</u>	<u>\$ 16,368</u>	<u>\$ 959</u>	<u>\$ 19,608</u>
Amortization expenses	<u>\$ 32</u>	<u>\$ 1,091</u>	<u>\$ -</u>	<u>\$ 1,123</u>	<u>\$ 3</u>	<u>\$ 292</u>	<u>\$ -</u>	<u>\$ 295</u>

Note 1. As of December 31, 2022 and 2021, the number of employees of the Company was 459 and 459, respectively, and the number of directors who are not the employees is 11 for both years

Note 2. The average employee benefit expenses were \$1,040 thousand and \$1,104 thousand for the year ended December 31, 2022 and 2021, respectively.

Note 3. The average salary expenses were \$882 thousand and \$942 thousand for the year ended December 31, 2022 and 2021, respectively

Note 4. The change in average employee salary adjustment was (6%).

Note 5. The Company's overall employee remuneration policy is based on the principle of both internal fairness and external competitiveness. The remuneration of employees consists of fixed and variable compensations. Bonuses are paid immediately to share the operational achievements with colleagues in order to attract, motivate and retain talents. Individual remuneration is based on job duties and professional skills. Bonus and employee remuneration are awarded based on individual performance and contribution, without difference by gender, religion, or race.

Note 6. The remuneration of the Company's directors is determined in accordance with Article 18-1 of the Company's Articles of Incorporation. The Board of Directors is authorized to determine the remuneration of directors in accordance with their participation in the Company's operations and the usual standards in the industry. Based on the current year's pre-tax earnings before directors' remuneration, 0.1% to 3% of that amount as employees' remuneration and no more than 3% as directors' remuneration are paid to directors, managers and employees. The manager's remuneration consists of salary and bonus. The salary is based on the industry standard and the title, rank, educational and experience background, professional capabilities and responsibilities. Bonuses are based on the performance evaluation of managers including financial and non-financial indicators.

Note 7. The remuneration of the Company's directors is handled in accordance with Article 23 of the Company's Articles of Incorporation. The procedures for determining remuneration are based on the results of the performance evaluation by the Board of Directors of the Company and the "Regulations Governing Allocation and Payment of Remuneration to Directors". In addition to the Company's overall operating performance, future business risks and development trends, the Company also makes reference to the individual's performance achievement rate and contribution to the Company's performance to provide reasonable remuneration. The performance evaluation and the reasonableness of the remuneration are reviewed by the Remuneration Committee and the Board of Directors. The remuneration system is reviewed as appropriate in accordance with the actual operating conditions and laws and regulations in order to make a balance between sustainable operation and risk control of the Company.