



CHIEN KUO CONSTRUCTION CO.,LTD.

## Annual Report 2023

### Notice to readers

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

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# Chapter 1 Letter to Shareholders

Ladies and gentlemen:

This year, inflationary pressures have eased, yet global economic turbulence persists due to geopolitical tensions and a slump in Chinese and European property markets. Taiwan's Government Housing Subsidies for the Youth project launched in the second half of 2023 has spurred demands for essential housing; however, the passing of the Non-self-use House Tax 2.0 policy may lead to a more cautious attitude in the development and construction industry. Thus, outlook for the construction industry in 2024 is cautiously optimistic. On the other hand, the social housing market has experienced consistent growth, with the central government's initiative to construct 200,000 units of social housing over 8 years expected to result in 120,000 units by the end of 2024. Furthermore, in 2023, Taiwan experienced a 1.74% increase in its construction engineering price index, indicating a slower growth rate compared to the previous two years. Despite this, the overall construction costs remain high due to the persistent labor shortage and impending carbon taxes, posing challenges for the Company's future operations.

In recent years, the Company has been actively expanding its business. In 2023, we received new orders totaling NT\$15.1 billion, and by the end of 2023, our total contracted amount reached NT\$39.8 billion. As of the end of March 2024, we have already received new orders amounting to NT\$12 billion. Under the Company's operational management efforts, despite the challenges of labor shortage and rising material costs, the Company is dedicated to maintaining a consistent profit. In 2023, the net profit reached NT\$340 million, resulting in an earnings per share of NT\$1.34. Overall, the Company has demonstrated strong profitability.

In 2023, the consolidated revenue amounted to NT\$4.19 billion, representing a 17% decrease compared to 2022. The revenue is currently experiencing a period of decline. The net profit for this period reached NT\$340 million, marking an 84% increase from 2022. The earnings per share after tax were NT\$1.34. Net cash inflow from operating activities reached NT\$1.56 billion in 2023. The following is a summary report of the Company's 2023 consolidated business results:

## (I) Operational Highlight

Unit: NT\$ Thousands			
Item	2023	2022	Growth
Operating revenue	4,186,359	5,065,701	-17%
Operating costs	3,797,123	4,517,166	-16%
Gross profit	389,236	548,535	-29%
Operating expenses	331,695	293,552	13%
Net operating income (loss)	57,541	254,983	-77%
Non-operating income and expense	337,902	(38,231)	984%
Income before income tax	395,443	216,752	82%
Net income	338,513	184,115	84%

- The Company's 2023 non-operating income and expenditure increased by 984% compared to 2022. This increase was primarily driven by higher interest on USD deposits and gains from the valuation of financial assets.

## (II) Cash Flows and Profitability Analysis

### 1. Cash flows

Unit: NT\$ Thousands

Item	Amount
Net cash inflow from the operating activities	1,564,574
Net cash outflow from the investing activities	(2,014,333)
Net cash outflow from the financing activities	(1,110,892)
Effect of exchange rate changes on cash and cash equivalents	28,765
Net increase in cash	(1,531,886)
Cash at the beginning of the year	3,166,181
Cash at the end of the year	1,634,295

### 2. Profitability Analysis

Item		2023
Return on assets		4.4%
Return on equity		7.1%
Ratio of paid-in capital	Operating income	2.3%
	Income before tax	15.7%
Net profit margin		8.1%
Earnings per share (NT\$)		1.34

Chien Kuo Construction Co., Ltd. upholds the core values of "Integrity, Optimization, Well-being and Harmony" and follows a business philosophy of honesty and integrity. The Company aims to create a learning organization with a growth mindset, constantly innovating and developing to meet the demands of the current times. With a united and like-minded team, it achieves outstanding quality, fulfills social responsibilities, and seeks sustainable mutual benefit. Chien Kuo Construction is a new generation of construction teams that is technology based, social-cared, and humanistic-aesthetics-oriented. Looking forward to 2024, ESGs will continue to raise the enterprises' awareness of environmental protection, social responsibility, and corporate governance. The Company's Fuxing Public Housing project also received the Gold Quality Award in the 23rd Public Works Awards in 2023 as the only social housing project in the country to receive this distinction. It is anticipated that the government will continue to promote the construction of a large number of social housing units in the future. We will align ourselves with government policies and continue to pursue relevant integrated construction projects. Additionally, the Company will persist in utilizing aluminum formwork construction methods instead of traditional formwork to achieve carbon reduction benefits. Furthermore, in accordance with government policies, we will introduce migrant workers to address the issue of a shortage of

skilled laborers in certain technical fields. The Company will continue to maintain a balanced mix of residential, factory, and public works, and strive to diversify its products for more robust operations. We also focus on project automation and project management information services with our construction experience and emerging technologies to continue our efforts toward sustainable management. 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 12nd International Federation of Asian & Western Pacific Contractors Association
1974	Contracted for the tunnel construction for the North-Link Railway, one of the government's Ten Major Infrastructure Projects
1976	Mr. TSAI Ming-shou became the third chairman.
1980	Launched the limestone mining business in Ho-Ping Mine Ground of Taiwan Cement Corporation, becoming the first professional mining company to enter the mine ground.
1988	Mr. CHEN Chi-te became the fourth chairman.
1993	Paid-in-capital amounted to NT\$310 million and staged the initial public offering.
1995	1. Contracted for the structure construction of new plants of UTAC-Taiwan in Hsinchu Science Park, the first such performance in high-tech plant construction. 2. Established Shanghai Chien Kuo Concrete Co., Ltd. and entered the pre-mix concrete market in China.
1999	Officially listed as an OTC stock trade on TPEX.
2001	Established CKTech Engineering Co., Ltd. to integrate mechanical and electrical engineering
2003	Listed from TPEX to TWSE.
2005	Received Merit of Excellence in Construction from the Chinese Institute of Engineers
2008	Won the first place prize in the Golden Lion Award in the National Golden Award for Architecture

Time	Overview
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"> <li>1. Contracted for construction of the main structure of National Kaohsiung Center for the Arts (Weiwuying)</li> <li>2. Received Merit of Excellence, Best Management and Best Design at the Taipei City 2nd Fence Greening Contest.</li> <li>3. Honored at the 10th Arts and Business Award awarded by Council for Cultural Affairs of the Executive Yuan.</li> </ol>
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"> <li>1. Received the Excellence Award at 2014 Taipei City Corporate Volunteering Award</li> <li>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.</li> <li>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.</li> </ol>
2016	<ol style="list-style-type: none"> <li>1. Received three awards including Excellent Unit Award/Excellent Personnel Award/Innovative Occupational Safety Award at the Taipei City 2015 Labor Safety Award</li> <li>2. Received Occupational Safety Model Award at the MOL 2015 Promotion of Occupational Safety and Health Award</li> <li>3. Received Golden Stone Award and Golden Stone Grand Award at the 24th Chinese Golden Stone Award for Architecture regarding construction quality</li> </ol>
2017	<ol style="list-style-type: none"> <li>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.</li> <li>2. Received the Award for Respect and Keenness Toward Jobs at the 2016 New Taipei City Labor Safety Award.</li> <li>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.</li> <li>4. The construction of "Defu Ruiguang" was awarded the Award for Outstanding Self-management of Construction Site at the 2016 Labor Safety Award.</li> <li>5. The construction of the "Pinyang Xinzhuang" project won the Excellent Unit Award at the 2016 MOL Promotion of Occupational Safety and Health Award and the Excellent Unit Award at the 2016 New Taipei City Labor Safety Award.</li> <li>6. The construction of the "Cathay Minsheng" project was awarded the Excellent Unit Award for 2016 awarded by Kaohsiung City Labor Bureau.</li> </ol>

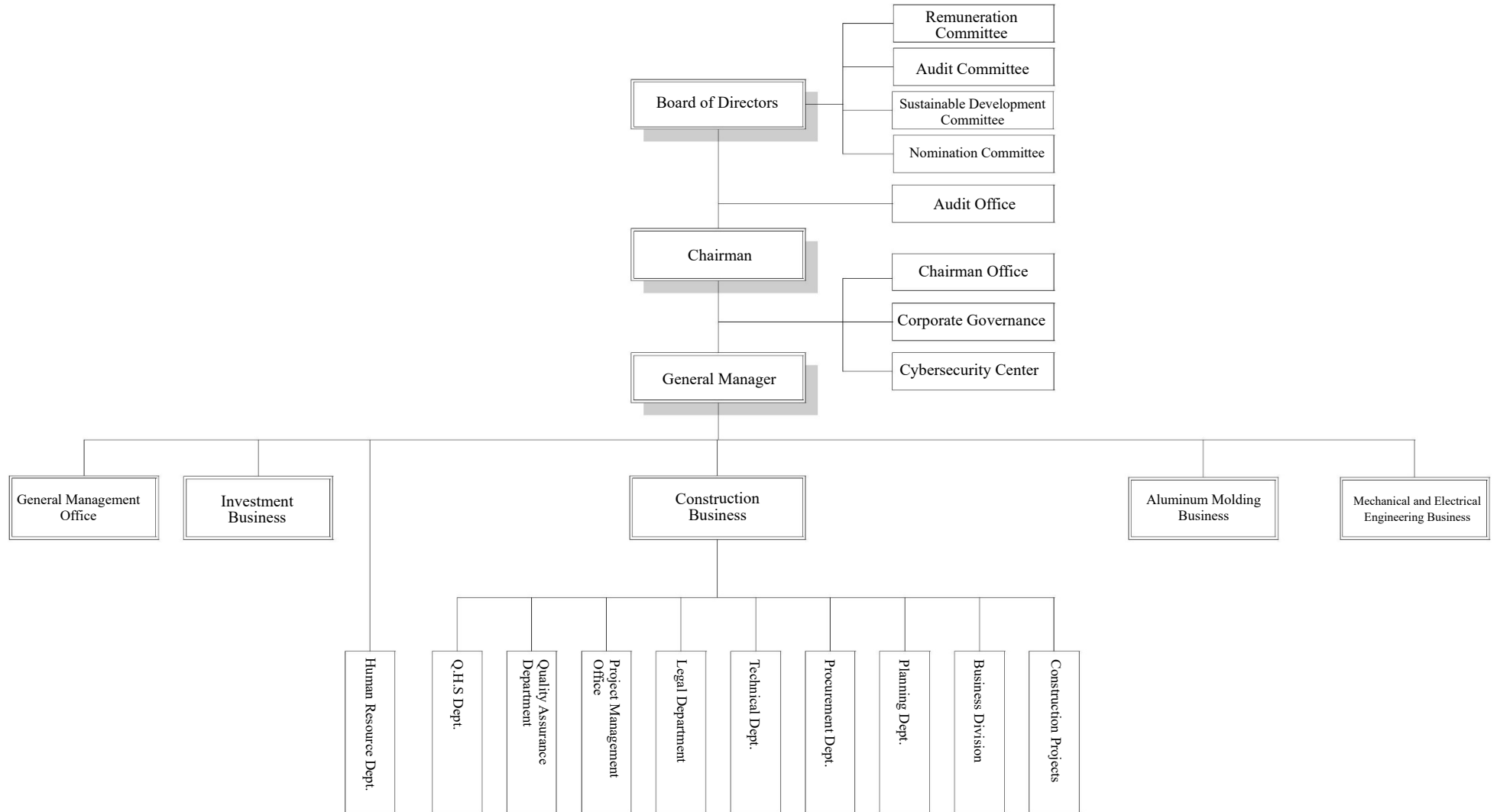
Time	Overview
2018	<ol style="list-style-type: none"> <li>1. Mr. Chang-shiou WU, the corporate representative of Chien Hui Investment Co., Ltd., appointed as the Chairman.</li> <li>2. The construction of the "Fubon Hotel" was awarded two awards, namely, the National Excellent Unit Award by the Ministry of Labor of the Executive Yuan and the Excellent Promotion Unit Award at the Taipei City Labor Safety Award.</li> <li>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.</li> <li>4. The construction of the "Zhonglu No. 2" social housing project was awarded the MOL Golden Safety Award for Public Construction.</li> <li>5. The construction of the "Fubon Infinite" project was awarded the Excellent Construction Site for 2018 by the Kaohsiung Environmental Protection Bureau.</li> <li>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.</li> </ol>
2019	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>4. The construction of the "Fubon Infinite" project was awarded the Excellent Construction Site for 2019 by the Kaohsiung Environmental Protection Bureau.</li> </ol>
2020	<ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>3. The Company was awarded the 2019 Excellent Job Security Card by the Taipei City Labor Bureau.</li> <li>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.</li> <li>5. The construction of the "Pinyang Xinzhuang" was awarded the 2020 Golden Safety Award by the Ministry of Labor.</li> </ol>

Time	Overview
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	<ol style="list-style-type: none"> <li>1. The construction of the social housing 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.</li> <li>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.</li> <li>3. The construction of "Zuoying Community" was awarded the Excellent Construction Site for 2022 by the Kaohsiung Environmental Protection Bureau.</li> <li>4. The construction of "Tsuchihiro Youth Housing" was awarded The 22nd Golden Quality Award for Public Construction of the Public Construction Committee, Executive Yuan.</li> </ol>
2023	<ol style="list-style-type: none"> <li>1. The construction of "Fuxing Public Housing" was awarded The 23rd Golden Quality Excellence Award for Public Construction of the Public Construction Committee, Executive Yuan.</li> <li>2. The construction of the "Cathay Harvest" was awarded two awards, namely, 2023 National Excellent Unit Award by the Ministry of Labor of the Executive Yuan and the Excellent Promotion Unit Award 2023 at the Taipei City Occupational Safety Unit Award.</li> <li>3. The Company was awarded four major honors: the National Health Administration's Health Construction Site Promotion Gold Award and Health Construction Site Promotion New Star Award for the year 2023, the Taipei City Department of Labor's Labor Safety Award - Great Heart Boss, and the New Taipei City Occupational Safety Award - Excellence in Sustainable Health and Safety.</li> </ol>

# 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"> <li>1. Supervise and verify the operational performance of the Group and its various business segments.</li> <li>2. Design and implement the business strategy of the Group and its various business segments.</li> <li>3. Execute Board resolutions.</li> <li>4. Maintain investor relations.</li> <li>5. Design and implement environmental protection, sustainable development, corporate social responsibility and governance (CSR), define corporate identity (CI), and maintain corporate image.</li> </ol>
Construction Business	<ol style="list-style-type: none"> <li>1. Contract for and construction of residential buildings, factory, technology buildings, office buildings, medical facilities, large-scale industrial/commercial wholesale/shopping development projects.</li> <li>2. Construction project management services.</li> <li>3. Promote R&amp;D works regarding new construction technology.</li> <li>4. Architecture design; plan and implement the construction operation on a turnkey basis.</li> </ol>
Mechanical and Electrical Engineering Business	<ol style="list-style-type: none"> <li>1. Planning, design and execution of standardized operations in electrical and mechanical engineering.</li> <li>2. Establishing electrical and mechanical standard operation specification and analysis review.</li> <li>3. Establishment of self-organized itemization and subcontract management.</li> <li>4. Control electric and mechanical quality and progress, test electric and mechanical system and review.</li> <li>5. Development and promotion of new technologies in electrical and mechanical engineering.</li> <li>6. Mechanical and electrical engineering in turnkey project planning and implementation.</li> </ol>
Aluminum Molding Business	<ol style="list-style-type: none"> <li>1. Plan and implement aluminum molding for project.</li> <li>2. Prepare aluminum molding according to short, medium and long term requirements.</li> <li>3. Develop the implement of the full life cycle operation of aluminum molding.</li> <li>4. Development and extension of technology related to aluminum molding construction.</li> </ol>
Investment Business	<ol style="list-style-type: none"> <li>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.</li> <li>2. Business development, investment, merger and acquisition feasibility analysis, execution and operation management.</li> <li>3. Real estate market research and study, land development strategy proposal and investment analysis and estimation, development project report and contract related documents review.</li> </ol>

Department Name	Business
Human Resource Dept.	<ol style="list-style-type: none"> <li>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.</li> <li>2. Launch projects to promote the Company's vision and strategy - key performance evaluation, incentive rewards, occupational competence evaluation.</li> <li>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.</li> <li>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 enterprise talent promotion programs organized by the Workforce Development Agency, Ministry of Labor.</li> <li>5. Other personnel administration.</li> </ol>
General Management Office	<ol style="list-style-type: none"> <li>1. Accounting works and preparation of financial statements, planning and treatment of taxation.</li> <li>2. Prepare, execute and review the annual budget.</li> <li>3. Fund planning and raising, daily financial operations, post-investment tracking management and other services.</li> <li>4. Assist the business units in the feasibility assessment of new business development, return on investment and use of funds.</li> <li>5. Plan and implement the strategic development of enterprise-wide hardware and software.</li> <li>6. Plan and implement relevant information security safeguards.</li> <li>7. Build an ERP system and other services that are needed for future business development.</li> <li>8. Handle general affairs matters, execute asset inventory management, and manage document and seal management.</li> </ol>

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

### (I) Board of Directors

#### 1. Directors Information

Date of Book Closure: April 20, 2024

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 0	18.25% 0.00%	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) & President, CKTech 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 Limited Director of Golden Canyon Limited Director of CK Asia Co., Ltd.	-	-	-	-
Vice Chairperson	Republic of China (R.O.C.)	Chi-Te Chen	Male 66-70	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 Director of Chia Hsin Cement Corporation Director (corporate representative) of Chia Hsin Property Management and Development Director (corporate representative) of China Real Estate Management Co., Ltd. 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 CKTech Engineering Co., Ltd. Director of Silver Shadow Holding Limited Director of Golden Canyon Limited Director of CK Asia Co., Ltd. Chairman of Chien Hwei Investment Co., Ltd. Chairman of Jui Huei Trading Co., Ltd. Chairman of Deqing Investment Co., Ltd.	-	-	-	-



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 (corporate representative) of Rock Publishing International Chairman of Chien Kuo Foundation for Arts and Culture Chairman of Chien Huei Cultural & Educational Foundation				
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. 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.)	Representative of Chien Hsiang Investment Co., Ltd.: Jui-Hsing Tsai	Male 41-45	2021.07.22	3	2015.06.22 2018.06.29	578,400 0	0.22% 0.00%	578,400 0	0.22% 0.00%	0 0	0.00% 0.00%	0 0	0.00% 0.00%	Martin College DIPLOMA OF GRAPHIC DESIGN (MULTIMEDIA)	Chairman of Jianxin Construction Co., Ltd. Chairman of Jianxiang Development Co., Ltd. Chairman of Jianxiang Investment Co., Ltd. Supervisor of Jianxiang 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) and 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 of Huicheng Capital Co., Ltd. Supervisor of Happy Read Publication Company Limited 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. Chairman and General Manager of Chien Kuo Development Co., Ltd. Director (corporate representative) of CKTech 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 Limited Director of Golden Canyon Limited Director of 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	Chairman of China Real Estate Management Chairman (corporate representative), China Development Asset Management 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, 66-70	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	Qbic 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%	1,888,316	0.75%	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 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 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 Emeritus 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)	Chairman, Citygreat Information Technology Co., Ltd. Adjunct Associate Professor, Department of Business Administration & Department of Civil and Construction Engineering, National Taiwan University of Science and Technology Director, Hold Crown Company Limited Executive Director, Mahasati Meditation Taiwan Supervisor, Construction Management Association of the Republic of China	-	-	-	-

## 2. Major institutional shareholders

April 20, 2024

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. If any major shareholder is a corporate/juristic person: Not applicable.

## 4. Directors Information

April 20, 2024

Criteria Name	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 Deputy 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	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

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	
Chi-Hsin Chen	Former Supervisor, Chien Kuo Construction Co., Ltd.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
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	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
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. 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 20, 2024

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	0	0.00%	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 General Manager, Chien Kuo Construction Co., Ltd. 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 Deputy General Manager of Hong Pu Real Estate Development Co., Ltd. General Manager of Chien Kuo Asia Co., Ltd.	Chairman (corporate representative) and General Manager of Chien Kuo Development Co., Ltd. Chairman (corporate representative) and General Manager of Jian Bang Construction Co.,Ltd. Director (corporate representative) of CKTech Engineering Co., Ltd. Director (corporate representative), Golden Canyon Venture Capital Investment 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	Relation- ship	
												Director (corporate representative), Golden Canyon II Venture Capital Investment Co., Ltd. Director of Silver Shadow Holding Limited Director of Golden Canyon Limited Director of CK Asia Co., Ltd. Director of Chien Ya (Shanghai) Information Technology Co., Ltd.				
Consultant	Republic of China (R.O.C.)	Yi-Hsin Pang (Note 3)	Male	2013.07.22	9,735	0.00%	3,136	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 Concrete Business	Republic of China (R.O.C.)	Kuo-Feng Ting (Note 4)	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.	Director and General Manager of Chien Ya (Shanghai) Information Technology Co., Ltd.	-	-	-	-
General Manager of Mechanical and Electrical Engineering Business	Republic of China (R.O.C.)	Jin-Hui Zhou (Note 5)	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 of Fu Tse Construction Co., Ltd. Executive Secretary of ROC Construction Industry Foundation for RnD	General Manager of CKTech Engineering 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	Relation- ship	
General Manager of Aluminum Molding Business	Republic of China (R.O.C.)	Jun-Kuang Yang (Note 6)	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	-	-	-	-	-
General Manager of Aluminum Molding Business	Republic of China (R.O.C.)	Wen- Cheng Li (Note 7)	Male	2024.03.01	0	0.00%	0	0.00%	0	0.00%	Department of Civil Engineering, National Taiwan University	General Manager of Leader Construction Co., Ltd.	-	-	-	-
Vice General Manager	Republic of China (R.O.C.)	Kuan-Chun Chang	Male	2016.04.16	27,024	0.01%	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 8)	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.	-	-	-	-	-

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	Relation- ship	
											Manager of the Engineering Department, The Eslite Corporation					
Vice General Manager	Republic of China (R.O.C.)	I-Cheng Lin (Note 9)	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 (Note 10)	Male	2020.11.09	0	0.00%	0	0.00%	0	0.00%	Department of Civil Engineering, National Taiwan University	-	-	-	-	-
Vice General Manager	Republic of China (R.O.C.)	Wei-Pin Wang	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 11)	Male	2021.11.01	9,000	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 12)	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	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 Manager 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	Relation- ship	
Vice General Manager	Republic of China (R.O.C.)	Chung-Fu Kuan (Note 13)	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.)	Wan-Li Huang (Note 14)	Female	2023.08.01	0	0.00%	0	0.00%	0	0.00%	Department of Business Administration, Soochow University	-	-	-	-	-
Vice General Manager	Republic of China (R.O.C.)	Ching- Yang Lu (Note 15)	Male	2024.02.16	224	0.00%	0	0.00%	0	0.00%	Department of Construction Engineering, National Taiwan Institute of Technology	-	-	-	-	-
Assistant General Manager	Republic of China (R.O.C.)	Cheng-Te Chou	Male	2008.03.28	36,523	0.01%	0	0.00%	0	0.00%	MBA, San Diego State University (USA) Assistant General Manager, Auditing Office, Senao International Assistant General Manager, Auditing Office, Continental Engineering Group	-	-	-	-	-
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 of Financial Planning Department of Far EasTone Telecommunications Co., Ltd. Manager of the Accounting Department of NCIC	Director of Chien Ya (Shanghai) Information Technology Co., Ltd. Supervisor (corporate representative) of Wan Chang Venture Capital Co., Ltd. Supervisor (corporate representative) of 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.	-	-	-	-

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	Relation- ship	
												Supervisor (corporate representative) of CKTech Engineering 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 CKTech Engineering Co., Ltd. Accounting Manager of Golden Canyon Venture Capital Investment Co., Ltd. Accounting Manager of Golden Canyon II Venture Capital Investment Co., Ltd. Accounting Manager of Leader Construction 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 Business Administration, National Chengchi University 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, Chenyu Law 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 Yi-Hsin Pang resigned on May, 2023.

Note:4 Kuo-Feng Ting resigned on February, 2024.

Note:5 Ching-Hui Chou was newly elected as General Manager of Elecrtic Machinery on February, 2023; resigned on January, 2024.

Note:6 Jun-Kuang Yang resigned on October, 2023.

Note:7 Wen-Cheng Li was newly elected as Vice General Manager on March, 2023; elected as General Manager of Aluminum Molding on March, 2024.

Note:8 Wen-Yun Tien resigned on January, 2023.

- Note:9 I-Cheng Lin resigned on February 2024.
- Note:10 Wen-Kuei Chiang resigned on November, 2023.
- Note:11 Shih-Yung Tai resigned on January, 2023.
- Note:12 Hsiu-Hsun Chen was newly elected on August, 2023.
- Note:13 Chung-Fu Kuan was newly elected on March, 2023.
- Note:14 Wan-Li Huang was newly elected on August, 2023.
- Note:15 Ching-Yang Lu was newly elected on February 2024.
- Note:16 The Company does not have a Chairman and CEO or an equivalent position (top executive) held by the same person, spouses, or first-degree relatives.

### 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\$ Thousands

Title	Name	Remuneration to Directors								(A+B+C+D) as a % of Net Income (Note 10)		Relevant Remuneration Received by a Director Who is Also an Employee of the Company								Total of (A+B+C+D+E+F+G) and 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	-	-	1,249	1,249	14	14	1,863 0.55%	1,863 0.55%	13,351	13,351	-	-	8	-	8	-	15,222 4.50%	15,222 4.50%	-
Vice Chairperson	Chi-Te Chen	0	0	-	-	933	933	14	14	947 0.28%	947 0.28%	-	-	-	-	-	-	-	-	947 0.28%	947 0.28%	-
Directors	Pang-Yen Yang	240	240	-	-	624	624	14	14	878 0.26%	878 0.26%	-	-	-	-	-	-	-	-	878 0.26%	878 0.26%	-
Juristic-person Director	Representative of Chien Hsiang Investment Co., Ltd.: Jui-Hsing Tsai	240	240	-	-	624	624	14	14	878 0.26%	878 0.26%	-	-	-	-	-	-	-	-	878 0.26%	878 0.26%	-
Directors	Tzu-Chiang Yang	240	240	-	-	624	624	14	14	878 0.26%	878 0.26%	-	-	-	-	-	-	-	-	878 0.26%	878 0.26%	-
Juristic-person Director	Chien Hwei Investment Co., Ltd. Representative: Pai-Tso Sun	240	240	-	-	624	624	14	14	878 0.26%	878 0.26%	4,182	4,182	-	-	8	-	8	-	5,068 1.50%	5,068 1.50%	-
Directors	Chung Cheng	240	240	-	-	624	624	14	14	878 0.26%	878 0.26%	-	-	-	-	-	-	-	-	878 0.26%	878 0.26%	-
Directors	Chu-Hsin Lee	240	240	-	-	624	624	14	14	878 0.26%	878 0.26%	-	-	-	-	-	-	-	-	878 0.26%	878 0.26%	-
Directors	Yu-Jui Chang	240	240	-	-	624	624	14	14	878 0.26%	878 0.26%	-	-	-	-	-	-	-	-	878 0.26%	878 0.26%	-

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								Total of (A+B+C+D+E+F+G) and 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				
Directors	Chi-Hsin Chen	240	240	-	-	624	624	14	14	878 0.26%	878 0.26%	-	-	-	-	-	-	-	-	878 0.26%	878 0.26%	-	-
Independent Director	Chin-Pao Tsai	960	960	-	-	-	-	30	30	990 0.29%	990 0.29%	-	-	-	-	-	-	-	-	990 0.29%	990 0.29%	-	-
Independent Director	Chen-Yu Feng	960	960	-	-	-	-	30	30	990 0.29%	990 0.29%	-	-	-	-	-	-	-	-	990 0.29%	990 0.29%	-	-
Independent Director	Li-Hsing I	960	960	-	-	-	-	30	30	990 0.29%	990 0.29%	-	-	-	-	-	-	-	-	990 0.29%	990 0.29%	-	-
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																							

### 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 Pang-Yen Yang Tzu-Chiang Yang Chung Cheng Chu-Hsin Lee Yu-Jui Chang Chi-Te Chen Chi-Hsin Chen	Chin-Pao Tsai Chen-Yu Feng Li-Hsing I Pang-Yen Yang Tzu-Chiang Yang Chung Cheng Chu-Hsin Lee Yu-Jui Chang Chi-Te Chen Chi-Hsin Chen	Chin-Pao Tsai Chen-Yu Feng Li-Hsing I Pang-Yen Yang Tzu-Chiang Yang Chung Cheng Chu-Hsin Lee Yu-Jui Chang Chi-Te Chen Chi-Hsin Chen	Chin-Pao Tsai Chen-Yu Feng Li-Hsing I Pang-Yen Yang Tzu-Chiang Yang Chung Cheng Chu-Hsin Lee Yu-Jui Chang Chi-Te Chen Chi-Hsin Chen
	Chien Siang Investment Co., Ltd. Represented by Jui-Hsing Tsai Representative of Chien Hui Investment Co., Ltd.: Pai-Tso Sun	Chien Siang Investment Co., Ltd. Represented by Jui-Hsing Tsai Chien Hwei Investment Co., Ltd. Represented by Pai-Tso Sun	Chien Siang Investment Co., Ltd. Represented by Jui-Hsing Tsai	Chien Siang Investment Co., Ltd. Represented by Jui-Hsing Tsai
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Representative of Chien Hui Investment Co., Ltd.: Chang-Shiou Wu	Representative of Chien Hui Investment Co., Ltd.: Chang-Shiou Wu		
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	-	-	-	-
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 2023 (including their salaries, duty allowance, severance payments, bonuses, and performance rewards).
- Note:3 The remuneration paid to directors in 2023 was NT\$12,522 thousand as resolved by the Company's Board Meeting on March 13, 2024; such amount for distribution was estimated in accordance with the Company's Regulations Governing Allocation and Payment of Remuneration to Directors. The total amount of directors' remuneration for 2023, including the amount to be paid by the corporate directors in 2022 (NT\$1,873 thousand for Chien Hwei Investment Co., Ltd. and NT\$624 thousand for Chien Hsiang Investment Co., Ltd., not to the representatives), is NT\$7,178 thousand.
- Note:4 Business expenses paid out to directors in 2023 (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\$3,639 thousand.
- Note:5 Referred to the remuneration paid to directors in 2023 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\$1,489 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 2023, 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 2023 was NT\$338,513 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	29,032	30,091	0	0	14,883	14,883	92	0	92	0	44,007 13.00%	45,066 13.31%	-
General Manager (Note 11)	Mao-Sheng Kan													
Chief Financial Officer	Pai-Tso Sun													
Consultant (Note 12)	Yi-Hsin Pang													
General Manager of Concrete Business	Kuo-Feng Ting													
General Manager of Mechanical and Electrical Engineering Business (Note 13)	Jin-Hui Zhou													
General Manager of Aluminum Molding Business (Note 14)	Jun-Kuang Yang													
General Manager of Aluminum Molding Business (Note 15)	Wen-Cheng Li													
Vice General Manager	Kuan-Chun Chang													
Vice General Manager (Note 16)	Wen-Yun Tien													
Vice General Manager	I-Cheng Lin													

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			
Vice General Manager (Note 17)	Wen-Kuei Chiang													
Vice General Manager	Wei-Pin Wang													
Vice General Manager	Hsi-Chun Liu													
Vice General Manager (Note 18)	Shih-Yung Tai													
Vice General Manager (Note 19)	Hsiu-Hsun Chen													
Vice General Manager	Sheng-I Yen													
Vice General Manager (Note 20)	Chung-Fu Kuan													
Vice General Manager (Note 21)	Wan-Li Huang													
Vice General Manager (Note 22)	Ching-Yang Lu													

## 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	Shi-Ning Dong Wen-Yun Tien Shih-Yung Tai Hsiu-Hsun Chen Yi-Hsin Pang	Shi-Ning Dong Wen-Yun Tien Shih-Yung Tai Hsiu-Hsun Chen Yi-Hsin Pang
NT\$1,000,000 (inclusive)~NT\$2,000,000 (exclusive)	Jun-Kuang Yang Wen-Kuei Chiang Wan-Li Huang	Jun-Kuang Yang Wen-Kuei Chiang Wan-Li Huang
NT\$2,000,000 (inclusive)~NT\$3,500,000 (exclusive)	Jin-Hui Zhou Kuo-Feng Ting Wen-Cheng Li I-Cheng Lin Chung-Fu Kuan Kuan-Chun Chang Wei-Pin Wang Sheng-I Yen Ching-Yang Lu	Jin-Hui Zhou Kuo-Feng Ting Wen-Cheng Li I-Cheng Lin Chung-Fu Kuan Kuan-Chun Chang Wei-Pin Wang Sheng-I Yen Ching-Yang Lu
NT\$3,500,000 (inclusive)~NT\$5,000,000 (exclusive)	Mao-Sheng Kan Pai-Tso Sun Hsi-Chun Liu	Mao-Sheng Kan Pai-Tso Sun Hsi-Chun Liu
NT\$5,000,000 (inclusive)~NT\$10,000,000 (exclusive)	-	-
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 2023.

Note:3 Referred to the compensation paid to general managers or vice general managers, namely bonuses, performance rewards, transport fees, special allowances, other allowances, accommodation, provision of physical items such as a car, and other compensation for 2023. Excluding the company car and driver provided by the Company totaled NT\$0 thousand. The salary expenses recognized in accordance with IFRS 2 "Share based Payment," including the acquisition of employee stock option certificates and restricted stock awards (RSA), and participation in subscription of new shares in a capital increase by cash, shall also be accounted for as remuneration.

Note:4 The compensation paid to employees in 2023 was NT\$12,522 thousand as resolved by the Company's Board Meeting on March 13, 2024; such amount for distribution was estimated in accordance with the Company's Regulations Governing Employee Compensation, as well as personal performance.

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

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

- Note:7 Total compensation of various items paid to every general manager and vice general manager of the Company by all companies (including the Company) listed in the consolidated financial statements shall be disclosed. The name of the general manager and vice general manager shall also be disclosed in the proper compensation range.
- Note:8 “Net income” refers to the net income for 2023 amounted to NT\$338,513 thousand; for those who have adopted IFRS, the term “net income” denotes the net income as stated on the standalone/individual financial statements for the most recent annual period.
- Note:9
- a. Compensations of the Company's general manager and vice general managers received from investees other than the Company's subsidiaries or the parent company shall be disclosed in this column.
  - b. Where a general manager or vice general manager has received compensation from an investee other than the Company's subsidiaries or the parent company, such compensation shall be consolidated into column E of the Table of Remuneration Range, which column shall then be changed to the title of “Parent Company and All Reinvestment.”
  - c. Compensation denotes the rewards, compensation ( including compensation for an employee, a director and a supervisor) and related compensation in connection with business expenses that are paid to one of the Company's general manager or vice general manager who serves as a director, supervisor or manager for an investee other than the Company's subsidiaries.
- Note:10 Shi-Ning Dong resigned as General Manager on January, 2023.
- Note:11 Mao-Sheng Kan was newly elected as General Manager on February, 2023.
- Note:12 Yi-Hsin Pang resigned on May, 2023.
- Note:13 Ching-Hui Chou was newly elected as General Manager of Electric Machinery on February, 2023; resigned on January, 2024.
- Note:14 Jun-Kuang Yang resigned on October, 2023.
- Note:15 Wen-Cheng Li was newly elected as Vice General Manager on March, 2023; elected as General Manager of Aluminum Molding on March, 2024.
- Note:16 Wen-Yun Tien resigned on January, 2023.
- Note:17 Wen-Kuei Chiang resigned on November, 2023.
- Note:18 Shih-Yung Tai resigned on January, 2023.
- Note:19 Hsiu-Hsun Chen was newly elected on August, 2023.
- Note:20 Chung-Fu Kuan was newly elected on March, 2023.
- Note:21 Wan-Li Huang was newly elected on August, 2023.
- Note:22 Ching-Yang Lu was newly elected on February 2024.
- \* 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

December 31, 2023 / 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	126	126	0.04%
	General Manager (Note 4)	Mao-Sheng Kan				
	Chief Financial Officer	Pai-Tso Sun				
	General Manager of Concrete Business	Kuo-Feng Ting				
	Consultant (Note 5)	Yi-Hsin Pang				
	General Manager of Mechanical and Electrical Engineering Business (Note 6)	Jin-Hui Zhou				
	General Manager of Aluminum Molding Business (Note 7)	Jun-Kuang Yang				
	General Manager of Aluminum Molding Business (Note 8)	Wen-Cheng Li				
	Vice General Manager	Kuan-Chun Chang				
	Vice General Manager (Note 9)	Wen-Yun Tien				
	Vice General Manager	I-Cheng Lin				
	Vice General Manager (Note 10)	Wen-Kuei Chiang				
	Vice General Manager	Wei-Pin Wang				
	Vice General Manager	Hsi-Chun Liu				
	Vice General Manager (Note 11)	Shih-Yung Tai				
	Vice General Manager (Note 12)	Hsiu-Hsun Chen				
	Vice General Manager	Sheng-I Yen				
	Vice General Manager (Note 13)	Chung-Fu Kuan				
	Vice General Manager (Note 14)	Wan-Li Huang				
	Vice General Manager (Note 15)	Ching-Yang Lu				
	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 2023 was NT\$12,522 thousand as resolved by the Company's Board Meeting on March 13, 2024; such amount for distribution was estimated in accordance with the Company's Regulations Governing Employee Compensation, as well as personal performance. "Net income" refers to the net income for 2023 amounted to NT\$338,513 thousand; for those who have adopted IFRS, the term "net income" denotes the net income as stated on the standalone/individual financial statements for the most recent annual period.

Note:3 Shi-Ning Dong resigned as General Manager on January, 2023.

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

- Note:5 Yi-Hsin Pang resigned on May, 2023.
- Note:6 Ching-Hui Chou was newly elected as General Manager of Elecrtic Machinery on February, 2023; resigned on January, 2024.
- Note:7 Jun-Kuang Yang resigned on October, 2023.
- Note:8 Wen-Cheng Li was newly elected as Vice General Manager on March, 2023; elected as General Manager of Aluminum Molding on March, 2024.
- Note:9 Wen-Yun Tien resigned on January, 2023.
- Note:10 Wen-Kuei Chiang resigned on November, 2023.
- Note:11 Shih-Yung Tai resigned on January, 2023.
- Note:12 Hsiu-Hsun Chen resigned on August, 2023.
- Note:13 Chung-Fu Kuan was newly elected on March, 2023.
- Note:14 Wan-Li Huang was newly elected on August, 2023.
- Note:15 Ching-Yang Lu was newly elected on February 2024.

- (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	2022	2023
	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	20.40%	8.97%
Supervisor	0%	0%
General Manager and Vice General Managers	29.46%	13.31%

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 2023, the Company held a total of 7 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	7	0	100%	-
Vice Chairperson	Chi-Te Chen	7	0	100%	-
Directors	Pang-Yen Yang	7	0	100%	-
Directors	Representative of Chien Siang Investment Co., Ltd.: Jui-Hsing Tsai	6	1	86%	-
Directors	Tzu-Chiang Yang	7	0	100%	-
Directors	Chien Hwei Investment Co., Ltd. Representative: Pai-Tso Sun	6	1	86%	-
Directors	Chung Cheng	7	0	100%	-
Directors	Chu-Hsin Lee	7	0	100%	-
Directors	Chi-Hsin Chen	6	1	86%	-
Directors	Yu-Jui Chang	7	0	100%	-
Independent Director	Chin-Pao Tsai	7	0	100%	-
Independent Director	Chen-Yu Feng	7	0	100%	-
Independent Director	Li-Hsing I	7	0	100%	-
Other Required Disclosure:					
I. Among the seven board meetings held in 2023, each was attended by independent directors in person.					
II. In case any of the following circumstances occurs at the Board Meeting, it is required to clearly specify the meeting date, meeting session, meeting content, opinions of all independent directors, and the Company's response thereto:					
(I) Matters listed in Article 14-3 of the Securities and Exchange Act. The Company has established its Audit Committee; for details, please refer to the operations of the Audit Committee under Article 14-5 of the Securities and Exchange Act.					
(II) Board resolution to which an independent director objects or for which an independent director has a qualified opinion, either in documentation or in writing, in addition to matters stated in the preceding subparagraph. Independent directors who attended the Board Meeting, either in person or by proxy, did not have any objection to or qualified opinion for any of the proposals.					



III.	<p>Implementation Status of Directors' Avoidance of Meetings Due to Conflicts of Interests:</p> <p>(I) In the 22nd meeting of the 10th board of directors, the proposal for discussion on the remuneration of the Company's General Manager was held. Director Pai-Tso Sun and all attendees abstained from participating in the discussion and decision-making process due to conflicts of interest. All directors, except for Director Pai-Tso Sun who recused himself, attended the meeting and unanimously approved the proposal.</p> <p>(II) For the proposal to donate NT\$2 million to the Chien Kuo Foundation For Arts And Culture at the 10th 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) In the 14th meeting of the 22nd board of directors, the proposal for the Company to discuss the renewal of office lease with the related party "Chien Hwei Investment Co., Ltd." was raised. Director Chi-Te Chen abstained from participating in the discussion and decision-making process due to conflicts of interest. All directors, except for Director Chi-Te Chen who recused himself, attended the meeting and unanimously approved the proposal.</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:</p> <ol style="list-style-type: none"> <li>1. To strengthen supervisory functions and enhance management capabilities, the Company has established functional committees such as the Audit Committee, Remuneration Committee, Sustainable Development Committee, and Nomination Committee. Through these committees, the Company aims to reinforce the functions of the board of directors.</li> <li>2. All board members possess the knowledge, expertise, and skills required to fulfill their duties. The Company's management team regularly reports on the operational status to the board of directors, enabling board members to provide guidance and advice. Communication between board members and the management team is effective and collaborative. The accountants also periodically report to the Audit Committee and engage in private discussions with independent directors to confirm the effective implementation of risk control measures.</li> <li>3. In 2023, a total of 7 board meetings, 2 investor conference, and shareholder meetings were convened. In addition to recording important meeting decisions on the Taiwan Stock Exchange's Market Observation Post System, the Company also publishes full video recordings of shareholder meetings and investor conferences on its official website, ensuring transparency and accessibility of operational information for investors.</li> </ol>

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	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	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

	example, the performance evaluation for January 1, 2023 to December 31, 2023 shall be conducted in the 1st quarter of 2024.			<p>education of Directors, and internal control.</p> <p>The performance evaluation on individual Directors: Include the knowledge about the Company's objectives and tasks, the understanding of Director's liabilities, the degree of participation in the Company's operations, the internal relationship management and communication, the specialty and continuous education of Directors, and internal control.</p> <p>The performance evaluation on the Audit, Remuneration and Sustainable Development committees: The degree of participation in the Company's operation, the cognition of the responsibilities of the functional committee, the quality of decision-making of the functional committee, the composition and selection of members of the functional committee, internal control.</p>
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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 7 meeting in 2023.
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 7 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	7	-	100%	-
Independent Director	Chen-Yu Feng	7	-	100%	-
Independent Director	Li-Hsing I	7	-	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
2023/2/3 2nd Meeting of 2nd Extraordinary Meeting	The proposal of applying to China Import and Export Bank to increase the amount of project guarantee has been approved.	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.

	2023/3/15 9th meeting of the 2nd term	The Company's 2022 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. 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 2022.		
		The proposal to donate NT\$200 million to "Chien Kuo Foundation For Arts And Culture."		
		Proposal for the amendments to the "Internal Control System" section of the Company's regulations.		
		Proposal for the amendments to the "Operating Procedures for Transactions with Related Parties, Specific Companies, and Group Enterprises" section of the Company's regulations.		
		Proposal to revise the Company's Articles of Incorporation		
		Proposal for the Company's 2022 earnings distribution		
	2023/5/10 10th meeting of 2nd term	The Company's 2023 (in the first quarter) 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.
		Proposal for the discussion on the sale of land located in the Xinzhi section., Xinzhuang District, New Taipei City.		
	2023/8/11 11st meeting of 2nd term	The Company's 2023 (in the second quarter) 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.
		The provision of endorsement or guarantee for the invested subsidiary, Chien Bang Real Estate Development Co., Ltd., for the bank facility credit.		
		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 the proposal for the discussion on whether there is any financing change of the		

		payments receivable of the company and its subsidiaries.		
		Proposal to revise the Company's "Corporate Governance Best Practice Principles."		
		Proposal for the discussion on the formulation and revision of the "Operational Procedures for Loaning of Funds and Making of Endorsements/Guarantees" regarding various subsidiaries of the Company in which the Company has invested.		
	2023/11/10 12nd meeting of 2nd term	The Company's 2023 (in the third quarter) 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.
		Proposal for the discussion on the amendment of the Company's "Risk Management Policy and Operational Procedures."		
		Proposal for the discussion on adding the "Complaint Reporting Procedures" of the Company.	Audit Committee: On unanimous agreement from all attending committee members, it is deemed necessary to make corrections to the format and content of the procedure. The proposing unit is requested to make the necessary amendments and resubmit it for review by the Audit Committee.	Board of Directors: All attending directors unanimously agree to proceed according to the decision of the Audit Committee.
		Proposal for the discussion on the application form for the Company's 2024 Audit Plan.	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.
		Proposal for the discussion on the application for the renewal of bank credit facilities for our subsidiary, CKTech Engineering Co., Ltd.		
	2023/12/22	Proposal for the discussion on the Company to renew the office	Audit Committee: Unanimously	Board of Directors:

13rd meeting of 2nd term	lease with the related party, Chien Hwei Investment Co., Ltd.	approved by all committee members present as it had been proposed. Submitted to the Board of Directors for resolution.	Approved by all directors.
	Proposal for the discussion on adding the "Operational Procedures for the Preparation and Verification of Sustainability Reports" of the Company.		
	Proposal for the discussion on adding the "Whistleblowing Procedures" of the Company.		
2024/3/13 14th meeting of the 2nd term	Proposal for the discussion on the 2023 Company’s “Statement of Internal Control System”	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.
	The Company's 2023 Annual Business Report, Financial Statements and Consolidated Financial Statements Discussion.		
	Proposal for the discussion on the Company’s 2023 earnings distribution		
	Proposal for the discussion on the cash reduction of the Company.		
	Proposal for the discussion on the appointment of the CPAs certifying the 2024 Company’s financial statements.		
	Proposal for the discussion on donating NT\$200 million to "Chien Kuo Foundation For Arts And Culture."		
	Proposal for the discussion on providing endorsement guarantees for bank financing applications by our subsidiary, CKTech Engineering Co., Ltd., for investment purposes.		
(II) Apart from the preceding matters, any resolution that was not approved by the Audit Committee but approved by two-thirds of all directors: None.			
II. The implementation of avoidance of conflicts of interest by independent directors shall clearly specify the name of the independent director, meeting content, reasons for avoidance of conflicts of interest, and their participation in voting: None.			
III. Communication between independent directors, internal audit supervisors and CPAs (shall cover the critical matters, methods and results of the Company's financial and business conditions).			
(I) <b>Communication policy between independent directors, internal audit supervisors</b>			
The Internal Auditors and Independent Directors have communicated the result of the audit reports to the members of the Audit Committee through meeting. The internal auditing managers report results of the internal audits to independent directors once every quarter and monthly in writing to the independent directors. Should the urgency of the matter require it, meetings can be convened any time.			
The following table sets out the summary of subject matters for communication with the internal audit officers in 2023:			

Date	Communication Content	Status
2022.10~2023.11	Audit report for October 2022 to November 2023.	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.
2023.03.15 Audit Committee	The execution for the audit plan for October to December in 2022. Deficiencies and anomaly report on internal control, through internal control self-evaluation effectiveness report and internal control statement	The communication with the Independent Directors of the Company for the audit execution remains healthy.
2023.05.10 Audit Committee	The execution for the audit plan for January to March 2023. Audit deficiencies report is not completed.	The implementation and communication with the Independent Directors of the Company for the audit operations remains healthy.
2023.05.10 Audit Committee	The independent director communicates with the audit supervisor independently for 20 minutes on the whistleblower platform and internal control issues.	The Company's Independent Directors have maintained optimal communication about the audit.
2023.08.11 Audit Committee	The execution for the audit plan for March to June 2023. 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. The general manager of the mechanical and electrical company is invited to orally and by presentation explain the improvement of mechanical and electrical procurement and contracting operations in this meeting.
2023.11.10 Audit Committee	The execution for the audit plan for July to September 2023. Report on internal control procedures and analysis of internal control deficiencies and irregularities. Audit deficiencies report is not completed and submit the next year's audit plan.	The Independent Directors of the Company agreed to approve the 2024 Audit Plan. The communication of this meeting was healthy.
2023.11.10 Audit Committee	The independent director communicates with the audit	The Company's Independent Directors have maintained optimal communication about the audit.

	supervisor independently for 20 minutes on internal control issues.	Discussion on the amendment and adjustment of the provisions regarding whistleblowing procedures.
2023.12.22 Audit Committee	The execution for the audit plan for September to November 2023. 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 Vice General Manager of Sales was invited to present a report on the review of the bidding process and provide an explanation of preventive improvement measures in this meeting.

## (II) Communication Policy between Independent Directors and CPAs

Independent Directors and CPAs communicate through meeting. CPAs regularly report results of the audit, accounting estimates and other major issues financial accounting standards and changes in relevant securities and taxation regulations twice a year. 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 2023:

Date	Communication Content	Status
2023.3.15 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.
2023.3.15 Audit Committee	Audit results of the consolidated financial statements in 2022, long-term construction contracts, significant risks such as potential management override of controls, updates on the latest regulations and standards, and explanations on non-assurance services.	The overall communication between Independent Directors and the external auditors is healthy.
2023.11.10 Audit Committee	Clarification and explanation on the audit results of the Q3 consolidated financial statements in 2023.	The overall communication between Independent Directors and the external auditors is healthy.
2023.11.10 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.
2023.12.22 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.
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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			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 12nd meeting of the 22nd Board of Directors on August 11, 2023 and has been published on the Market Observation Post System and the Company's website.	No material deviations exist in that such principles has been revised pursuant to the latest version.
II. The shareholding structure of the Company and shareholders' interests				
(I) Does the Company establish an internal procedure for handling shareholder proposals, inquiries, disputes, and litigations? Are such matters handled according to the internal procedure?	V		(I) The Company's website (www.ckgroup.com.tw) has a stakeholder area to provide investors with a communication channel to deal with the problems stated on the left side.	No 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. The Company also regularly tracks and has insight into it via the monthly 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	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,	No significant deviation.

Item Assessed	Operation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
its associates? (IV) Does the Company stipulate internal rules that prohibit company insiders from trading securities using information not disclosed to the market?	V		internal audit system and related regulations and procedures, or laws and regulations. (IV) The Company has stipulated "Regulations Governing Insider Trading" that prohibit company insiders from trading securities using information not disclosed to the market.	No significant deviation.
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	No significant deviation.

Item Assessed	Operation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor																																																																																																																																																																																																																	
	Yes	No	Summary Description																																																																																																																																																																																																																		
			<div>7. Leadership capability 8. Decision-making capability 9. Venture capital investment</div> <div>■ Specific management objectives and implementation status:</div> <table><tr><th rowspan="2">Name of Director</th><th colspan="4">Basic Composition</th><th colspan="9">Professional Background</th></tr><tr><th>Nationality</th><th>Gender</th><th>With Employee Status</th><th>Age</th><th>Business Administration</th><th>Financial Analysis</th><th>Crisis Management</th><th>Leadership and Decision-making</th><th>Industrial Knowledge</th><th>Construction Management</th><th>Risk management function</th><th>Legal Profession</th><th>Venture Capital</th></tr><tr><td>Chang-Shiou Wu</td><td>Republic of China (R.O.C.)</td><td>Male</td><td>V</td><td>61~65</td><td>V</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td></td></tr><tr><td>Chi-Te Chen</td><td>Republic of China (R.O.C.)</td><td>Male</td><td></td><td>66~70</td><td>V</td><td>V</td><td></td><td>V</td><td>V</td><td></td><td>V</td><td></td><td>V</td></tr><tr><td>Pang-Yen Yang</td><td>Republic of China (R.O.C.)</td><td>Male</td><td></td><td>66~70</td><td>V</td><td>V</td><td></td><td>V</td><td></td><td></td><td></td><td></td><td>V</td></tr><tr><td>Tzu-Chiang Yang</td><td>Republic of China (R.O.C.)</td><td>Male</td><td></td><td>66~70</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td></td><td></td><td></td><td>V</td></tr><tr><td>Pai-Tso Sun</td><td>Republic of China (R.O.C.)</td><td>Male</td><td>V</td><td>61~65</td><td>V</td><td>V</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td></td></tr><tr><td>Chung Cheng</td><td>Republic of China (R.O.C.)</td><td>Male</td><td></td><td>61~65</td><td>V</td><td>V</td><td></td><td>V</td><td>V</td><td></td><td></td><td></td><td></td></tr><tr><td>Chu-Hsin Lee</td><td>Republic of China (R.O.C.)</td><td>Male</td><td></td><td>66~70</td><td>V</td><td>V</td><td></td><td>V</td><td></td><td></td><td></td><td></td><td>V</td></tr><tr><td>Chi-Hsin Chen</td><td>Republic of China (R.O.C.)</td><td>Male</td><td></td><td>56~60</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Yu-Jui Chang</td><td>Republic of China (R.O.C.)</td><td>Male</td><td></td><td>41~45</td><td>V</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Jui-Hsing Tsai</td><td>Republic of China (R.O.C.)</td><td>Male</td><td></td><td>41~45</td><td>V</td><td></td><td></td><td></td><td>V</td><td>V</td><td></td><td></td><td></td></tr><tr><td>Chin-Pao Tsai</td><td>Republic of China (R.O.C.)</td><td>Male</td><td></td><td>66~70</td><td>V</td><td>V</td><td>V</td><td></td><td></td><td></td><td>V</td><td></td><td></td></tr><tr><td>Chen-Yu Feng</td><td>Republic of China (R.O.C.)</td><td>Male</td><td></td><td>66~70</td><td></td><td></td><td></td><td></td><td></td><td></td><td>V</td><td>V</td><td></td></tr><tr><td>Li-Hsing I</td><td>Republic of China (R.O.C.)</td><td>Male</td><td></td><td>66~70</td><td>V</td><td></td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td></td></tr></table> <div>1. There were 13 members of the 22nd board of directors, including 3 independent directors, to ensure the independence of the board of directors.</div>	Name of Director	Basic Composition				Professional Background									Nationality	Gender	With Employee Status	Age	Business Administration	Financial Analysis	Crisis Management	Leadership and Decision-making	Industrial Knowledge	Construction Management	Risk management function	Legal Profession	Venture Capital	Chang-Shiou Wu	Republic of China (R.O.C.)	Male	V	61~65	V		V	V	V	V	V			Chi-Te Chen	Republic of China (R.O.C.)	Male		66~70	V	V		V	V		V		V	Pang-Yen Yang	Republic of China (R.O.C.)	Male		66~70	V	V		V					V	Tzu-Chiang Yang	Republic of China (R.O.C.)	Male		66~70	V	V	V	V					V	Pai-Tso Sun	Republic of China (R.O.C.)	Male	V	61~65	V	V		V	V	V	V			Chung Cheng	Republic of China (R.O.C.)	Male		61~65	V	V		V	V					Chu-Hsin Lee	Republic of China (R.O.C.)	Male		66~70	V	V		V					V	Chi-Hsin Chen	Republic of China (R.O.C.)	Male		56~60										Yu-Jui Chang	Republic of China (R.O.C.)	Male		41~45	V									Jui-Hsing Tsai	Republic of China (R.O.C.)	Male		41~45	V				V	V				Chin-Pao Tsai	Republic of China (R.O.C.)	Male		66~70	V	V	V				V			Chen-Yu Feng	Republic of China (R.O.C.)	Male		66~70							V	V		Li-Hsing I	Republic of China (R.O.C.)	Male		66~70	V			V	V	V	V			
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			<p>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"> <li>◆ Independent directors who are members of the Board of Directors shall serve for a continuous period of not more than nine years: Achieved</li> <li>◆ 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</li> <li>◆ The number of directors who are also employees of the Company is less than 1/3 of the number of directors: Achieved</li> <li>◆ 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, 3 director aged 61-65 and 7 directors aged 66-70.</li> </ul> <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</p>	

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(II) In addition to the Remuneration Committee and the Audit Committee established according to law, has the company voluntarily established other functional committees?	V		<p>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. on March 13, 2024, it was resolved by the 15th meeting of 22nd Board of Directors to establish the "Nomination Committee" to nominate director candidates and review candidates for senior management positions, aiming to enhance shareholder activism and improve corporate governance.</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 the Director Remuneration and the nomination for reappointment?	V		<p>(III) The Company has established a Regulations Governing Evaluation of Board Performance, which stipulates an external evaluation every three years. In October 2023, the Taiwan Investor Relation Institute was commissioned to conduct the external evaluation, covering the period from October 1, 2022, to September 30, 2023. The evaluation targets include the overall operations of the board and functional committees.</p> <p>Summary Description:</p> <p>(1) The Board of Directors' performance evaluation has achieved an average score of 95.32, surpassing the set standard.</p> <p>(2) The Functional Committees' performance evaluation has achieved an average</p>	No significant deviation.

Item Assessed	Operation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
			<p>score of 94.72, surpassing the set standard.</p> <p>■ After conducting on-site interviews, the Taiwan Investor Relation Institute has made the following recommendations:</p> <p>(1) The composition of the Sustainability Development Committee will be adjusted so that more than half of its members are independent directors.</p> <p>(2) The composition structure of the Board of Directors will incorporate gender diversity.</p> <p>(3) The number of independent directors on the board has increased to over one-third of the total number of directors.</p> <p>(4) Develop an intellectual property management plan and implement the Taiwan Intellectual Property Management System (TIPS).</p> <p>(5) Publish the annual financial report verified by CPAs within two months after the end of the accounting year.</p> <p>Regarding the aforementioned recommendations, the Company has drafted the following improvement plan:</p> <p>(1) The recommendations regarding gender diversity on the board and the seat of independent director will be incorporated into the improvement plan during the re-election of the 23rd board of directors of the Company.</p> <p>(2) The implementation of the Intellectual Property Management Plan has undergone relevant procedural discussions and adjustments. Efforts are being made to complete the verification of the management system in the short term.</p> <p>(3) The timing of the release of the annual financial report will be confirmed with the CPAs to ensure feasibility, and internal operational procedures will be reviewed to ensure compliance.</p> <p>The Company has conducted the performance evaluation on the Board of</p>	

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			<p>Directors for 2023 in the first quarter of 2024. 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.</p> <p>The internal performance evaluation on the Board of Directors:</p> <ul style="list-style-type: none"><li>■ The measurement of the performance evaluation of the Board (including functional committees) includes five major dimensions: (1)The extent to which they participate in the operation of the company. (2)Improvement in the quality of participation on Board of Directors. (3)The composition and structure of the Board and various functional committees. (4)Selection and continuing education of directors. (5)Internal control.</li><li>■ The measurement items of the performance evaluation of the Board made by Board members themselves comprise six major dimensions: (1)Mastery of company goals and tasks. (2)Cognition of directors' duties. (3)The extent to which they participate in the operation of the company. (4)Internal relationship management and communication. (5)Selection and continuing education of directors. (6)Internal control.</li><li>■ Evaluation Outcome: (1)Outcome of the self-conducted evaluation of overall Board performance:</li></ul> <table><tr><th>Evaluation Dimension</th><th>Evaluation Outcome</th></tr><tr><td>The extent to which they participate in the operation of the company.</td><td>Beyond the standard</td></tr></table>	Evaluation Dimension	Evaluation Outcome	The extent to which they participate in the operation of the company.	Beyond the standard	
Evaluation Dimension	Evaluation Outcome							
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			<table><tr><td>Improvement in the quality of Board decision-making.</td><td>Beyond the standard</td></tr><tr><td>The composition and structure of the Board and various functional committees.</td><td>Beyond the standard</td></tr><tr><td>Selection and continuing education of directors.</td><td>Beyond the standard</td></tr><tr><td>Internal control.</td><td>Beyond the standard</td></tr></table> <p>(2)The outcome of the self-conducted evaluation by Board members are all beyond the standard.</p> <p>(3)The outcome of the self-conducted evaluation by Functional Committees are all beyond the standard.</p> <table><tr><td>Functional Committee</td><td>Score</td><td>Evaluation Outcome</td></tr><tr><td>Audit Committee</td><td>96.06</td><td>Beyond the standard</td></tr><tr><td>Remuneration Committee</td><td>91.58</td><td>Beyond the standard</td></tr><tr><td>Sustainable Development Committee</td><td>100</td><td>Beyond the standard</td></tr></table> <p>(4)The outcome of the above evaluation was reported to the Company’s 15th meeting of the 22nd board of directors on March 13, 2024.</p> <p>(5)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.</p>	Improvement in the quality of Board decision-making.	Beyond the standard	The composition and structure of the Board and various functional committees.	Beyond the standard	Selection and continuing education of directors.	Beyond the standard	Internal control.	Beyond the standard	Functional Committee	Score	Evaluation Outcome	Audit Committee	96.06	Beyond the standard	Remuneration Committee	91.58	Beyond the standard	Sustainable Development Committee	100	Beyond the standard	
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	Yes	No	Summary Description	
(IV) Does the Company regularly evaluate the independence of CPAs?	V		<p>(I)</p> <p>(II)</p> <p>(III)</p> <p>(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 14th meeting of the 2nd board of directors on March 13, 2024, and submitted to the Board of Directors at the 15th meeting of the 22nd board of director on March 13, 2024, to evaluate the independence and competency of CPA.</p>	No significant deviation.

Item Assessed	Operation Status				Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor																								
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			Access the independence and competency 1. Access the independence <table><tr><th rowspan="2">Item</th><th rowspan="2">Content</th><th colspan="2">Evaluation Outcome</th><th rowspan="2">Whether it is compliant with Independence Criteria</th></tr><tr><th>Yes</th><th>No</th></tr><tr><td>1</td><td>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.</td><td>V</td><td></td><td>Yes</td></tr><tr><td>2</td><td>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.</td><td>V</td><td></td><td>Yes</td></tr><tr><td rowspan="2">3</td><td>The CPA maintains the spirit of independence with integrity, fairness and objectivity</td><td rowspan="2">V</td><td rowspan="2"></td><td rowspan="2">Yes</td></tr><tr><td>(1) Integrity: The CPA performs professional services with integrity and rigor, and is honest, open and fair in professional and business relationships.</td></tr></table>			Item	Content	Evaluation Outcome		Whether it is compliant with Independence Criteria	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.	
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	Yes	No	Summary Description						
					(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. A fair and objective position includes being impartial and exercising professional due diligence between the provision of information and the user.	V		Yes	
					(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	

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	Yes	No	Summary Description						
					(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	
				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		V	Yes	

Item Assessed	Operation Status							Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor	
	Yes	No	Summary Description						
					material impact on the audit?				
				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,		V	Yes	

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	Yes	No	Summary Description						
					or manager of the Company within one year or more, or who has 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		V	Yes	

Item Assessed	Operation Status							Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor		
	Yes	No	Summary Description							
					in the financial statements.					
					(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			
			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			



Item Assessed	Operation Status								Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor	
	Yes	No	Summary Description							
				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 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	V		At the 22nd Board Meeting of the 11st session on May 10, 2023, 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 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: 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.							No significant deviation.

Item Assessed	Operation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
Meetings and the Shareholders' Meeting)?			<p>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.</p> <p>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> <p>Training courses in 2023 for the Company's governance supervisor attended: Corporate Governance Seminar - Labor Law Changes from a Corporate Governance Perspective, Corporate Governance Seminar - Internal Person Stock Trading Regulations and Risk Analysis, and Managing Risks Everywhere: How to Effectively Manage? Advanced Seminar on Directors and Supervisors (including independent directors) - How the Board of Directors can use OKR to enhance corporate governance effectiveness, totaling 12 hours. In the future, they will continue to take courses related to corporate governance.</p>	
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	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.

Item Assessed	Operation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
stakeholders.				
VI. Does the Company commission a professional shareholder services agency to handle matters in connection with the shareholders' meeting?	V		The Company appoints Yuanda Securities Co., Ltd. to deal with matters relating to the Shareholders' Meeting.	No significant deviation.
VII. Information Disclosure				
(I) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(I) The financial and corporate governance information of the Company is disclosed in the Investor Relations section of our official website: <a href="http://www.ckgroup.com.tw">www.ckgroup.com.tw</a> .	No significant deviation.
(II) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(II) The Company has set up an English website to enhance information disclosure, assigned a designated specialist to collect and disclose information, and appointed appropriate personnel to act as spokespersons and acting spokespersons in accordance with the laws and regulations. Website: <a href="http://www.ckgroup.com.tw">www.ckgroup.com.tw</a> .	No significant deviation.
(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,		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

Item Assessed	Operation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
second and third quarters as well as its operating status for each month before the specified deadline.				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		<p>(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.</p> <p>(II) The situation of directors and supervisors of the Company for further training is declared on MOPS according to the prescribed time schedule.</p> <p>(III) The Company purchases directors' and senior managers' liability insurance annually. In addition to reporting to the board of directors, we also file the necessary disclosures on the Market Observation Post System.</p> <p>(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. Such cultivation includes relevant curriculum training held annually on planning management ability, professional occupational competence, establishment of</p>	No significant deviation.

Item Assessed	Operation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
			<p>company system and reflection of innovation and transformation characteristics. Trainees may apply such professional trainings and foster their own judgment on decision-making. General Manager Mao-Sheng Kan is selected on February 3, 2023 board of directors resolution appointment from key reserve candidates. 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. As the composition of the Board of Directors should reflect diversity, the number of directors concurrently serving as managers within the Company does not exceed one-third of the total board seats. In addition to cultivating our own director candidates, we extensively solicit experts with industry experience, organizational management skills, crisis handling abilities, and expertise in various fields to implement our diversity policy.</p> <p>(V) Linkage between directors and managers performance evaluation and remuneration:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. The manager's compensation includes salary and bonus, where the salary is</li> </ol>	

Item Assessed	Operation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
			<p>based on the industry standard as well as title, rank, education, professional ability and responsibilities. Bonuses are calculated based on the performance evaluation results of managers. The evaluation criteria include the achievement rate of individual performance goals, participation in public welfare activities, and self-learning and growth achievement rate. Additionally, individuals who participate in sustainability or other projects and meet their targets will receive additional recognition awards, which will be factored into their annual performance assessment.</p> <p>3. 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 operational performance of the Company, industry-specific business risks, and development trends, we also take into account the individual performance achievements of directors and their contributions to the Company's performance. Based on their performance evaluation results, directors receive corresponding and reasonable compensation.</p> <p>4. The Remuneration Committee and the Board have reviewed the reasonableness of the directors' and managers' performance evaluation and remuneration, and regularly review the remuneration system in line with real operating conditions and laws and regulations, so as to strike a balance between risk control and sustainable management of the Company.</p> <p>(VI) Implementation status of risk management policies and risk measurement standards: The Company's risk management committee is supervised by the Audit</p>	

Item Assessed	Operation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
			<p>Committee. The Company has established the "Risk Management Policy and Operational Procedures," and annually report the overall risk management implementation to the Board of Directors, with the report in 2023 presented on December 22. The main operations of each risk management aspect have been disclosed on the Company's website: <a href="http://www.ckgroup.com.tw/investors/">http://www.ckgroup.com.tw/investors/</a>.</p> <p>(VII) Investor relations: The Company values shareholder opinions and has established a spokesperson system and an investor relations contact window to maintain communication channels with investors. For more details, please refer to the Company website: <a href="http://www.ckgroup.com.tw/responsibility/">http://www.ckgroup.com.tw/responsibility/</a>. Additionally, the Company hold two investor conference annually and publish the video recordings on the "Latest News" section of the Company website: <a href="http://www.ckgroup.com.tw/">http://www.ckgroup.com.tw/</a>. Moreover, we disclose significant information in compliance with regulations to enhance the timeliness and transparency of information disclosure, thereby safeguarding the interests of investors.</p> <p>(VIII) Employees rights: The Company regularly maintains the ISO45001 Occupational Health and Safety Management Standard. Additionally, we have established various regulations, including the "Human Rights Policy," "Whistleblowing Procedures," and "Ethical Corporate Management Best Practice Principles," to uphold employee rights. We also disclose information on our official website regarding the "implementation status of measures for employee work environment and personal safety protection." The details of other employee benefits can be found on the Company's website: <a href="http://www.ckgroup.com.tw/joinus/">http://www.ckgroup.com.tw/joinus/</a>.</p>	

Item Assessed	Operation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
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. The most recently released results of the Corporate Governance Assessment by the Center for Corporate Governance are the 10th (2023) Corporate Governance Assessment, with specific improvements as follows: 1. During the director election in 2024, directors of different genders were included, echoing the spirit of diversity among board members. 2. During the director election in 2024, the number of independent director seats will be increased to one-third of the total director seats.				



(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

April 20, 2024

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	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
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 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 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 2023. 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 2023 are as follows:

Date of Convention	Reason for Discussion	Resolution	Company's Handling of the opinions of members of the Audit Committee
2023/03/15 5th meeting of the 4th term	<ol style="list-style-type: none"> <li>I. Proposal of employee compensation amount in 2022.</li> <li>II. Proposal of director remuneration amount in 2022.</li> <li>III. Proposal of the remuneration for the newly appointed General Manager.</li> </ol>	Approved by all members and reported to the Board.	Approved by all directors and by proxy present and implemented according to the meeting results.
2023/12/22 6th meeting of the 4th term	<ol style="list-style-type: none"> <li>I. The proposal of the award source standards of year-end performance incentives in 2023.</li> <li>II. Propose a certain amount as an incentive or retention award.</li> </ol>	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) 1. 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			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>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. On May 10, 2023, the Board of Directors resolved to appoint Yu-Yun Lin as the assistant general manager in charge of the director of corporate governance.</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.



Item Assessed	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
(II) Does the Company endeavor to improve energy use efficiency and use renewable materials which have low impact on the environment?	V		(II) The Company adopted and implemented the “Environmental Policy” in January 2019 to fulfill its commitment to implementing environmental protection, environmental management, green procurement and energy conservation. Such a policy employs the strategy as to how to reduce the consumption of energy, paper and water resources, to manage waste recycling and to improve the energy efficiency of equipment, in order to reduce the impact on the environment during the business operation.	No significant deviation.
(III) Does the company assess the potential risks and opportunities brought by climate changes, both for now and in the future, and take measures to cope with relevant issues?	V		(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 develop countermeasures. Please refer to page 83-85 of the 2022 Sustainability Report.	No significant deviation.
(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?			(IV) Since 2016, the Company has voluntarily conducted the greenhouse gas verification at its corporate headquarter. In 2022, CO2e was 197.3 tons, which comprised 17 tons of scope 1 CO2e and 180.3 tons of scope 2 CO2e. Starting from 2023, apart from the corporate headquarters, three additional construction sites were incorporated. Subsequently, there will be a gradual increase to comply with the deadlines set by the regulatory authorities. In 2023, the inventory results revealed a total of 22,158.8142 tons of CO2e. Among them, scope 1 amounted to 92.5278 tons of CO2e, accounting for 0.42%; scope 2 totaled 449.7330 tons of CO2e, representing 2.03%; and scope 3 totaled 21,616.5534 tons of CO2e, making up 97.55% of the total. The primary sources of emissions were upstream emissions from the procurement of materials (such as concrete and steel reinforcement).  Note: In 2022, the greenhouse gas inventory boundary was limited to the headquarters building, measuring emissions from scope 1 and 2. In 2023, the inventory was conducted according to ISO14064 standards,	No significant deviation.

Item Assessed	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
			<p>with the boundary expanded to include the headquarters and three construction sites, measuring emissions from scope 1 and 2, and incorporating some scope 3 emissions. Therefore, there is a significant difference in carbon emissions between the two years.</p> <p>The estimated water usage for the corporate headquarters building was 1,632 metric tons in 2022 and 1,599 metric tons in 2023, showing a yearly decrease of 4.13%. The Company began to calculate the amount of waste produced from 2022; the construction waste was 13,566.11 tons and the domestic waste was 1,772.82 tons. In 2023, due to increase in business volume, the construction waste was 8,194.51 tons and the domestic waste was 2,006.86 tons. In accordance with the Environmental Protection Department's construction waste management policy, the Company has commissioned professional and qualified contractors to conduct regular environmental monitoring, implement site waste separation and reduction, encourage resource recycling, promote waste separation and reduce the use of disposable containers and legal suppliers are engaged for the recycling according to the type of wastes.</p>	
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	No significant deviation.

Item Assessed	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
(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		<p>Company conducts the employee performance interview twice a year, and adjusts the salaries according to employees' performance.</p> <p>(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 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. The Company has implemented and continues to execute the ISO 45001 Occupational Health and Safety Management System, which has been verified by BSI. The current validity period is from November 23, 2022, to November 22, 2025. The Company's headquarters is located in a commercial building equipped with comprehensive fire safety facilities. Additionally, we conduct fire drills and equipment inspections at least twice a year to maintain the effectiveness of the equipment. At each construction site, various fire prevention equipment is provided and clearly marked. Additionally, all hot work operations require prior approval before commencement. Safety personnel conduct daily inspections of the construction sites, paying particular attention to hot work activities. Furthermore, reminders are issued during the morning toolbox meetings to remind contractors to remain vigilant. Furthermore, each construction site conducts at least one annual fire emergency response drill. The Company did not experience any fire-related incidents in 2023.</p>	No significant deviation.



Item Assessed	Implementation Status			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		(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. Furthermore, tailored professional skills and organizational management courses are designed for staff at different levels, including aides and site supervisors, to nurture management talents.	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 procurement and contracting procedures. The requirements on the environment, occupational safety, and human rights of the Company will	No significant deviation.

Item Assessed	Implementation Status			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons Therefor
	Yes	No	Summary Description	
			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. In 2023, the Company's sustainability report was completed and verified by the third-party verification organization AFNOR according to the AA1000 Assurance Standard (v3) and the Global Reporting Initiative (GRI) Sustainability Reporting Standards.	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			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 2023: (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. (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 The Garden of Hope Foundation; and other charitable events. 2. In the 2023, 17 people participated in the volunteer activities of the “Chung Yi Social Welfare Foundation” as service volunteer. The total number of service hours was 136 hours; Between 2010 and 2023, the Company has had a record of 2,302 people participating in charitable events and 9,728 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) The Company donated NT\$1,140,300 to the Genesis Social Welfare Foundation for the "Planting Love New Year Gifts and Blessing Red Envelopes" event in 2023.				

## 2. The implementation status of climate-related information

Item	Implementation Status
<p>1. Describing the board of directors and management's oversight and governance of climate-related risks and opportunities.</p> <p>2. Describing how the identified climate risks and opportunities affect the company's operations, strategies, and finances (short-term, medium-term, long-term).</p>	<p>1. The Company has integrated climate change issues into its comprehensive risk management framework. The Sustainable Development Committee provides regular reports on these issues to the Board of Directors, who oversee and manage them. Below are the governance strategies for each risk management tier:</p> <ul style="list-style-type: none"> <li>(1) The board of directors considers climate-related issues such as the impact of unstable weather on project progress and the need to increase expenditure costs to address carbon emissions issues when discussing matters related to operating income, budget allocation, and project risk management.</li> <li>(2) The Company's management gathers analytical data on climate change-related laws, technologies, and market demands through internal meetings. After summarizing, discuss the response plan and report to the Sustainable Development Committee.</li> <li>(3) In response to the increased probability of extreme weather events due to climate change, management has instructed the engineering planning and technical units to incorporate climate impacts into engineering design calculations. This aims to enhance the resilience of buildings, establish technical differentiation for the company, and ensure the safety of residents.</li> </ul> <p>2. The identified climate risks and opportunities, and how they affect the Company's business, strategy, and finances are described as follows:</p> <ul style="list-style-type: none"> <li>(1) Market risk: In response to regulatory and market changes, customers may demand an increase in the use of green building materials and products with environmental certifications. The demand for green products in the market may be relatively scarce, and prices may be higher. If customers do not increase their budget, this could compress the profit margins for construction contractors. This represents a medium to long-term financial impact. In light of this, the Company adheres to the core principles of prioritizing quality and controlling costs throughout the entire process. Many projects in the past have voluntarily enhanced procurement standards, and in the future, the Company will continue to increase the volume of green procurement, seeking to stabilize costs by leveraging economies of scale. Additionally, we utilize smart management tools to ensure stable cash flow within the Company, thereby mitigating the impact of customer demand changes.</li> <li>(2) Policy and regulatory update risk: Both domestic and international economic entities have established regulations regarding the "carbon" emitted during the production process. Measures to reduce carbon emissions to comply with regulations and any additional carbon fees or taxes incurred beyond regulatory limits pose a risk. In response, the Company has gradually implemented the ISO 14001 Environmental Management System and ISO 14064 Greenhouse Gas Inventory Management System since 2023. This enables us to accurately monitor greenhouse gas emissions throughout the construction lifecycle and develop reduction plans accordingly. The impact of carbon pricing will be reflected in the mid to long-term increase in operating costs. The Company will also plan to appropriately pass on the increased costs to maintain profitability.</li> <li>(3) Green technology opportunity: Recognizing the technological shift demand brought by climate change, the Company seizes this opportunity by establishing a "Technology Development Department," becoming one</li> </ul>

Item	Implementation Status
<p>3. Describing the financial impact of extreme weather events and transition actions.</p>	<p>of the few construction companies in the country dedicated to technical research and development. To date, the development achievements have been remarkable, including the introduction of low-carbon construction methods. The SD550W achieves a reduction in steel reinforcement while maintaining strength through innovative construction methods, leading to material and carbon footprint reductions. The cost of investing in technological development represents a long-term increase in expenses for the Company. However, the outcomes of this development not only facilitate technological differentiation but also result in annual tax deductions and revenue from licensing to other businesses, thus constituting a positive financial impact for the Company.</p> <p>Note: Please refer to the "Climate Risks and Opportunities" chapter of the 2023 Sustainability Report for a detailed analysis of climate risks and opportunities identified by the Company.</p> <p>3. The occurrence of extreme weather events such as high temperatures, storms, heavy rainfall, and typhoons poses risks to the construction industry, one of which is the occupational health and safety of on-site workers. The Company's transformation initiative includes periodic welfare visits by occupational health and safety professionals and real-time monitoring of temperature at construction sites. We continuously monitor the physical condition of construction workers and suspend on-site construction if weather conditions deteriorate, prioritizing the safety and well-being of our workforce. In order to continuously enhance the quality of occupational health and safety (OHS), the resources invested will increase operational expenses. However, prioritizing safety as the Company's foremost principle, a high standard of OHS environment is an essential component of our brand value. It's also one of the reasons why clients trust and choose to work with us. Therefore, maintaining and elevating OHS standards will reflect in the long-term financial impact of increased project volume and revenue growth for the Company. Another risk arises from natural disasters causing delays in the transportation of raw materials or temporary suspension of construction activities on-site, leading to project timeline extensions. This, in turn, can affect the payment schedule of clients, resulting in fluctuations in the Company's income and cash flow. To address this, we have implemented periodic "Tea Sessions with the Chairman" to maintain smooth communication channels with suppliers. Additionally, we are planning to convene a "Supplier Conference" in 2024 to strengthen relationships within the supply chain, enabling us to promptly identify potential risk scenarios and devise corresponding mitigation measures. Furthermore, the Company employs an intelligent management system to ensure stability in cash flow amidst varying construction progress across different sites. This system enables us to cope with delays in raw material deliveries and temporary halts in construction activities at certain sites, thus maintaining financial stability. The strengthening of supplier engagement activities and the implementation and maintenance of an intelligent management system may result in short-term increases in expenses for the Company. However, the operational stability and risk management benefits they bring are essential conditions for ensuring the sustainable operation of the Company in the long term.</p> <p>Note: Please refer to the "Climate Change Assessment and Adaptation Measures" chapter of the Company's 2023 Sustainability Report for detailed analysis on climate change risks, opportunities, strategies, and impacts.</p>

Item	Implementation Status
<p>4. Describing how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.</p> <p>5. If utilizing scenario analysis to assess resilience to climate change risks, it should outline the context, parameters, assumptions, analysis factors, and key financial impacts employed in the analysis.</p> <p>6. If there is a transition plan to manage climate-related risks, it should describe the plan's content, as well as the indicators and goals used to identify and manage physical risks and transition risks.</p>	<p>4. The Company utilizes education and training to strengthen the risk identification capabilities of each department, continuously enhancing awareness of climate change risks among employees. Management periodically assesses climate change risks and sets improvement targets based on actual circumstances. We have also implemented a risk assessment mechanism based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), conducting assessments on specific climate change risk issues, analyzing potential financial impacts, and implementing relevant response strategies and measures. In addition, functional teams within the Sustainability Development Committee conduct business inventories and risk identification specifically focusing on climate change. This includes analyzing impacts directly or indirectly caused by extreme weather events, transformations due to regulations, technology, or market demands, as well as risks and opportunities arising from other cultural and social aspects affecting the Company's operations. The results of these analyses are reported to management, and strategic plans for addressing climate change actions are developed based on the identified risks and opportunities. These plans are used to estimate management costs and the financial impacts accordingly. The most recent report on risk management operations presented to the Board of Directors was on December 22, 2023.</p> <p>5. The Company sets its context for analyzing resilience to climate risks based on Taiwan's National Determined Contribution (NDC). The goal is to reduce carbon emissions by 24% by 2030 and achieve net-zero emissions by 2050.</p> <p>(1) Risk parameters, assumptions, and analysis factors: The Ministry of Environment has announced the imposition of a carbon tax. While the Company is not among the initial subjects of taxation, considering the reduction targets outlined in the NDC, it is anticipated that the scope of taxation will expand further, and the carbon tax will increase from NT\$300 per metric ton of CO<sub>2</sub>e to NT\$1000 per metric ton of CO<sub>2</sub>e. This is expected to raise the Company's operational costs.</p> <p>(2) The primary financial impacts: Based on the Company's set carbon reduction target of "5% electricity savings for the headquarters by 2025," we can assess the portion of electricity consumption that remains unaltered as of 2025 and will thus be subject to the government-imposed carbon tax. This estimated expense ranges from NT\$50,000 to NT\$180,000 annually.</p> <p>6. The Company has planned the following transformation plans to address the climate-related risks identified:</p> <p>(1) Market Risk - Customers demanding the use of higher-grade environmentally friendly products. In response, the Company will continue to expand the scope of green procurement, aiming to leverage bulk purchases to stabilize the prices of environmentally friendly products. Additionally, we will seek out low-carbon emission suppliers and encourage existing suppliers to develop low-carbon methodologies and products, thus driving the green and low-carbon transformation of our supply chain.</p> <p>(2) Policy and Regulatory Risk - Implementation of carbon taxes or fees. The pricing of carbon will lead to an increase in operational costs for the Company. In response, we will continue to promote carbon reduction measures across our headquarters and various branches. This</p>

Item	Implementation Status
<p>7. If using internal carbon pricing as a planning tool, it should explain the basis for price determination.</p> <p>8. If there are climate-related goals set, it should explain the activities covered, greenhouse gas emission scopes, planning schedules, annual progress achieved, etc. If using carbon offsets or Renewable</p>	<p>includes initiatives such as the comprehensive adoption of energy-saving appliances, scheduled temperature control for air conditioning, and the shutdown of lighting in unoccupied areas. If the costs associated with carbon fees continue to rise, we will plan to appropriately transfer these costs to maintain the Company's profit margins.</p> <p>(3) Supply Chain Risk - Extreme weather events leading to natural disasters, which could result in interruptions to the supply of raw materials, thereby causing material price increases or delays in construction schedules.</p> <p>In response, the Company has adjusted the procurement process. Bulk raw materials will be procured in advance upon project acquisition to ensure that the construction period is not affected by fluctuations in raw material prices. Furthermore, the Company utilizes an intelligent management system to monitor the progress of each project and maintains good communication with suppliers to control potential delays in delivery schedules. This allows us to proactively devise response measures in advance.</p> <p>(4) Occupational Health and Safety Risk - Extreme weather conditions leading to cold or heat-related injuries among on-site workers.</p> <p>The Company implements real-time monitoring of temperatures at construction sites and closely observes the physical condition of personnel. In response to weather conditions, we provide supplementary electrolyte beverages or ginger tea to ensure the safety of our workers.</p> <p>The Company's indicators and objectives are as follows:</p> <p>(1) We will continue to promote green procurement and aim to fully declare the use of eco-labeled products by 2024.</p> <p>(2) By 2024, complete ISO 14064 greenhouse gas emissions verification for Scope 1 and 2 at headquarters and some construction sites, as well as partial verification for Scope 3.</p> <p>(3) By 2025, complete ISO 14064 greenhouse gas emissions verification for Scope 1 and 2 at headquarters and all construction sites, as well as partial verification for Scope 3.</p> <p>(4) In 2024, host one supplier conference to enhance supply chain communication and partnership relationships, aiming to collectively move towards net-zero emissions across the industry chain through mutual encouragement and learning.</p> <p>(5) Continuously maintain occupational health and safety in the workplace according to the ISO45001 standard, with at least one occupational health visit or health awareness promotion conducted monthly.</p> <p>7. The Company's internal carbon pricing strategy is still under development.</p> <p>8. The climate change-related goals set by the Company are as follows:</p> <p>(1) In the short term (1-3 years), a dedicated team will be responsible for identifying, managing, and formulating strategies for climate-related risks. Additionally, we will explore the development of low-carbon and energy-efficient technologies. Scope and objective are achieve a 5% reduction in electricity consumption at the headquarters office.</p>

Item	Implementation Status
<p>Energy Certificates (RECs) to achieve these goals, it should detail the source and quantity of the offset carbon emissions or the number of RECs used.</p> <p>9. The greenhouse gas inventory and assurance situation, along with reduction targets, strategies, and specific action plans.</p>	<p>(2) In the medium term (3-5 years), climate-related risks will be integrated into the overall policy framework of risk management. Additionally, efforts will be continued to incorporate climate risk management mechanisms into construction projects. Scope and objective are achieve a 8% reduction in electricity consumption at the headquarters office.</p> <p>(3) In the long term (5 years and beyond), there will be ongoing improvement in climate-related risk management policies. Furthermore, in accordance with domestic laws and international initiatives, efforts will be made to embed climate change risks deeply within the Company's ethos. Additionally, a dedicated team will be responsible for leading annual performance reviews of climate-related risks in construction projects to effectively understand the impact of climate change on operations and business. The scope and objective remain achieving a 10% reduction in electricity consumption at the headquarters office.</p> <p>Note: The Company has not planned to use carbon offsets or Renewable Energy Certificates (RECs) to achieve the related goals.</p> <p>9. The Company's greenhouse gas inventory and current implementation status have been disclosed in page 55, while reduction targets, strategies, and specific action plans will be disclosed according to the statutory schedule.</p>



(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			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. In response to the aforementioned dishonest behavior, the Company has announced a whistleblower reporting channel on its official website. This allows whistleblowers to come forward and report dishonest behavior while ensuring their identities are kept	No significant deviation.

Item Assessed	Operation Status			Deviations from the Corporate Social Responsibility Best- Practice Principles for TWSE/TPEX Listed Companies and the Reasons Thereof
	Yes	No	Summary Description	
(III) Does the Company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, code of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies? And does the company regularly review and amend the above policies?	V		<p>confidential and protected. This serves as a mutual supervision mechanism to deter any notions of opportunism.</p> <p>(III) The Company regularly conducts necessary educational publicity for directors, functional committee members, managers and employees, and specifies various business regulations and e-mailboxes for filing a grievance, in order to prevent the occurrence of dishonesty. The related content are announced on the Company's website.</p>	No significant deviation.
<p>II. Implementation of Ethical Management</p> <p>(I) Does the Company assess the ethics records of whom it has a business relationship with and include business conduct and ethics-related clauses in the business contracts?</p> <p>(II) Does the Company set up a unit that is dedicated to or tasked with promoting the company's ethical standards and reports regularly (at least once a year) to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?</p>	<p>V</p> <p>V</p>		<p>(I) The Company collects the bank records of the person with whom it is corresponding, and specifies in the procurement contract an ethics clause stating that contract parties must abide by the ethic management policy, and that where the counter-party involves in any unethical conduct, the Company may terminate or cancel the contract therebetween at any time.</p> <p>(II) The ethical management policy is specified both in the Articles of Incorporation and on the external websites of the Company and the business group. The Corporate Governance Team is responsible for formulating integrity operation policies and prevention plans, as well as supervising their implementation. They report to the Board of Directors annually and the date of the board report in 2023 is December 22, 2023.</p>	<p>No significant deviation.</p> <p>No significant deviation.</p>

Item Assessed	Operation Status			Deviations from the Corporate Social Responsibility Best- Practice Principles for TWSE/TPEX Listed Companies and the Reasons Thereof
	Yes	No	Summary Description	
(III) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	V		(III) The Company has set up an email-box for grievance-filing, as well as formulated its Code of Ethical Conduct, by which it conducts related business, prevents conflicts of interest, and averts unethical conducts such as pursuing ones own interest.	No significant deviation.
(IV) Does the Company establish effective accounting systems and internal control systems to implement ethical corporate management and has its internal audit unit, based on the results of the assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?	V		(IV) In order to ensure the implementation of ethical management, the Company has established an effective accounting system and an internal control system, whose compliance is regularly audited by internal and external auditors. The internal auditor regularly communicates with the CPA on cross-risk comparison to ensure that the company's business results conform to the principle of integrity.	No significant deviation.
(V) Does the Company provide internal and external ethical conduct training programs on a regular basis?	V		(V) In 2023, as the Covid-19 pandemic began to ease, Integrity Seminar was reinstated on September 16, 2023. Led by Chairman Chang-Shiou Wu and Vice Chairman Chi-Te Chen, senior executives disseminated the Company's core philosophy of "Integrity, Optimization, Well-being, and Harmony" to all employees. The Ministry of Justice and the Corporate Governance Department organized several sessions of employee integrity training on the theme of legal compliance. One such session was "Analyzing Cases of Breach of Trust," aimed at promoting integrity and diligence, totaling 310 man-hours	No significant deviation.

Item Assessed	Operation Status			Deviations from the Corporate Social Responsibility Best- Practice Principles for TWSE/TPEX Listed Companies and the Reasons Thereof
	Yes	No	Summary Description	
<p>III. Implementation of the Whistle-blowing Mechanism</p> <p>(I) Does the Company establish specific whistle-blowing and reward systems, set up conveniently accessible whistleblowing channels, and designate responsible individuals to deal with the one being whistle-blown?</p> <p>(II) Does the Company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be taken after the investigation, and related confidentiality mechanisms?</p>	<p>V</p> <p>V</p>		<p>(I) The Company established the "Whistleblowing Procedures" as determined by the Board of Directors. The last revision was made on December 22, 2023. These procedures include the establishment of reporting channels, operational processes, and are disclosed on the Company's website. Depending on the nature of the complaint, reports are received and handled by different departments: the Audit Office, the Human Resources Department, or the Audit Committee. Employees or stakeholders can report instances of violations of the Ethical Corporate Management Best Practice Principles through an electronic service mailbox or anonymously through mail, attaching relevant supporting documents as evidence. The Company reviews the rewards and punishments of employees and stakeholders based on the "Employee Rewards and Punishment Regulation" and announces the relevant rewards and punishments on the internal website.</p> <p>(II) Abiding by the Personal Information Protection Act, the Company has established a complaint and whistle-blowing system, which serves as a proper channel for whistle-blowing and processes for handling such reports. Except for ensuring the confidentiality of the whistleblower's identity and the reported content, it is stipulated that the outcome of the investigation will be communicated to the whistleblower. If the whistleblower is dissatisfied with the outcome, they may request a review, with a guarantee that they will not face any retaliation from the company due to their whistleblowing.</p>	<p>No significant deviation.</p> <p>No significant deviation.</p>

Item Assessed	Operation Status			Deviations from the Corporate Social Responsibility Best- Practice Principles for TWSE/TPEX Listed Companies and the Reasons Thereof
	Yes	No	Summary Description	
(III)Does the Company adopt proper measures to prevent a whistle-blower from retaliation for his/her whistle-blowing?	V			
IV. Enhancing Information Disclosure Does the Company disclose the content and effectiveness of its established Ethical Corporate Management Best Practice Principlest on its website and market observation post system?	V		The Company's website publicly discloses its "Ethical Corporate Management Best Practice Principles" and related information, please refer to <a href="http://www.ckgroup.com.tw/">http://www.ckgroup.com.tw/</a> .	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: None.				

Item Assessed	Operation Status			Deviations from the Corporate Social Responsibility Best- Practice Principles for TWSE/TPEX Listed Companies and the Reasons Thereof
	Yes	No	Summary Description	
VI. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies):				
(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.				
(II) Ethical Corporate Management Action Plan:				
1. The Company provides the employees with the corporate culture training activity, namely the "Integrity Seminar", in which the core corporate value of “Integrity, Optimization, Well-being and Harmony” is promulgated, so as to facilitate employees’ focus and implementation of the Company’s core value, and to formulate and cohere the philosophy of ethical corporate management.				
2. In the education and training courses for new employees, the Company publicizes to them the corporate culture and ethical management, which focus on the introduction of the core value of the enterprise and the implementation of its Ethical Corporate Management Best Practice Principles.				
3. Amended the Employees Work Rules to promote the implementation of the Ethical Corporate Management Best Practice Principles.				
4. Unobstructed employee communication channels, e.g., setting up the employee communication box and a dedicated specialist, and handling face-to-face communication meetings with employees.				
5. The Chairman shall communicates with suppliers at any time to understand their requirements. The Supplier Conference is scheduled to be held in 2024 to promote and implement the Company's integrity management philosophy.				
(III) Ethical Corporate Management Implementation:				
1.In response to the COVID-19 pandemic, the Integrity Semina will be held on September 16, focusing on disseminating the core cultural values and business philosophy of the Company.				
2.In 2023, integrity education and training were conducted for new employees, totaling 20.5 man-hours.				
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.				

## (VII) Internal Control System Implementation Status

### 1. Statement of Internal Control System:

<p style="text-align: center;">Chien Kuo Construction Co., Ltd. Statement of Internal Control System</p> <p style="text-align: right;">Date: March 13, 2024</p> <p>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 2023:</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.</p> <p>V. Based on the findings of such evaluation, the Company believes that, on December 31, 2023, 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.</p> <p>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.</p> <p>VII. This Statement was passed by the Board of Directors in their meeting held on March 13, 2024, with all the 13 directors presenting or presenting by proxy having no dissenting opinions and affirming the content of this Statement.</p> <p style="text-align: right;">Chairman: Chang-Shiou Wu</p> <p style="text-align: right;">General Manager: Mao-Sheng Kan</p> <p>#1: The date of the statement is the "end of the accounting year."</p>	
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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
2023	2023.06.20	<ol style="list-style-type: none"> <li>1. Passed the Company's proposal of the 2022 Business Report and Financial Statements.</li> <li>2. The Company's 2022 earnings distribution was approved.</li> <li>3. Passed the proposal to revise the Company's Articles of Incorporation</li> </ol>	<ol style="list-style-type: none"> <li>1. The 2022 earnings distribution proposal has been fully executed.</li> <li>2. Set July 18, 2023 as the ex dividend date; completed the distribution of cash dividends on August 7, 2023.</li> </ol>

2. Important resolutions of the Board of Directors for 2023 and the year up to April 20, 2024

Date	Session	Proposal
2023/2/3	2nd meeting of the 22nd term Board of Directors	<ol style="list-style-type: none"> <li>I. Passed the proposal of appointment of the General Manager of the Company.</li> <li>II. The proposal of applying to China Import and Export Bank to increase the amount of project guarantee has been approved.</li> </ol>
2023/3/15	10th meeting of the 22nd term Board of Directors	<ol style="list-style-type: none"> <li>I. The 2022 employee compensation amount was approved.</li> <li>II. The 2022 director remuneration amount was approved.</li> <li>III. Approved the proposal of the discussion on the remuneration of the Company's General Manager.</li> <li>IV. The Company's 2022 "Statement of Internal Control System" was approved.</li> <li>V. The Company's 2022 Annual Business Report, Financial Statements and Consolidated Financial Statements were approved.</li> <li>VI. The Company's 2022 earnings distribution was approved.</li> <li>VII. Passed the proposal to assess the independence and competency of, and to appoint, CPAs certifying the Company's financial statements.</li> <li>VIII. Passed the proposal to donate NT\$2 million to Chien Kuo Foundation For Arts And Culture.</li> <li>IX. Passed the proposal to revise the Company's Articles of Incorporation.</li> <li>X. Passed the proposal for the amendments to the</li> </ol>



Date	Session	Proposal
		<p>"Operating Procedures for Transactions with Related Parties, Specific Companies, and Group Enterprises" section of the Company's regulations.</p> <p>XI. Passed the proposal for the amendments to the "Internal Control System" section of the Company's regulations.</p> <p>XII. Approved matters relating to the date, place and subject matters of the 2023 Shareholders' Meeting.</p> <p>XIII. Approved matters relating to the rights of shareholders with more than 1% shareholding to propose a proposal.</p>
2023/5/10	11st meeting of the 22nd term Board of Directors	<p>I. The Company's 2023 (in the first quarter) consolidated financial report was approved.</p> <p>II. Passed the proposal for the discussion on the sale of land located in the Xinzhi section., Xinzhuang District, New Taipei City.</p> <p>III. Passed the proposal of the discussion on the dissolution of the Company's Strategic Committee.</p> <p>IV. Passed the proposal of the discussion on the appointment of a dedicated corporate governance supervisor for the Company.</p>
2023/8/11	12nd meeting of the 22nd term Board of Directors	<p>I. The Company's 2023 (in the second quarter) consolidated financial report was approved.</p> <p>II. 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>III. Passed the proposal for discussion on the provision of endorsement or guarantee for the invested subsidiary, Chien Bang Real Estate Development Co., Ltd., for the bank facility credit.</p> <p>IV. Passed the proposal for the discussion on the formulation and revision of the "Operational Procedures for Loaning of Funds and Making of Endorsements/Guarantees" regarding various subsidiaries of the Company in which the Company has invested.</p> <p>V. Passed the proposal to revise the Company's "Corporate Governance Best Practice Principles."</p>
2023/11/10	13rd meeting of the 22nd term Board of Directors	<p>I. The Company's 2023 (in the third quarter) consolidated financial statements discussion has been approved.</p> <p>II. Passed the proposal for the discussion on the application for the renewal of bank credit facilities for our subsidiary, CKTech Engineering Co., Ltd.</p> <p>III. Passed the proposal of the Company's 2024 Audit Plan.</p> <p>IV. Passed the proposal for the amendment of the</p>

Date	Session	Proposal
		Company's "Risk Management Policy and Operational Procedures."
2023/12/22	14th meeting of the 22nd term Board of Directors	<ul style="list-style-type: none"> <li>I. Passed the proposal of the operating standards of year-end performance incentives in 2023.</li> <li>II. Passed the proposal for the discussion on allocating a certain amount of bonus as incentive or retention bonus for the Company.</li> <li>III. Passed the proposal for the discussion on the Company to renew the office lease with the related party, Chien Hwei Investment Co., Ltd.</li> <li>IV. Passed the discussion on establishing an information security unit and hiring a dedicated information security supervisor for the Company.</li> <li>V. Passed the proposal for the discussion on adding the "Operational Procedures for the Preparation and Verification of Sustainability Reports" of the Company.</li> <li>VI. Passed the proposal for the discussion on adding the "Complaint Reporting Procedures" of the Company.</li> </ul>
2024/1/19	4th meeting of the 22nd term Board of Directors	<ul style="list-style-type: none"> <li>I. Passed the proposal for discussion on the performance incentives in 2023.</li> </ul>
2024/3/13	15th meeting of the 22nd term Board of Directors	<ul style="list-style-type: none"> <li>I. Passed the proposal of employee compensation amount for 2023.</li> <li>II. The 2023 director remuneration amount was approved.</li> <li>III. Passed the proposal for the discussion on establishing a nomination committee and amending the "Nomination Committee Organizational Regulations" in the Company.</li> <li>IV. Passed the proposal for the election of members for the Nomination Committee of the Company.</li> <li>V. Approved the Company's "Statement of Internal Control System" for 2023.</li> <li>VI. Passed the proposal to adopt the Company's 2023 Annual Business Report, Financial Statements and Consolidated Financial Statements.</li> <li>VII. The Company's 2023 earnings distribution was approved.</li> <li>VIII. Passed the proposal for the discussion on the cash reduction of the Company.</li> <li>IX. Passed the proposal for the appointment of the CPAs certifying the 2024 Company's financial statements.</li> <li>X. Passed the proposal to donate NT\$2 million to Chien Kuo Foundation For Arts And Culture.</li> <li>XI. Passed the proposal to revise the Company's Articles of Incorporation.</li> <li>XII. Passed the proposal to amend a portion of the</li> </ul>

Date	Session	Proposal
		<p>Company's "Rules and Procedures of Shareholders' Meeting."</p> <p>XIII. Approved to include "Election of Directors for the 23rd Term" in the agenda for the 2024 Annual General Meeting of Shareholders of the Company.</p> <p>XIV. Passed the proposal to release newly elected directors and corporate representatives from non-compete restrictions.</p> <p>XV. Approved matters relating to the date, place and subject matters of the 2024 Shareholders' Meeting.</p> <p>XVI. Approved matters relating to the rights of shareholders with more than 1% shareholding to propose a proposal.</p> <p>XVII. Approved matters relating to the rights of shareholders with more than 1% shareholding to propose a proposal.</p> <p>XVIII. Passed the proposal for the discussion on providing endorsement guarantees for bank financing applications by our subsidiary, CKTech Engineering Co., Ltd., for investment purposes.</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 20, 2024

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	2023.01.01 2023.12.31	3,600	139	3,739	Non-Audit Fees includes: Salary check and review for non supervisory positions of NT\$50 thousand, business tax direct deduction method review of NT\$80 thousand, and reimbursed and typewriting expenses of NT\$9 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 2023 and up to the Issuance Date of the Annual Report:

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

Title	Name	2023		The closure of registrar is on April 20, 2024	
		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	10,264,000	0	0
Corporate representative of the Chairman of the Board	Chien Hwei Investment Co., Ltd. Representative: Chang-Shiou Wu	0	0	0	0
Vice Chairperson	Chi-Te Chen	0	2,000,000	0	0
Directors	Pang-Yen Yang	0	0	0	0
Directors	Chien Hsiang Investment Co., Ltd.	0	289,000	0	0
Corporate representative of the director	Chien Hsiang Investment Co., Ltd. Representative: Jui-Hsing Tsai	0	0	(440,216)	(440,000)
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	200,000	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 1)	0	0	0	0
Chief Financial Officer	Pai-Tso Sun	0	0	0	0
Consultant	Yi-Hsin Pang (Note)	0	0	0	0
General Manager of Mechanical and Electrical Engineering Business	Jin-Hui Zhou (Note 5)	0	0	0	0
General Manager of Aluminum Molding Business	Jun-Kuang Yang (Note)	0	0	0	0

Title	Name	2023		The closure of registrar is on April 20, 2024	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
General Manager of Aluminum Molding Business	Wen-Cheng Li (Note)	0	0	0	0
Vice General Manager	Kuan-Chun Chang	(27,000)	0	(4,000)	0
Vice General Manager	Wen-Yun Tien (Note)	0	0	0	0
Vice General Manager	I-Cheng Lin (Note)	0	0	0	0
Vice General Manager	Wen-Kuei Chiang (Note)	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	0	0	0	0
Vice General Manager	Chung-Fu Kuan (Note)	0	0	0	0
Vice General Manager	Wan-Li Huang (Note)	0	0	0	0
Vice General Manager	Ching-Yang Lu (Note)	0	0	0	0
Assistant General Manager	Cheng-Te Chou	(12,000)	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	10,264,000	0	0

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

Newly appointed Vice General Manager in 2023: Chung-Fu Kuan , Wan-Li Huang.

Resigned Vice General Manager in 2023: Wen-Yun Tien, Shih-Yung Tai, Hsiu-Hsun Chen, Wen-Kuei Chiang.

Resigned General Manager in 2023: Shi-Ning Dong.

Resigned Consultant in 2023: Yi-Hsin Pang.

Resigned General Manager of Business Unit in 2023: Jun-Kuang Yang.

Resigned General Manager of Business Unit in 2024: Jin-Hui Zhou.

Newly appointed General Manager of Business Unit in 2024: Wen-Cheng Li.

Resigned Vice General Manager in 2024: I-Cheng Lin.

Newly appointed Vice General Manager in 2024: Ching-Yang Lu.

- (II) Transfer of equity made by directors, managers, and the top 10 major shareholders with a counter-party who is a related party: None.
- (III) Pledge of equity made by directors, managers, and 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 20, 2024

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	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	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	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	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	Chairman is the same person	-
							Chen-Ching Chen	Supervisor of the Company	
Po-Sheng Yeh	3,308,000	1.31%	0	0.00%	0	0.00%	None	None	-
Chase escrow JP Morgan investment account	2,937,354	1.17%	0	0.00%	0	0.00%	None	None	-
Mei-Chen He	2,720,638	1.08%	0	0.00%	0	0.00%	None	None	-
Barclays Capital investment account under the custody of Citi Bank	2,161,000	0.86%	0	0.00%	0	0.00%	None	None	-

- 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 20, the book closure date.



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

December 31, 2023

Unit: Share; %

Reinvestment (Note 1)	Investment of the Company		Investments of Directors, supervisors, 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%
CKTech 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%
Chien Bang Real Estate Development Co., Ltd.	2,750,000	55%	2,250,000	45%	5,000,000	100%
Leader Construction Co.,Ltd. (Note 2)	1,000,000	100%	0	0%	1,000,000	100%

Note:1 Investments accounted for using the equity method

Note:2 Leader Construction set the registration letter from the Taipei City Government on August 1, 2023.

## Chapter 4 Funding Status

### I. Capital and Shares

#### (I) Capitalization

Unit: NT\$

Month/ Year	Issue Price	Authorized Share Capital		Paid-in Capital		Note		
		Shares	Amount	Shares	Amount	Capitalization	Capital Increase by Assets Other than Cash	Others
1960.11	1,000	4,500	4,500,000	4,500	4,500,000	Establishment	None	None
1972.10	1,000	6,000	6,000,000	6,000	6,000,000	Cash increase by cash in the amount of NT\$1,500,000	None	None
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

Month/ Year	Issue Price	Authorized Share Capital		Paid-in Capital		Note		
		Shares	Amount	Shares	Amount	Capitalization	Capital Increase by Assets Other than Cash	Others
1998.04	10	81,000,000	810,000,000	54,000,000	540,000,000	Capitalization of earnings in the amount of NT\$48,000,000 Capitalization of capital reserves in the amount of NT\$12,000,000	None	Order Ref. No. (87) Taiwan-Finance-Securities - (1) - 29218
1999.06	10	81,000,000	810,000,000	60,000,000	600,000,000	Capitalization of earnings in the amount of NT\$54,600,000 Capitalization of capital reserves in the amount of 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 Capital		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 20, 2024

Composition of Shareholders Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Individual	Foreign Institutions and Natural Persons	Total
Number of Shareholders	0	1	190	19,738	107	20,036
Number of Shares Held	0	492,000	79,169,867	151,317,987	21,020,251	252,000,105
Shareholding Ratio (%)	0.00%	0.20%	31.41%	60.05%	8.34%	100.00%

## (III) Shareholding Dispersion

Date of Book Closure: April 20, 2024

Range of Shares	Number of Shareholders	Number of Shares Held	Shareholding Ratio (%)
1 ~ 999	9,226	1,389,659	0.55%
1,000 ~ 5,000	7,659	16,954,533	6.73%
5,001 ~ 10,000	1,467	11,869,710	4.71%
10,001 ~ 15,000	480	6,134,486	2.43%
15,001 ~ 20,000	378	6,863,755	2.72%
20,001 ~ 30,000	262	6,630,763	2.63%
30,001 ~ 40,000	127	4,552,980	1.81%
40,001 ~ 50,000	89	4,132,993	1.64%
50,001 ~ 100,000	164	11,680,655	4.64%
100,001 ~ 200,000	79	10,906,268	4.33%
200,001 ~ 400,000	46	12,541,920	4.98%
400,001 ~ 600,000	19	9,298,991	3.69%
600,001 ~ 800,000	7	5,111,793	2.03%
800,001 ~ 1,000,000	6	5,513,931	2.19%
1,000,001 and over	27	138,417,668	54.92%
Total	20,036	252,000,105	100.00%

Note: The Company does not issue any preferred shares.

## (IV) List of Major Shareholders

Date of Book Closure: April 20, 2024

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%
Po-Sheng Yeh	3,308,000	1.31%
Chase escrow JP Morgan investment account	2,937,354	1.17%
Mei-Chen He	2,720,638	1.08%
Barclays Capital investment account under the custody of Citi Bank	2,161,000	0.86%

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

Item \ Year		2022	2023	Current year up to March 31, 2024 (Note 8)
Market Price per Share	Highest	14.4	18.9	23.2
	Lowest	10.8	11.1	16.8
	Average	12.88	13.68	18.27
Net Worth per Share	Before distribution	18.81	19.25	-
	After distribution (Note 2)	17.81	18.25	-
Earnings per Share	Weighted Average Shares	254,382 (In thousand shares)	252,000 (In thousand shares)	-
	Earnings per Share (Note 1)	0.72	1.34	-
Dividends per Share	Cash dividends (Note 2)	1.0	1.0	-
	Stock Dividends	-	-	-
		-	-	-
	Accumulated Undistributed Dividends	-	-	-
Return on Investment	Price / Earnings Ratio (Note 5)	17.89	10.21	-
	Price / Earnings Ratio (Note 6)	12.88	13.68	-
	Cash Dividend Yield Rate (Note 7)	7.76%	7.31%	-

\* 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 2023 Earnings Distribution Proposal, which was determined as the following table at the Board Meeting held on March 13, 2024, will be conducted in accordance with relevant regulations after it has been approved by the Shareholders' Meeting to be held on June 18, 2024.

Chien Kuo Construction Co., Ltd.  
2023 Earnings Distribution Table

Unit: NT\$

Item	Amount
Undistributed earnings - beginning	839,232,104
Profit after tax for the year	338,513,923
Remeasurement of defined benefit plans recognized under retained earnings	311,770
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	338,825,693
Reversal of special reserve in accordance with the law (10%)	(33,882,569)
Distributable earnings - ending	1,144,175,228
Distribution items	
Cash dividends to shareholders at NT\$1.0 per share	(252,000,105)
Undistributed earnings - ending	892,175,123

(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 2023 as follows: (a) 3% as compensation to employees in the amount of NT\$12,522 thousand; (b) 3% as remuneration to directors in the amount of NT\$12,522 thousand. The distributed amounts are identical to the estimated amounts for 2023.

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

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

(1) The Company distributed NT\$7,178 thousand as employee compensation and NT\$7,178 thousand as remuneration to directors for 2022.

(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: None.

II. Issuance of Corporate Bonds: None.

III. Issuance of Preferred Shares: None.

IV. Issuance of Depositary 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 Office 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. The Company has completed the construction of several projects including the Phase IV of the TSMC's Fab 18 in Southern Taiwan Science Park, Fox Automation Technology Plant Construction, and Fubon Changchun Duplex Office Building. Starting from 2022, we have expanded our operations in both factory and office markets. In 2023, we undertook projects such as the Nan Shan Life Shalun Cultural and Creative Park and the Cathay Industries Research and Development Center. We will continue to uphold quality and excellent service, actively cultivate target markets, and expand our business into construction projects such as green energy technology factories, factory office buildings, cloud technology data centers, and logistics warehouses.

###### 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, CKTech Engineering Co., Ltd. (hereinafter referred to as Shun Long 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, Shun Long 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

Shun Long 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. With the goal of enhancing overall construction added value and expanding into new markets by amplifying differentiation among competitors.

(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 pandemic gradually stabilizes and the tourism industry and international supply chains start to recover, opportunities for investment and development in commercial offices and hotels have increased from 2023 to 2026.

(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 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) Development of new techniques and patented techniques.

In line with the trend of low-carbon construction, our project for affordable housing actively utilizes a new construction method featuring high-strength reinforced concrete in lower floors, aiming to reduce the use of steel reinforcement and achieve carbon emission reduction targets in construction. The SD550 new techniques has been in use for several years and has received widespread acclaim, not only for our own use but also for licensing to multiple industry peers. The SD690 techniques, which utilizes even higher-strength reinforced concrete, is currently in the process of new method application review. Upon approval, it is expected to offer even better carbon reduction benefits, particularly for ultra-high-rise buildings. Improving the efficiency of steel reinforcement construction is another key development focus. Recently, we have obtained a new technique for seismic reinforcement of beams, which can address the issue of difficult construction due to the dense steel reinforcement in the shear zone of beams. This technique, combined with various innovative reinforcement techniques, has resulted in the acquisition of multiple patents both domestically and internationally. The systematic beam-column structure is another patented construction technique aimed at improving the efficiency of steel reinforcement. In this technique, construction



factors are considered during the design phase to arrange the steel reinforcement in a specific manner, ensuring that all the reinforcement smoothly avoids each other when beams and columns are joined.

(2) Enhancement of automation in operational methods

With the continuous advancement of information technology, operational methods have largely shifted from paper-based to digital, providing an opportunity for automation development. Utilizing software aided by programming as one of the means to enhance operational automation, the current developments include: automatic generation of initial 3D models based on 2D drawings, quick generation of material pick lists based on detailed construction models, automatic estimation of pipeline and accessory quantities based on lighting design drawings, and comprehensive use of self-inspection Apps at construction sites with automatic report generation capabilities.

(3) MIS application

Implementing ERP as the core system for enterprise processes, integrating business processes such as finance, accounting, procurement, project management, and supply chain operations, to achieve real-time monitoring and querying of information. P6 is a commonly used project scheduling software in the construction industry. Based on on-site feedback, construction information is continuously updated to revise the project schedule calculations, providing decision-makers with references to adjust schedules and improve any delays. BI is a data visualization tool that aggregates all system information to assist managers in accelerating decision-making speed. It also develops predictive models to provide managers with alertness.

(4) 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.

(5) 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.

(6) 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 as well as the assessment of flatness after grouting in basement floorings.

(7) Introduction of aerial photography technology

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

2. R&D Results

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

The research and development direction is divided into three main axes, including construction technology refinement, construction management automation and customer service refinement. The following table shows the results for 2023:

Table 2023 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 and 3 new patents in mainland China. The review process for the new construction method has been completed, and we are awaiting approval letters to commence utilization.	Construction technology refinement
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. This project has entered the review process for the new construction, and approval is expected by mid-2024.	Construction technology refinement
BIM Automation of Mechanical and Electrical Lines	Labor shortage has become a severe issue in the construction industry. Prefabricated cutting method can reduce the demand for skilled workers and save materials, indirectly	Construction Management Automation

Item	Explanation	Category
	contributing to carbon reduction goals. To complement the prefabricated cutting method, we've developed a program for dividing water supply pipelines. The program first corrects pipes in the water supply model that exceed the maximum length limit. Then, based on the corrected results, it generates the quantity of pipe materials and fittings per household. This technology has been successfully tested in the Zuoying social housing and is now fully utilized in various communal areas on each floor. We plan to expand the same technology to other systems in 2024.	
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 Electric Engineering Co., Ltd. This project initially focused on the reinforcement work item and then expanded to include formwork, lightweight partitions, waterproofing, and other work items. All work items are expected to be incorporated by 2024.	Construction Management Automation
Automation of mechanical and electrical services estimation	Due to the frequent absence of mechanical and electrical BIM models during the estimation phase, we developed a program for automatic estimation based on mechanical and electrical design drawings. We have successfully handled the calculation of wiring quantities and equipment quantities for indoor lighting and sockets in residential units. We will continue to develop estimates for lighting and socket quantities in common areas.	Construction Management Automation

Item	Explanation	Category
Low carbon label assessment	The Construction and Planning Agency (CPA) is promoting new carbon reduction labels for low-carbon buildings and energy efficiency labels for buildings. Initially, we invited planning scholars specializing in labeling to share their concepts with our company. Subsequently, we applied for labeling using actual project cases. Finally, we developed electronic spreadsheets internally to streamline operations and reduce time spent on calculations. After obtaining this assessment technology and tools, the low-carbon assessment results can be provided to developers during the design phase for every contracted social housing project.	Customer Service Refinement

(2) Patent

As of today, the Company has accumulated 37 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
3 patents in 2017	Soundproof door	Republic of China
	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
		China
	Water guiding system under stone floor	Republic of China
5 patents in 2019	Water filtration air system	Republic of China
	Water guiding system under stone floor	China
	Water filtration air system	China
	Molding support system	Republic of China
	Dehazing System	Republic of China
4 patents in 2021		China
	Construction frame system	Republic of China
	Construction frame system	China
	Construction Material Delivery Methods	Republic of China
1 patent in 2020	Structural end reinforcement system	Republic of China
	Graphical representation of transcoding methods and devices	Republic of China

Announcement Year	Patent Title	Country
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
1 patent in 2023	Systematic beam-column structure and its method	Republic of 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 2024.

(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 37 patents passed. The objectives of the patent application stage are described as follows:

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

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

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

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



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

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

2. Intelligent Property Management Model

(1) Innovations and Development

- A. Incentives to encourage innovative ideas.
- B. Through industry-academia collaboration, we explore the feasibility of R&D, and those with good results will be further converted into patents.

(2) Patent Implementation Method

- A. The Technology Development Department receives innovative ideas from company personnel.
- B. Evaluate whether to apply for a patent at a technology development meeting.
- C. Appoint a patent company to conduct patent search and application.
- D. The Technology Development Department is responsible for the annual patent maintenance.

In principle, a patent for a new type shall be maintained for at least six years and a patent for an invention shall be maintained for at least nine years, and the maintenance period may be extended as appropriate for patents with derivative interests.

(3) Intellectual Property Risk Response

The intellectual property dispute is a kind of highly professional litigation. After receiving the external information, the company staff should inform the corporate affairs staff as soon as possible, and the legal director and the R&D director should form a task force and invite the patent law firm to discuss the countermeasures together.

(4) Others

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 construction services	Market share
2019	24,806	47	0.18%
2020	26,829	67	0.25%
2021	30,732	53	0.17%
2022	35,996	51	0.14%
2023	38,754	42	0.11%

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 2024.

(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. For instance, they demanded BIM technology and property management system be considered in bidding for public construction projects. It can be expected that the various counties and cities will gradually demand the introduction of BIM as a necessary bidding condition.

B. In addition to Taipei City and New Taipei City, Taoyuan City and other counties and cities have also required that the introduction of BIM be stipulated on the tender for public construction projects in specific experimental area, or for a designated building types (such as public housing). Some institutions (such as Taipower, TRA, light railway and other competent authorities) hope to improve the quality of their projects by introducing such technology. It's expected that there will 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> <p>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.</p> <p>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.</p>

(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

- 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	2022				2023			
	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	420,000	8.29%	None	Customer A	1,114,211	26.62%	None
2	Customer B	614,967	12.14%	None	Customer B	906,971	21.66%	None
3	Customer C	886,368	17.50%	None	Customer C	644,594	15.40%	None
4	Customer D	700,566	13.83%	None	Customer D	521,591	12.46%	None
5	Customer E	516,383	10.19%	None	Customer E	318,414	7.61%	None
6	Customer F	1,026,183	20.26%	None	Customer F	70,441	1.68%	None
	Others	901,234	17.79%	None	Others	610,137	14.57%	None
	Net sales	5,065,701	100.00%		Net sales	4,186,359	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	2022			2023		
	Production capacity	Production volume	Production Value	Production capacity	Production volume	Production Value
Main products						
Construction services (including electromechanical service)	-	-	4,517,090	-	-	3,797,047
Others	-	-	76	-	-	76
Total	-	-	4,517,166	-	-	3,797,123

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

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

Unit: NT\$ Thousands

Year Sales volume and sales value	2022		2023	
	Taiwan (domestic)		Taiwan (domestic)	
	Volume	Value	Volume	Value
Main products				
Construction services (including electromechanical service)	-	5,065,366	-	4,186,024
Others	-	335	-	335
Total	-	5,065,701	-	4,186,359

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		2022	2023	Current year up to March 31, 2024
Number of Employees	Direct labor	290	278	266
	Indirect labor	175	182	186
	Total	465	460	452
Average age		43.76	43.28	43.33
Average service years		5.15	5.32	5.41
Academic distribution ratio	Doctor	1.10%	1.31%	1.33%
	Master	20.20%	19.78%	20.13%
	College	55.90%	56.30%	57.08%
	Senior high school	12.50%	12.17%	12.17%
	Lower than Senior high school	10.30%	10.44%	9.29%

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

IV. Environmental Expenditure

- (I) Total damages due to environmental pollution in the most recent fiscal year and as of March 31, 2024:

Unit: NT\$ Thousands

Date	Official Letter No.	Violation of provisions	Violation of regulations contents	Amount
2023/02/01	Order Ref. No. Taipei-Environmental-Inspection-Punishment 1116012	Article 27, Waste Disposal Act	Mud and sand pollute the road	1.2
2023/03/10	Order Ref. No. Noise-22-112-0050	Article 9, Paragraph 1, Subparagraph 4 of the Noise Control Act	Exceeding noise control standards	36
2023/04/27	Order Ref. No. Residence 23-112-050002	Article 32, Air Pollution Control Act	Material handling dust	100
2023/05/04	Order Ref. No. Waste 40-112-060026	Article 27, Waste Disposal Act	Mud and sand pollute the road	3.6
2023/07/25	Order Ref. No. Kaohsiung-Environmental-Inspection-Noise 22-112-090007	Subparagraph 4, Article 8, the Noise Control Act	Nighttime operation of power machinery for grouting exceeding the prescribed working hours	6
2023/10/24	Order Ref. No. Noise-22-113-020229	Article 9, Paragraph 1, Subparagraph 4 of the Noise Control Act	Exceeding noise control standards	72
2023/11/04	Order Ref. No. Noise-22-113-010394	Article 9, Paragraph 1, Subparagraph 4 of the Noise Control Act	Exceeding noise control standards	36
Total				254.8

(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.

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 2023 training are as follows:

Total hours	Expense
5,667 hours of internal training 586.5 hours of external training	NT\$1,878 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. The Company hires full-time nurses and contracted physicians, and regularly holds health-themed seminars to promote the health of employees.

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.

- (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 2023 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 established the "Cybersecurity Center" in 2023, with one cybersecurity manager and two cybersecurity personnel appointed. Additionally, we have disclosed our information security policies on the corporate governance page of the investor section on 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 115 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 2023, 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	National Housing and Urban Regeneration Center	2021.04~2025.02	Social Housing New Construction General Contracting Project in Xinglong Section, 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 Housing and Urban Regeneration Center	2021.11~2027.03	Social Housing New Construction General Contracting Project in Dingxin Section, Tucheng District, New Taipei City	None
Construction contract	Cathay Real Estate Development Co., Ltd.	2022.12~2026.06	New Construction of Assembled Residence in Jiguan Di Section, Eastern District, Tainan	None
Construction contract	LONG-YOUE CO., LTD.	2023.01~2027.07	New Construction of Assembled Residence in Ruanqiao Section, Beitou District, Taipei	None
Construction contract	Department of Urban Development, Taipei City Government	2023.03~2028.06	New Construction of Social Housing in Jinhua Section, Da'an District, Taipei	None
Construction contract	Department of Urban Development, Taipei City Government	2023.03~2025.12	New Construction of Social Housing in Chang'an Section, Zhongshan District, Taipei	None
Construction contract	Cathay Industrial Research and Design Center Co., Ltd.	2023.04~2026.06	Industrial Research and Development Center New Construction Project in Changchun Section, Zhongshan District, Taipei	None
Construction contract	Nan Shan Life Insurance Company, Ltd.	2023.06~2026.02	New Construction Project for Cultural and Creative Special Zone in Wanggaolou Section, Tamsui District, New Taipei City	None
Construction contract	National Housing and Urban Regeneration Center	2023.07~2028.04	Social Housing New Construction General Contracting Project in Zuobei Section, Zuoying District, Kaohsiung City	None
Construction contract	Genesis Social Welfare Foundation	2023.08 ~ (Note)	New Construction of the Hualien Branch Office in Fuguo Section, Hualien City, Hualien County	None
Construction contract	National Housing and Urban Regeneration Center	2024.01~2027.12	Social Housing New Construction General Contracting Project in Yongfu Section, Tucheng District, New Taipei City	None

Type of contracts	Party	Commencement Date or construction period	Main contents	Restrictions:
Construction contract	National Housing and Urban Regeneration Center	2024.02~2029.06	Social Housing New Construction General Contracting Project in Wanlong Section, Wenshan District, Taipei	None
Construction contract	Bannan Realty Co., Ltd.	2024.03~2029.07	Residential New Construction Project in Bannan Section, Zhonghe District, New Taipei City	None
Construction contract	Urban & Rural Development Department, New Taipei City Government	2024.03~2030.05	Social Housing New Construction General Contracting Project in Sanchong Section, Sanchong District, New Taipei City	None

Note: Confirmation of design pending confirmation by the parties involved. Final drawings will be issued upon confirmation.

## 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				
		2019	2020	2021	2022	2023
Current assets		7,647,907	8,074,911	7,514,014	6,851,693	6,585,364
Property, plant, and equipment		126,042	33,577	33,847	123,395	95,821
Intangible assets		0	0	2,391	7,017	10,606
Other assets		769,480	673,364	794,818	804,676	1,400,820
Total assets		8,543,429	8,781,852	8,345,070	7,786,781	8,092,611
Current liabilities	Before distribution	2,606,006	3,284,836	3,073,753	2,402,211	2,563,783
	After distribution (Note 3)	2,739,726	3,490,788	3,331,193	2,654,211	2,815,783
Non-current liabilities		1,581,671	1,068,365	568,739	643,722	679,074
Total Liabilities	Before distribution	4,187,677	4,353,201	3,642,492	3,045,933	3,242,857
	After distribution (Note 3)	4,321,397	4,559,153	3,899,932	3,297,933	3,494,857
Equity attributable to shareholders of the parent company		4,348,740	4,428,651	4,702,578	4,740,848	4,849,754
Capital		2,674,401	2,574,401	2,574,401	2,520,001	2,520,001
Additional paid-in capital		201,627	204,852	204,852	187,308	187,308
Retained Earnings	Before distribution	1,476,801	1,707,664	1,911,101	1,846,895	1,933,720
	After distribution (Note 3)	1,343,081	1,501,712	1,653,661	1,594,895	1,681,720
Other equity		(4,089)	(58,266)	12,224	186,644	208,725
Treasury Stock		0	0	0	0	0
Non-controlling interests		7,012	0	0	0	0
Total Equity	Before distribution	4,355,752	4,428,651	4,702,578	4,740,848	4,849,754
	After distribution (Note 3)	4,222,032	4,222,699	4,445,138	4,488,848	4,597,754

Note:1 The 2023 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 2024 that have been reviewed by a CPA.

Note:3 The earnings appropriation for 2023 has been resolved by the Board of Directors on March 13, 2024 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				
	2019	2020	2021	2022	2023
Operating revenue	4,773,012	6,762,818	5,326,431	5,065,701	4,186,359
Gross profit	341,133	512,514	624,374	548,535	389,236
Operating profit or loss	71,003	221,871	286,020	254,983	57,541
Non-operating income and expenses	45,549	161,941	259,686	(38,231)	337,902
Income before income tax	116,552	383,812	545,706	216,752	395,443
Net income (loss) of continuing operations	51,336	301,975	405,150	184,115	338,513
Loss of discontinuing operation	128,228	72,769	0	0	0
Net Income (Loss)	179,564	374,744	405,150	184,115	338,513
Other comprehensive income (net value after tax) for the period	55,382	(63,499)	74,729	187,977	22,393
Total comprehensive income	234,946	311,245	479,879	372,092	360,906
Net income (loss) attributable to shareholders of the parent company	179,635	373,905	405,150	184,115	338,513
Net income (loss) attributable to non-controlling interest	(71)	839	0	0	0
Total comprehensive income attributable to shareholders of the parent company	235,017	310,406	479,879	372,092	360,906
Total comprehensive income attributable to non-controlling interests	(71)	839	0	0	0
Earnings per Share	0.57	1.43	1.57	0.72	1.34

Note:1 The 2023 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 2024 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				
		2019	2020	2021	2022	2023
Current assets		2,885,300	3,820,458	3,598,960	2,802,139	2,359,020
Property, plant, and equipment		33,053	31,262	32,357	123,224	95,821
Intangible assets		0	0	2,391	7,017	10,606
Other assets		4,994,786	4,430,514	4,723,587	4,896,447	5,711,932
Total assets		7,913,139	8,282,234	8,357,295	7,828,827	8,177,379
Current liabilities	Before distribution	1,999,590	2,793,237	3,090,219	2,446,388	2,650,995
	After distribution (Note 2)	2,133,310	2,999,189	3,347,659	2,698,388	2,902,995
Non-current liabilities		1,564,809	1,060,346	564,498	641,591	676,630
Total Liabilities	Before distribution	3,564,399	3,853,583	3,654,717	3,087,979	3,327,625
	After distribution (Note 2)	3,698,119	4,059,535	3,912,157	3,339,979	3,579,625
Equity attributable to shareholders of the parent company		4,348,740	4,428,651	4,702,578	4,740,848	4,849,754
Capital		2,674,401	2,574,401	2,574,401	2,520,001	2,520,001
Additional paid-in capital		201,627	204,852	204,852	187,308	187,308
Retained Earnings	Before distribution	1,476,801	1,707,664	1,911,101	1,846,895	1,933,720
	After distribution (Note 2)	1,343,081	1,501,712	1,653,661	1,594,895	1,681,720
Other equity		(4,089)	(58,266)	12,224	186,644	208,725
Treasury Stock		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total Equity	Before distribution	4,348,740	4,428,651	4,702,578	4,740,848	4,849,754
	After distribution (Note 2)	4,215,020	4,222,699	4,445,138	4,488,848	4,597,754

Note:1 As of the printing date of the annual report, there is no financial statements for the 1st quarter of 2024 that have been reviewed by a CPA.

Note:2 The earnings appropriation for 2023 has been resolved by the Board of Directors on March 13, 2024 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				
	2019	2020	2021	2022	2023
Operating revenue	4,756,126	6,753,748	5,318,630	5,065,366	4,186,018
Gross profit	315,254	453,465	570,176	542,223	382,114
Operating profit or loss	72,349	180,689	270,692	248,375	73,344
Non-operating income and expenses	172,614	248,169	216,979	(23,390)	319,012
Profit before tax (loss)	244,963	428,858	487,671	224,985	392,356
Net income (loss) of continuing operations	179,635	373,905	405,150	184,115	338,513
Loss of discontinuing operation	0	0	0	0	0
Net Income (Loss)	179,635	373,905	405,150	184,115	338,513
Other comprehensive income (net value after tax) for the period	55,382	(63,499)	74,729	187,977	22,393
Total comprehensive income	235,017	310,406	479,879	372,092	360,906
Earnings per Share	0.57	1.43	1.57	0.72	1.34

Note:1 As of the printing date of the annual report, there is no financial statements for the 1st quarter of 2024 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	Note
2019	Deloitte Taiwan	I-wen WANG Wen-chin LIN	Consolidated: Unqualified opinion Standalone: Unqualified opinion	-
2020	Deloitte Taiwan	Wen-chin LIN Chun-hung CHEN	Consolidated: Unqualified opinion Standalone: Unqualified opinion	-
2021	Deloitte Taiwan	Li-Chun Chang Wen-chin LIN	Consolidated: Unqualified opinion Standalone: Unqualified opinion	-
2022	Deloitte Taiwan	Li-Chun Chang Wen-chin LIN	Consolidated: Unqualified opinion Standalone: Unqualified opinion	-
2023	Deloitte 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				
		2019	2020	2021	2022	2023
Items (Note 2)						
Financial structure (%)	Debt to asset ratio	49.02	49.57	43.65	39.12	40.07
	Ratio of long-term capital to property, plants and equipment	4,710.67	16,371.37	15,573.96	4,363.69	5,769.95
Solvency (%)	Current ratio	293.47	245.82	244.46	285.22	256.86
	Quick ratio	286.99	229.81	225.04	255.95	251.51
	Interest coverage ratio	8.09	33.50	60.19	18.76	49.54
Management ability	Average receivables turnover ratio (times)	1.89	4.50	11.22	26.22	20.81
	Average collection days	193	81	33	14	18
	Inventory turnover rate (times)	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.
	Average payables turnover ratio (times)	2.25	3.40	2.68	3.07	3.04
	Average inventory turnover days	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.
	Property, plant, and equipment (PP&E) turnover ratio (times)	30.10	84.74	158.00	64.43	38.19
	Total asset turnover ratio (times)	0.53	0.78	0.62	0.63	0.53
Profitability	Return on assets (%)	2.15	4.44	4.82	2.40	4.35
	Return on equity (%)	3.85	8.53	8.87	3.90	7.06
	Ratio of income before tax to paid-in capital (%)	4.36	14.91	21.20	8.60	15.69
	Net income to sales (%)	2.84	5.54	7.61	3.63	8.09
	Earnings per Share (NT\$)	0.57	1.43	1.57	0.72	1.34
Cash flows	Cash flow ratio (%)	29.07	39.23	18.75	(16.31)	61.03
	Cash flow adequacy ratio (%)	111.45	172.63	159.41	197.54	308.11
	Cash flow reinvestment ratio (%)	9.83	21.26	7.10	(12.15)	23.97
Leverage	Operating leverage	67.22	30.48	18.62	19.87	72.75
	Financial leverage	1.30	1.06	1.03	1.05	1.16
I. Reasons for any changes in financial ratios up to 20% in the past two years:		<ol style="list-style-type: none"> <li>1. The increase of current net value in 2023 results in a increase in interest coverage and profitability ratio.</li> <li>2. The purchase of aluminum mold equipment its depreciation in 2023 resulted in a decrease in the turnover rate of real estate, plant and equipment and increase in the ratio of long-term capital to real estate, plant and equipment.</li> <li>3. The decrease in the average payables turnover ratio and increase in the average collection days due to varying construction schedules and billing cycles across different projects in 2023</li> <li>4. The increase of net cash inflow from operating activities resulted in a increase in cash flow and cash reinvestment ratio.</li> </ol>				

Note:1 As of the printing date of the annual report, there is no financial statements for the 1st quarter of 2024 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 flows
  - (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

<div style="display: flex; align-items: center;"> <div style="flex: 1; text-align: right;">Year</div> <div style="flex: 1; text-align: left;">Items (Note 2)</div> </div>		Financial Analysis for the Last Five Fiscal Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to asset ratio	45.04	46.53	43.73	39.44	40.69
	Ratio of long-term capital to property, plants and equipment	17,891.11	17,558.05	16,278.01	4,368.01	5,767.40
Solvency (%)	Current ratio	144.29	136.78	116.46	114.54	88.99
	Quick ratio	132.27	117.54	96.82	85.88	84.01
	Interest coverage ratio	16.86	39.70	54.66	19.13	45.75
Management ability	Average receivables turnover ratio (times)	10.82	13.67	15.92	26.87	21.31
	Average collection days	34	27	23	14	17
	Inventory turnover rate (times)	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.
	Average payables turnover ratio (times)	3.27	3.58	2.57	2.99	2.97
	Average inventory turnover days	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.
	Property, plant, and equipment (PP&E) turnover ratio (times)	142.87	210.02	167.20	65.12	38.22
	Total asset turnover ratio (times)	0.59	0.83	0.64	0.63	0.52
Profitability	Return on assets (%)	2.38	4.73	4.96	2.40	4.32
	Return on equity (%)	3.86	8.52	8.87	3.90	7.06
	Ratio of income before tax to paid-in capital (%)	9.16	16.66	18.94	8.93	15.57
	Net income to sales (%)	3.78	5.54	7.62	3.63	8.09
	Earnings per Share (NT\$)	0.57	1.43	1.57	0.72	1.34
Cash flows	Cash flow ratio (%)	17.49	11.82	8.02	(15.78)	56.95
	Cash flow adequacy ratio (%)	(3.74)	45.58	11.90	22.18	178.06
	Cash flow reinvestment ratio (%)	3.11	3.62	0.80	(12.05)	22.98
Leverage	Operating leverage	65.74	37.38	19.65	20.39	57.07
	Financial leverage	1.27	1.07	1.03	1.05	1.14

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

1. The increase of current net value in 2023 results in a increase in interest coverage and profitability ratio.
2. The purchase of aluminum mold equipment its depreciation in 2023 resulted in a decrease in the turnover rate of real estate, plant and equipment and increase in the ratio of long-term capital to real estate, plant and equipment.
3. The decrease in the current ratio and average payables turnover ratio and increase in the average collection days due to varying construction schedules and billing cycles across different projects in 2023
4. The increase of net cash inflow from operating activities resulted in a increase 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 2024 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 flows
  - (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 2023 Standalone Financial Statements and the 2023 Consolidated 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, and the CPAs have issued an unqualified opinion for the said financial statements. 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 2024 Annual Shareholders' Meeting of the Company

Chien Kuo Construction Co., Ltd.

Convener of the Audit Committee: Chin-Pao Tsai

March 13, 2024

- 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	2023	2022	Difference		Analysis and description of changes
			Amount	%	
Current assets	6,585,364	6,851,693	(266,329)	(3.89)	
Property, plant, and equipment	95,821	123,395	(27,574)	(22.35)	1
Intangible assets	10,606	7,017	3,589	51.15	
Other assets	1,400,820	804,676	596,144	74.08	2
Total assets	8,092,611	7,786,781	305,830	3.93	
Current liabilities	2,563,783	2,402,211	161,572	6.73	
Non-current liabilities	679,074	643,722	35,352	5.49	
Total Liabilities	3,242,857	3,045,933	196,924	6.47	
Stock	2,520,001	2,520,001	0	0	
Additional paid-in capital	187,308	187,308	0	0	
Retained Earnings	1,933,720	1,846,895	86,825	4.7	
Shareholders' Equity	4,849,754	4,740,848	108,906	2.3	

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

1. The increase in the property, plant, and equipment is mainly due to the purchase of aluminum mold equipment in 2023 and the continued depreciation allocation.
2. The increase in other assets is mainly due to the reclassification of real estate from inventory to investment properties.
3. Countermeasure plan in the future: Not applicable.

### II. Financial Performance

Unit: NT\$ Thousands

Item \ Year	2023	2022	Difference		Analysis and description of changes
			Amount	%	
Net operating revenue	4,186,359	5,065,701	(879,342)	(17.36)	
Operating costs	3,797,123	4,517,166	(720,043)	(15.94)	
Gross profit	389,236	548,535	(159,299)	(29.04)	1
Operating expenses	331,695	293,552	38,143	12.99	
Operating income	57,541	254,983	(197,442)	(77.43)	
Non-operating income and expenses	337,902	(38,231)	376,133	983.84	2
Profit before tax of continuing operations	395,443	216,752	178,691	82.44	2
Income tax expense	56,930	32,637	24,293	74.43	3
Gain (Loss) from Discontinued Operations	0	0	0	0.00	
Net income	338,513	184,115	154,398	83.86	



- (I) The changes The changes exceed 20 and the amount of change reaches NT\$10 million:
1. Decrease in gross profit: Mainly due to the decrease in the net operating revenue in 2023 and higher gross profit margins on certain projects in 2022.
  2. The increase in the non-operating income and expenses is mainly due to the increase in the interest income from USD fixed deposits in 2023 and the valuation of financial assets.
  3. The increase in income tax expense is mainly due to the increase in the profit before tax leading to an increase in the related tax liability.
- (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 flows

(I) Analysis of Cash Flow Changes for the Most Recent 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	Effect of exchange rate changes on cash and cash equivalents	Amount of remaining cash (December 31, 2023)	Remedial measures for expected cash inadequacy	
					Investment plan	Financial plan
3,166,181	1,564,574	(3,125,225)	28,765	1,634,295	-	-

1. Operating activities: Cash inflows of NT\$1,564,574 thousand, which mainly cash inflows from operating activities.
2. Financing activities: The cash outflow in the amount of NT\$(2,014,333) thousand was mainly due to the acquisition of financial assets during the year.
3. Financing activities: The cash outflow in the amount of NT\$(1,110,892) thousand was mainly due to the cash dividends distributed during the year and repayment of bank borrowings.

(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, 2023)	Net cash inflow resulting from operating activities throughout 2024	Net cash outflow from investing and financing activities throughout 2024	Amount of remaining cash (December 31, 2024)	Remedial measures for expected cash inadequacy	
				Investment plan	Financial plan
1,634,295	(193,404)	(244,243)	1,196,648	-	-

1. Analysis of changes in cash flows in 2024:
  - (1) Operating activities: Cash inflows of NT\$(193,404) thousands are mainly cash inflows from operating activities.
  - (2) Investing and financing activities: The cash outflow in the amount of NT\$(244,243) 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 2024.

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				
				2020	2021	2022	2023	2024
Land development	Own funds	2024	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

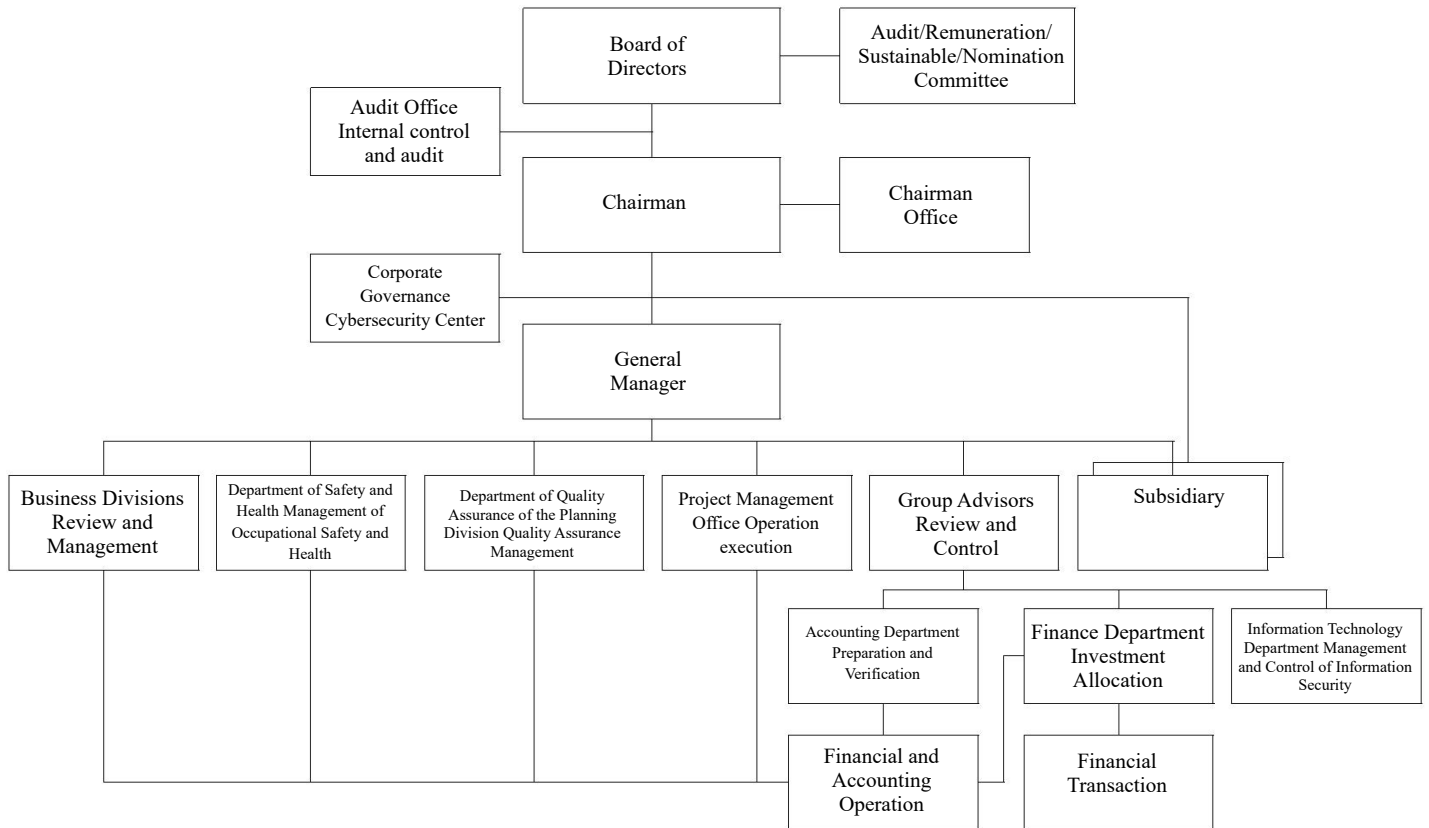
Unit: NT\$ Thousands

Corporation Name	Recognition of investment gains and losses in 2023	Investment policy	Main reason for such profit or loss	Improvement plan	Investment plan for the coming year
Golden Canyon Limited	84,764	In addition to the investment income from the construction of upstream and downstream subsidiaries, the Company's investment strategy will include financial market investment in 2020 in order to increase capital utilization income.	In 2023, with the US federal funds rate at a high level, the Company experienced an increase in interest income from its US dollar holdings and fund returns.	In anticipation of a potential soft landing in the economy in 2024, the Company is rigorously managing downside risks and adopting a conservative approach to cope with the situation.	Allocate and adjust in line with the overall capital utilization and investment plan of the Group at home and abroad
Silver Shadow Holding Limited	97,411				
Golden Canyon Venture Capital Investment Co., Ltd.	115,131	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 head and responsible employee adhere to their job scope, job description, and standard operating procedures to execute relevant operational regulations. This ensures the effective implementation of the company's internal control mechanisms while enhancing operational efficiency and optimization in business operations.

The Audit Office, which directly reports to the board of directors, is an independent unit with professional audit personnel. They regularly carry out annual audit plan activities and conduct special investigations assigned by senior management. The Audit Office adheres to regulations by implementing an annual audit plan. They conduct regular audits to ensure compliance with laws and regulations and the effectiveness of internal control procedures. They also continuously follow up on identified deficiencies and improvement measures until completion, ensuring the effectiveness of internal control system operations. In addition to regular and ad-hoc reports to the Chairman and the Audit Committee, the Audit Office also provides periodic reports to the board of directors.

### (2) Identification of Risks

Senior managements use the summary analysis of SWOT, risk identification tool 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. Each department unit manages and controls action plans and improvement measures for identified potential risks associated with various projects. This is achieved through routine operational management meetings, cross-departmental coordination meetings, and meetings with contractors. Additionally, ad-hoc or emergency meetings are convened to address unforeseen circumstances. Continuous monitoring and follow-up on identified risks are conducted during routine meetings until they are eliminated or reduced to an acceptable level. The Safety and Health Department ensures that responsible employees and contractors adhere to occupational safety and health standards through clear standard operating procedures and on-site inspections and audits. This helps to reduce the risk of workplace accidents during construction activities. The quality assurance department conducts regular quality assurance audits based on the project's engineering phase progress. They report any identified deficiencies in workmanship and project scores to senior management for review. Continuous monitoring ensures that deficiencies are addressed and improvements are made to effectively enhance the quality management of construction activities. Finally, each department unit conducts an annual self-assessment of its internal control system, allowing personnel to review the adherence to procedures and provide feedback on practical issues encountered in their operations. Through coordinated

communication and improvement adjustments, departments effectively optimize their operations and mitigate construction process risks.

(3) The division of responsibilities

Through the interconnected operational cycles and management operation standards, as well as defined responsibilities, each department follows the Company's organizational structure, strategic objectives set by various business units, and job assignments of each department. They utilize the authorized decision-making authority matrix and operational process control mechanisms approved by the Company to enable supervisors to guide their teams within their authority. This is achieved through operational management and communication coordination meetings, where decision-making, discussions, and knowledge sharing take place. Moreover, active consensus-building across departments is facilitated through coordination operations and interdepartmental meetings to effectively implement operational execution.

The Legal Department reviews the content terms of contracting and construction contracts and assists projects in clarifying uncertainties and high-risk operations. They present suggestions or improvement measures favorable to the Company and report them after the Chairman's approval, proceeding to contract sealing according to the final version. The Safety and Health Department conducts inspections on occupational safety and health practices at construction sites based on actual progress and tracks safety deficiencies for improvement. The Quality Assurance Department continuously audits construction quality based on project progress and conducts periodic quality inspections, ensuring effective follow-up on deficiencies. The Project Management Department consolidates and analyzes project costs and progress, tracking and urging improvement for any delays or cost differences. The Accounting Department verifies accounts and prepares vouchers based on estimation certificates produced by construction sites. The Finance Department reviews and reports on financial operations, funds utilization, financial transactions, and investment management, providing professional recommendations to responsible supervisors after analysis and audit.

The annual audit operation plan is approved by the board of directors and includes various audit tasks such as routine financial and accounting audits, subsidiary supervision operations, ad-hoc project audits, and annual internal control self-assessment operations. The audit department conducts regular audits according to the annual plan and reports audit operations, identified deficiencies, and their improvement progress to the audit committee and the board of directors through audit operation reports.

(II) Implementation of risk policies and assessment criteria:

1. Risk policy:

The Company has established various coping strategies and risk management mechanisms for different types of contracted projects and construction stages. Through action plans and improvement measures, potential risk items are identified, managed, and reduced. Risk exposure is controlled within acceptable limits without exceeding the budget allocation for each project and the predetermined profit margin. This ensures the smooth attainment of the Company's operational objectives. Each business

unit in the Company formulates risk management policies, risk control mechanisms, and operational standards tailored to its operational characteristics. Through clear management mechanisms, responsibilities, and routine operations, we can effectively reduce or transfer known construction risks. Operational management personnel adhere to policies and internal control operational standards to conduct risk assessment, monitoring, and reporting tasks effectively. They ensure that risk management is effectively implemented through various responsibilities such as occupational safety and health, quality assurance, contract management, revenue collection, project management, investment, and credit management.

2. Risk management operations:

The Company continuously updates internal operational processes, incorporating regulatory requirements, internal control systems, and internal standard operating procedures. Department managers of each business unit regularly participate in routine departmental meetings, operational management meetings, management platform reporting charts, and cross-departmental coordination and communication meetings. Through identified action plans and improvement measures for operational and construction operations, they implement and improve internal control management deficiencies and preventive corrective measures.

In accordance with the annual audit plan approved by the board of directors, the Audit Office conducts audits of various operational and routine financial activities. They also carry out ad-hoc investigations or project audits as directed by senior management. The audit reports are submitted promptly and accurately, detailing audit deficiencies and improvement plans. Additionally, department managers are requested to propose improvement measures, which are continuously monitored and followed up until completion, ensuring projects are completed on time and with the expected quality, and legal regulations are complied with and announced as scheduled.

(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	2022		2023	
		Amount	%	Amount	%
Interest Rate	Interest revenue	43,028	0.85%	135,971	3.25%
Interest Rate	Interest expenditure	12,207	0.24%	8,147	0.19%
Changes in exchange rate	Exchange gains and losses	(37,234)	(0.74%)	(315)	(0.01%)
Revenue	Operating revenue	5,065,701	100.00%	4,186,359	100.00%

The Group's various subsidiary companies' capital allocation has been impacted by the high US dollar interest rates in the recent year, affecting the Company's profit and loss.

Countermeasures: Optimize asset allocation to mitigate the impact of potential interest rate declines resulting from the high US dollar interest rates.

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

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

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

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

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	2022	2023	2024
R&D expense	7.84 million	8.08 million	9.76 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 for 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 had also suffered loss from such Incident. Consequently, the Company filed a claim against Shing Tzung for compensation (including expenses incurred by the Company's participation in the repair work) and demanded that Shing Tzung return the promissory notes of performance guarantee to the Company. 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 Devel Opment Co., Ltd. after neutralizing part of the creditor's rights. After deducting the claims neutralized by the Company in the previous case, Shing Tzung Devel Opment 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 "C" 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. In April 13, 2023, the Company received mediation proposals. However, the Weiwuying Center for the Arts responded by rejecting the mediation proposals. Consequently, the Company submitted the case for arbitration on July 3, 2023, in accordance with the law. The arbitration tribunal is currently conducting hearings, and until the arbitration judgment is made, the consolidated company finds it difficult to assess the outcome.

- (3) The construction project of social housing on the first site in Yangmei District and the first site in Pingzhen District of Taoyuan City, contracted by the Company (hereinafter referred to as "the Project"), stipulates in the construction contract that the natural gas company's execution costs and related fees shall be paid by the consolidated company and then reimbursed by the contracting authority, the Office of Housing Development, Taoyuan (hereinafter referred to as "the Housing Development Office"). After the Company respectively paid the execution costs and fees of NT\$12,747 thousand and NT\$4,253 thousand to SHINTAO NATURAL GAS Company, we applied to the Housing Development Office for reimbursement of the total payment of NT\$17,000 thousand in accordance with the contract. Unexpectedly, the Housing Development Office insists that the detailed price list of the service proposal for this project includes the gas engineering items and amounts and thus refuses to pay. The Company believes that the Housing Development Office's action is not in line with the contract provisions. Therefore, on August 29, 2023, we filed a mediation request with the Taoyuan City Government Procurement Appeal Review Committee. The Taoyuan City Government Procurement Appeal Review Committee notified us of the first mediation meeting scheduled for February 16, 2024. Currently, the mediation committee is in the process of reviewing the case. Until a mediation suggestion is made, the Company finds it difficult to assess the outcome.

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 has established the "Cyber Security Management Regulations " and formulated related management measures to ensure the confidentiality, completeness and availability of the information assets.

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

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

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

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

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 2023, the Company commissioned a cybersecurity professional firm to sequentially implement vulnerability scanning (endpoint detection), network architecture review, social engineering drills, cybersecurity health check services, and penetration testing. This was done to strengthen cybersecurity defenses and enhance the protection capabilities of information and communication systems.
- ♦ 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.
- ♦ User-side information security audits are conducted once every six months, with the total number of audits exceeding 100 individuals each year from 2020 to 2024.
- ♦ To enhance awareness and understanding of information security, five cybersecurity awareness campaigns were conducted in 2023. Additionally, based on the results of social engineering drills, employees underwent reinforced education and training on cybersecurity awareness, including assessments, aimed at improving their awareness levels.

(2) Climate change risk

Since the onset of global industrialization, greenhouse gas emissions have doubled, leading to an acceleration of climate change. This has resulted in disrupted seasons, shorter intervals between natural disasters, and the occurrence of extreme droughts and heavy rains in different regions. The uncertainty surrounding these changes amplifies the associated risks, with "carbon" being identified as the underlying cause. Therefore, major mature economies around the world, led by the European Union, have implemented regulations to encourage carbon reduction. These regulations include domestic carbon taxes and carbon tariffs on imports and exports. The Ministry of Environment in our country has announced its intention to impose carbon fees on businesses, based on their carbon emissions. As a result, improving energy efficiency has become a significant research focus in both the industry and academia. In response to this, the Company has proactively incorporated the principles of green building, healthy building, and smart building in recent years. This has allowed us to develop technologies that mitigate the impact of climate-related risks and capitalize on opportunities for our business. The Company's Environmental Team holds regular meetings to communicate and understand the management needs of the business. Climate indicators and goals for the Company's management include greenhouse gas emissions, energy usage, and green building. These will be further developed according to the Environmental Team's implementation schedule. The Company's technical department is actively engaged in discussing and assisting in the evaluation and decision-making of issues related to climate and environmental change. Additionally, it is dedicated to researching and developing green construction techniques to help clients enhance their green building ratings, mitigate the effects of climate change, and maximize positive outcomes while minimizing negative impacts. During the design phase, the integrated package project is included in the overall analysis of green energy. The construction process adopts environmentally friendly and energy-saving designs and materials, in accordance with the highest national standards for low-carbon building

requirements. Additionally, user needs are taken into consideration, with the goal of reducing carbon emissions from the design stage and implementing energy-saving and carbon reduction policies. This commitment reflects our dedication to environmental protection and corporate social responsibility.

The Company owns the patented method for reinforcing bars, SD550W. This method combines high-strength steel bars with high-strength concrete to reduce the quantity of steel bars required in columns and beams. The ground floor and first floor of the building, which are expected to experience the highest stress, can reduce the amount of main reinforcement by 24% while maintaining the same structural strength, achieving an indirect reduction in carbon emissions. Additionally, the Zuoying Chongshi Anju social housing project has implemented an aluminum formwork system instead of traditional wooden formwork. The smooth metal surface of the aluminum formwork eliminates the need for plastering and can be reused 300 to 400 times. By using aluminum formwork instead of wooden formwork, the project has reduced carbon emissions by approximately 1,025 tons, as certified by the LBCA. Chien Kuo Construction will continue to promote this practice based on the experience gained from this project, gradually replacing traditional wooden formwork and contributing to environmental protection and fulfilling corporate social responsibility.

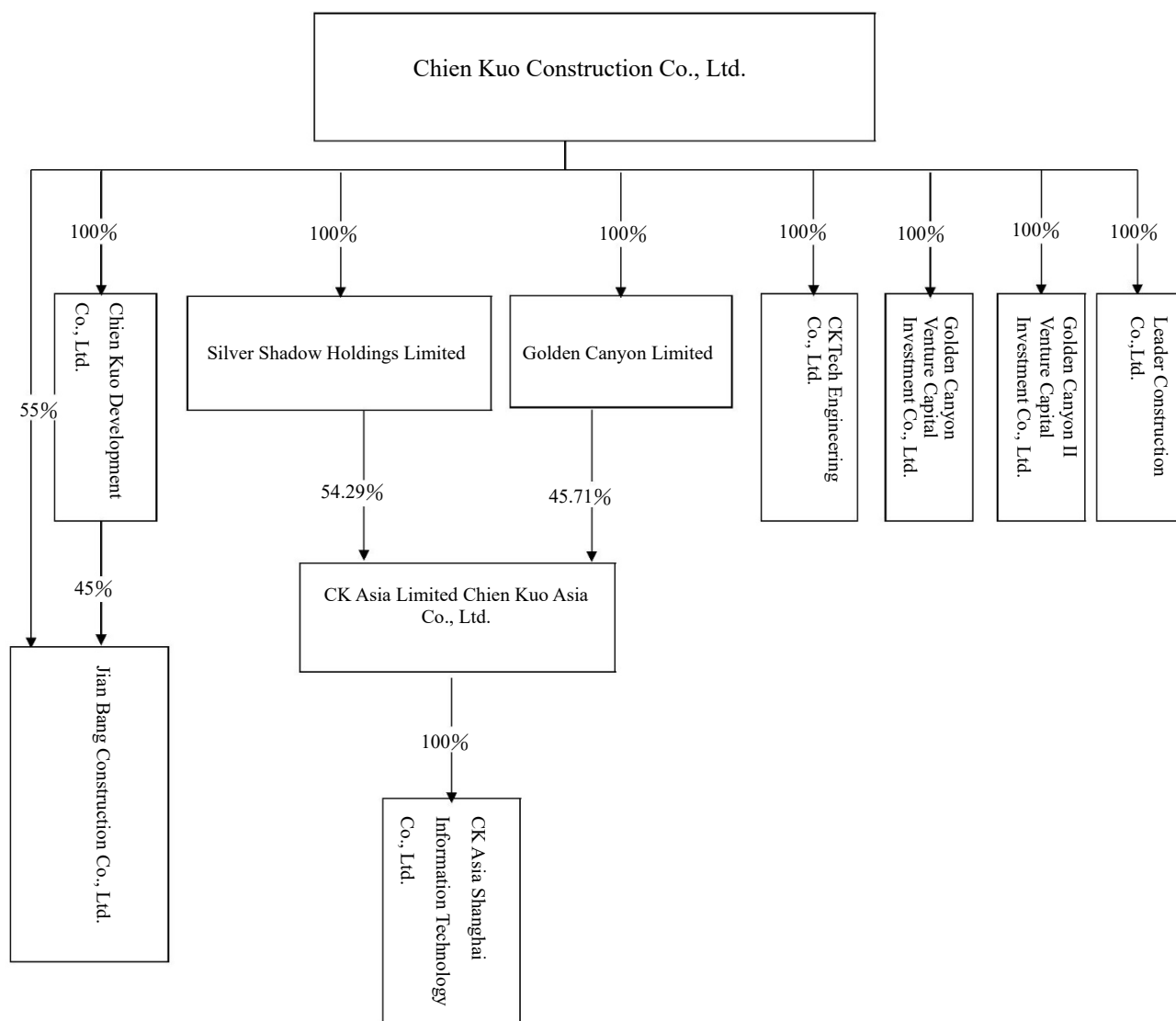
VII. Other Important Issues: None.

## Chapter 8 Special Items

### I. Information on Associates

#### (I) Consolidated Business Report of Associates

##### 1. Organizational Chart of Associates



Note 1: Leader Construction Co., Ltd completed the establishment and registration of industrial and commercial on August 1, 2023.

## 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	NTD100,000	Commission construction companies to build residential buildings and commercial buildings for lease and sale
CKTech Engineering Co., Ltd.	2001.10.09	20F, No. 69, Sec. 2, Dunhua S. Rd., Da'an District, Taipei City	NTD50,000	Planning, design and installation of air-conditioning, fire protection, power distribution and other projects
Golden Canyon Venture Capital Investment Co., Ltd.	2020.08.17	20F, No. 69, Sec. 2, Dunhua S. Rd., Da'an District, Taipei City	NTD401,000	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	NTD200,000	Venture capital business
Chien Bang Real Estate Development Co., Ltd.	2022.09.19	20F, No. 69, Sec. 2, Dunhua S. Rd., Da'an District, Taipei City	NTD50,000	Parking operation business, housing and building development, leasing and sale
Leader Construction Co., Ltd. (Note 2)	2023.08.01	20F, No. 69, Sec. 2, Dunhua S. Rd., Da'an District, Taipei City	NTD10,000	Comprehensive construction industry, engineering and mining consulting industry, and wholesale building materials industry.
Silver Shadow Holding Limited	1995.02.24	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG11 10, B.V.I	USD21,606	Overseas Short and Long Term Investment
Golden Canyon Limited	1996.06.21	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG11 10, 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.	USD0.35	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	USD100	Computer software technology development and consultation

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, 2023	30.71	3.929	4.3359

Note:2 Leader Construction Co., Ltd completed the establishment and registration of industrial and commercial on August 1, 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	Pai-Tso Sun (Chien Kuo Construction) Chu-Ming Wang	10,000	100%
CKTech 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) Ssu-Chia Kung (Chien Kuo Construction) 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%



Company name	Title	Name or representative	Shareholding (Note 1)	
			Shares	Shareholding Ratio (%)
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%
Chien Bang Real Estate Development Co., Ltd.	Chairman Supervisor General Manager	Pai-Tso Sun (Chien Kuo Construction) Ssu-Chia Kung (Chien Kuo Construction) Chu-Ming Wang	5,000	55%
Leader Construction Co.,Ltd. (Note 2)	Chairman	Chia-Kai Liu (Chien Kuo Construction)	10,000	100%
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	3	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%

Note1: Information related to such an associate is the information on the latest year up to December 31, 2023.

Note2: Leader Construction Co.,Ltd completed the establishment of industrial and commercial on August 1, 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	89,270	2,214	87,056	335	(5,493)	-
CKTech Engineering Co., Ltd.	50,000	90,751	35,043	55,708	42,597	(2,261)	-
Golden Canyon Venture Capital Investment Co., Ltd.	401,000	525,771	5,251	520,520	124,009	115,131	-
Golden Canyon II Venture Capital Investment Co., Ltd.	200,000	201,298	197	201,101	1,697	1,158	-
Chien Bang Real Estate Development Co., Ltd.	50,000	49,948	0	49,948	0	106	-
Leader Construction Co., Ltd.	10,000	9,271	972	8,299	0	(1,701)	-
Golden Canyon Limited	180,614	1,644,222	0	1,644,222	0	84,764	-
Silver Shadow Holding Limited	663,525	2,018,052	0	2,018,052	0	97,411	-
Chien Kuo Asia Co., Ltd.	1	47,782	0	47,782	0	5,096	-
CK Asia (Shanghai) Information Technology Co., Ltd.	3,071	26,341	12,929	13,412	0	1,602	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 2023 (from January 1 to December 31, 2023), 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 13, 2024

## 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, 2023, December 31, 2022 and January 1, 2022, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements (including the Summary of Significant Accounting Policies) for the period from January 1 to December 31, 2023 and 2022.

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, 2023, December 31, 2022 and January 1, 2022, and its consolidated financial performance and consolidated cash flows for the annual periods ended December 31, 2023 and 2022 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 "Regulations Governing Auditing and Attestation 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 2023 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 2023 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.

We performed the following principal audit procedures regarding the aforementioned matters.

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 2023 and 2022, 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) 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 2023. 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 13, 2024

#### 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, 2023, December 31 and January 1, 2022

Unit: NT\$ Thousands

Code	Assets	December 31, 2023		December 31, 2022		January 1, 2022 (Restated)	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note VI)	\$ 1,634,295	20	\$ 3,166,181	44	\$ 2,571,233	31
1110	Financial assets measured at fair value through profit or loss (Note VII)	1,774,481	22	880,330	11	1,830,044	22
1120	Financial assets at fair value through other comprehensive income (Note VIII)	21,655	-	19,392	-	23,126	-
1136	Financial assets measured at amortized cost (Note IX)	1,577,619	19	231,914	-	455,962	5
1140	Contract assets (Note XXII)	938,706	12	1,584,729	20	1,622,095	20
1150	Notes receivable (Note X)	156	-	-	-	34,536	-
1170	Accounts receivable (Notes X and XXII)	291,615	4	110,519	2	241,362	3
1200	Other receivables	76,903	1	25,122	-	27,817	-
1220	Current tax assets	132,644	2	130,217	2	110,984	1
1323	Inventories (for construction business) (Notes XI and XXX)	2,502	-	467,688	6	465,926	6
1410	Prepayments (Note XII)	129,937	2	163,274	2	119,411	2
1470	Other current assets	4,851	-	72,327	1	11,518	-
11XX	Total current assets	<u>6,585,364</u>	<u>82</u>	<u>6,851,693</u>	<u>88</u>	<u>7,514,014</u>	<u>90</u>
	Non-current assets						
1510	Financial assets measured at fair value through profit or loss (Note VII)	219,477	3	168,529	2	88,042	1
1517	Financial assets at fair value through other comprehensive income (Notes VIII and XXX)	370,478	5	348,388	5	525,553	6
1535	Financial assets at amortized cost (Notes IX and XXX)	100,834	1	70,050	1	-	-
1550	Investments accounted for using equity method (Note XIV)	48,642	1	48,780	1	-	-
1600	Property, plant and equipment (Note XV)	95,821	1	123,395	2	33,847	1
1755	Right-of-use assets (Note XVI)	41,208	-	13,894	-	23,284	-
1760	Investment properties (Notes XVII and XXX)	566,426	7	101,493	1	102,487	1
1780	Intangible assets	10,606	-	7,017	-	2,391	-
1840	Deferred tax assets (Note XXIV)	37,828	-	19,839	-	25,552	-
1990	Other non-current assets (Note XX and XXX)	15,927	-	33,703	-	29,900	1
15XX	Total non-current assets	<u>1,507,247</u>	<u>18</u>	<u>935,088</u>	<u>12</u>	<u>831,056</u>	<u>10</u>
1XXX	Total assets	<u>\$ 8,092,611</u>	<u>100</u>	<u>\$ 7,786,781</u>	<u>100</u>	<u>\$ 8,345,070</u>	<u>100</u>
	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)	801,917	10	28,885	-	287,695	3
2150	Notes payable	-	-	-	-	38,137	1
2170	Accounts payable (Note XIX)	1,242,538	15	1,254,433	16	1,649,752	20
2200	Other payables	203,608	3	175,157	2	281,237	3
2230	Current tax liabilities	48,685	1	32,837	1	52,091	1
2250	Current provisions (Note XXII)	135,217	2	45,390	1	46,667	1
2320	Current portion of long-term loans	-	-	-	-	499,862	6
2399	Other current liabilities (Note XI and XVI)	131,818	1	15,722	-	18,312	-
21XX	Total current liabilities	<u>2,563,783</u>	<u>32</u>	<u>2,402,211</u>	<u>31</u>	<u>3,073,753</u>	<u>37</u>
	Non-current liabilities						
2570	Deferred tax liabilities (Note XXIV)	537,026	7	537,267	7	486,280	6
2600	Other non-current liabilities (Note XVI)	142,048	1	106,455	1	82,459	1
25XX	Total non-current liabilities	<u>679,074</u>	<u>8</u>	<u>643,722</u>	<u>8</u>	<u>568,739</u>	<u>7</u>
2XXX	Total liabilities	<u>3,242,857</u>	<u>40</u>	<u>3,045,933</u>	<u>39</u>	<u>3,642,492</u>	<u>44</u>
	Equity (Note XXI)						
	Capital						
3110	Common stock	2,520,001	31	2,520,001	32	2,574,401	31
3200	Additional paid-in capital	187,308	2	187,308	3	204,852	2
	Retained Earnings						
3310	Legal reserve	744,264	9	724,858	10	682,772	8
3320	Special reserve	11,397	-	11,397	-	46,790	1
3350	Unappropriated earnings	1,178,059	15	1,110,640	14	1,181,539	14
3300	Total retained earnings	1,933,720	24	1,846,895	24	1,911,101	23
3400	Other equity	208,725	3	186,644	2	12,224	-
3XXX	Total equity	<u>4,849,754</u>	<u>60</u>	<u>4,740,848</u>	<u>61</u>	<u>4,702,578</u>	<u>56</u>
	Total liabilities and equity	<u>\$ 8,092,611</u>	<u>100</u>	<u>\$ 7,786,781</u>	<u>100</u>	<u>\$ 8,345,070</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.  
Manager: Mao-Sheng KAN

Chairman: Chang-Shiou WU

Accounting Manager: Lin-Ju LIN



Chien Kuo Construction Co., Ltd. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
From January 1 to December 31, 2023 and 2022

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

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note XXII)	\$ 4,186,359	100	\$ 5,065,701	100
5000	Operating costs (Notes XXIII and XXIX)	<u>3,797,123</u>	<u>91</u>	<u>4,517,166</u>	<u>89</u>
5900	Gross profit	<u>389,236</u>	<u>9</u>	<u>548,535</u>	<u>11</u>
	Operating expenses (Notes XXIII and XXIX)				
6200	Administrative expenses	342,295	8	315,334	6
6450	Reversal of expected credit loss	( <u>10,600</u> )	<u>-</u>	( <u>21,782</u> )	<u>-</u>
6000	Total operating expenses	<u>331,695</u>	<u>8</u>	<u>293,552</u>	<u>6</u>
6900	Net operating income	<u>57,541</u>	<u>1</u>	<u>254,983</u>	<u>5</u>
	Non-operating income and expenses (Notes XIV, XXIII and XXIX)				
7010	Other income	164,507	4	88,419	1
7020	Other gains and losses	181,680	4	( 114,223 )	( 2 )
7050	Finance costs	( 8,147 )	-	( 12,207 )	-
7060	Shares of loss of associates accounted for using equity method	( <u>138</u> )	<u>-</u>	( <u>220</u> )	<u>-</u>
7000	Total non-operating income and expenses	<u>337,902</u>	<u>8</u>	( <u>38,231</u> )	( <u>1</u> )
7900	Income before income tax	395,443	9	216,752	4
7950	Income tax expense(Note XXIV)	<u>56,930</u>	<u>1</u>	<u>32,637</u>	<u>1</u>
8200	Net income	<u>338,513</u>	<u>8</u>	<u>184,115</u>	<u>3</u>

(Continued on next page)

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Code		2023		2022	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note XX)	\$ 390	-	\$ 3,428	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	24,353	1	( 90,288 )	( 2 )
8349	Income tax related to items that will not be reclassified subsequently to profit or loss (Note XXIV)	( 78 )	-	( 686 )	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of financial statements of foreign operations	( 2,840 )		344,404	7
8399	Income tax related to items that will be reclassified subsequently to profit or loss (Note XXIV)	568		( 68,881 )	( 1 )
8300	Other comprehensive income or loss (after tax)	22,393	1	187,977	4
8500	Total comprehensive income	<u>\$ 360,906</u>	<u>9</u>	<u>\$ 372,092</u>	<u>7</u>
	Earnings per share (Note XXV)				
9750	Basic	<u>\$ 1.34</u>		<u>\$ 0.72</u>	
9850	Diluted	<u>\$ 1.34</u>		<u>\$ 0.72</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  
From January 1 to December 31, 2023 and 2022

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

Code		Capital	Additional paid-in capital	Retained Earnings			Other equity		Total	Treasury stock	Total equity
				Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income			
Z1	Balance as of January 1, 2022	\$ 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
	Appropriation and distribution of retained earnings for 2022										
B1	Provision of legal reserve	-	-	19,406	-	( 19,406 )	-	-	-	-	-
B5	Cash dividends appropriated to shareholders - NT\$1.00 per share	-	-	-	-	( 252,000 )	-	-	-	-	( 252,000 )
D1	Net income for 2023	-	-	-	-	338,513	-	-	-	-	338,513
D3	Other comprehensive income (net of tax) for 2023	-	-	-	-	312	( 2,272 )	24,353	22,081	-	22,393
D5	Total comprehensive income in 2023	-	-	-	-	338,825	( 2,272 )	24,353	22,081	-	360,906
Z1	Balance as of December 31, 2023	<u>\$ 2,520,001</u>	<u>\$ 187,308</u>	<u>\$ 744,264</u>	<u>\$ 11,397</u>	<u>\$ 1,178,059</u>	<u>\$ 65,648</u>	<u>\$ 143,077</u>	<u>\$ 208,725</u>	<u>\$ -</u>	<u>\$ 4,849,754</u>

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

Chairman: Chang-Shiou WU

Managerial Officer: Mao-Sheng KAN

Accounting Manager: Lin-Ju LIN

Chien Kuo Construction Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
From January 1 to December 31, 2023 and 2022

Code		2023	Unit: NT\$ Thousands 2022 (Restated)
	Cash flows from operating activities		
A10000	Net income before tax	\$ 395,443	\$ 216,752
A20010	Adjustments to reconcile income (loss):		
A20100	Depreciation expense	56,984	30,323
A20200	Amortization expenses	4,085	1,123
A20300	Gain on reversal of expected credit loss	( 12,916)	( 21,782)
A20400	Net (gain) loss on financial assets at fair value through profit or loss	( 182,044)	142,518
A20900	Finance costs	8,147	12,207
A21200	Interest income	( 135,971)	( 43,028)
A21300	Dividend income	( 18,837)	( 18,046)
A22300	Shares of loss of associates accounted for using equity method	138	220
A22500	Gain on disposal of property, plant and equipment	( 68)	( 65,533)
A30000	Changes in operating assets and liabilities, net		
A31125	Contract assets	647,537	37,366
A31130	Notes receivable	( 156)	34,536
A31150	Accounts receivable	( 172,089)	152,698
A31180	Other receivables	( 13,759)	( 209)
A31200	Construction in Progress	( 740)	( 1,762)
A31230	Prepayments	27,286	( 43,862)
A31240	Other current assets	67,476	( 60,809)
A32125	Contract liability	773,032	( 258,810)
A32130	Notes payable	-	( 38,137)
A32150	Accounts payable	( 11,895)	( 395,326)
A32180	Other payables	29,070	( 27,538)
A32230	Other current liabilities	90,578	( 1,103)
A32990	Other non-current liabilities	-	( 402)
A33000	Cash inflow (outflow) generated from operations	1,551,301	( 348,604)
A33100	Interest received	82,884	40,858
A33300	Interest paid	( 8,330)	( 12,180)
A33500	Income taxes paid	( 61,281)	( 71,954)
AAAA	Net cash inflows (outflows) from operating activities	<u>1,564,574</u>	<u>( 391,880)</u>

(Continued on the next page)

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Code		2023	2022 (Restated)
	Cash flows from investment activities		
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ -	\$ 90,611
B00040	Acquisition of financial assets measured at amortized cost	( 1,420,703 )	( 270,543 )
B00050	Disposal of financial assets measured at amortized cost	23,843	425,000
B00100	Acquisition of financial assets at fair value through profit or loss	( 1,413,246 )	( 2,383,142 )
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	656,453	3,176,651
B01800	Acquisition of investments accounted for using equity-method	-	( 49,000 )
B02700	Acquisition of property, plant and equipment	( 10,620 )	( 105,212 )
B02800	Proceeds from disposal of property, plant, and equipment	130	66,487
B03800	Decrease (increase) in refundable deposits	( 339 )	5,514
B04500	Acquisition of intangible assets	( 1,258 )	( 4,989 )
B05500	Advance from disposal of investment properties	115,685	-
B07100	Increase in prepayment for equipment	( 6,296 )	( 4,387 )
B07600	Dividend received	<u>42,018</u>	<u>15,922</u>
BBBB	Net cash (outflows) inflows from investing activities	( <u>2,014,333</u> )	<u>962,912</u>
	Cash flows from financing activities:		
C00100	(Decrease) increase in short-term loans	( 500,000 )	300,000
C00500	(Decrease) increase in short-term notes and bills payable	( 349,787 )	349,787
C01700	Repayment of long-term loans	-	( 500,000 )
C03000	Increase in guarantee deposits received	7,912	31,015
C04020	Repayment of lease principal	( 17,017 )	( 14,702 )
C04500	Cash dividends distributed	( 252,000 )	( 257,440 )
C04900	Purchase of treasury stock	<u>-</u>	( <u>76,382</u> )
CCCC	Net cash outflows from financing activities	( <u>1,110,892</u> )	( <u>167,722</u> )
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>28,765</u>	<u>191,638</u>
EEEE	Net (decrease) increase in cash and cash equivalents	( <u>1,531,886</u> )	<u>594,948</u>
E00100	Cash and cash equivalents at beginning of period	<u>3,166,181</u>	<u>2,571,233</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 1,634,295</u>	<u>\$ 3,166,181</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  
From January 1 to December 31, 2023 and 2022  
(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 13, 2024.

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 2024 onward

New/Revised/Amended Standards and Interpretations	Effective Date Issued by the IASB (Note 1)
Amendments to IFRS 16 "Lease Liabilities in Sale and Leaseback"	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note1: Unless otherwise stated, the aforementioned new standards, interpretations and amendments are effective from the reporting fiscal year after their respective effective dates.

Note2: 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.

Note3: The partial disclosure objective is not required to disclose upon the initial implementation of this amendment.

As of the date the consolidated financial statements were authorized for issue, the Group assessed 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
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 IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note1: Unless otherwise stated, the aforementioned new standards, interpretations and amendments are effective from the reporting fiscal year after their respective effective dates.

Note2: Applicable for annual reporting periods beginning on or after January 1, 2025. Upon the initial application of this amendment, the impact amount shall be recognized in retained earnings as of the date of initial application. When the Group uses a non-functional currency as the reporting currency, it will impact the foreign exchange differences of overseas operating entities under the equity items on the initial application date.

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) Expression of reclassification

The management of the Group considers that the funds repatriated in accordance with the "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" have not changed the nature of the deposit, as they are used for real and financial investments. The Group can request immediate access to these funds. Therefore, it is more appropriate to classify the deposit account as cash and cash equivalents. In 2023, the balance sheet and cash flow statement have been adjusted accordingly. The book value of the financial assets, measured at amortized cost, has been reclassified as cash and cash equivalents, amounting to NT\$117,940 thousand at January 1, 2022. The impact on the cash flow items for 2022 is as follows:

	Adjustment number
Net cash flows from investing activities	( \$ 117,940 )
Net increase in cash and cash equivalents	( \$ 117,940 )

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.



Please refer to Note XIII and Appendixes 6 and 7 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 retranslated.

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.

(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 Group 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.

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 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.

Property that is classified as inventories is reclassified as investment properties at their book value when the pre-sale purchase agreement is signed.

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, right of use assets, investment property and intangible assets (excluding goodwill)

On each balance sheet date, the Group evaluates whether there is any indication that its property, plant and equipment, right of use assets, investment property and intangible assets (excluding goodwill) 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 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 XXVIII 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.

(XI) Provision for liabilities

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

1. Onerous contract

When the Group expects that the unavoidable costs of meeting a contractual obligation exceed the expected economic benefits to be received from the contract, provision for liabilities are recognized for the present obligation arising from the onerous contract. When evaluating whether a contract is unprofitable, the costs of fulfilling the contract include the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling the contract.

2. Warranty

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Group of the expenditures required to settle the Group's obligations.

(XII) 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 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 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.

### (XIII) 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.

### (XIV) Employee benefits

1. Short-term employee benefits

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

2. Post-employment benefits

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

The defined benefit cost under defined benefit retirement plans (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. The cost of services (including the cost of

services of the current period and the cost of services of the previous period, and profit and loss from repayment) and the net interest of the net defined benefit liability (asset) are recognized as employee benefit expenses as they occur. Remeasurement (comprising actuarial gains and losses, and return on plan assets net of interests) is recognized in other comprehensive income and included in retained earnings, and is not recycled to profit or loss in subsequent periods.

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

3. Termination benefits

The 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).

(XV) 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.

In developing significant accounting 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.

Primary Sources of Uncertainties in Estimating, and Assumptions

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. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	\$ 2,505	\$ 2,228
Bank checks and demand deposits	787,452	348,271
Cash equivalents (time deposits with original maturity date within 6 months)		
Bank time deposits	844,338	2,815,682
	<u>\$ 1,634,295</u>	<u>\$ 3,166,181</u>

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

	December 31, 2023	December 31, 2022
Time deposits	0.52%~5.85%	0.32%~5.10%

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, 2023</u>	<u>December 31, 2022</u>
Mandatorily measured at fair value through profit or loss		
<u>Current</u>		
— Listed stocks and emerging stocks	\$ 198,207	\$ 22,201
— Unlisted common stocks	-	28,500
— Fund beneficiary certificates (I)	<u>1,576,274</u>	<u>829,629</u>
	<u>\$ 1,774,481</u>	<u>\$ 880,330</u>
<u>Non-current</u>		
— Listed stocks and emerging stocks	\$ 69,106	\$ -
— Unlisted common stocks	46,632	116,612
— Unlisted preferred stocks	61,950	-
— Private equity funds	<u>41,789</u>	<u>51,917</u>
	<u>\$ 219,477</u>	<u>\$ 168,529</u>

(I) 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. <u>Financial assets measured at fair value through other comprehensive income</u>		
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Investment in equity instruments</u>		
Listed stocks		
Current	\$ 21,655	\$ 19,392
Non-current	<u>370,478</u>	<u>348,388</u>
	<u>\$ 392,133</u>	<u>\$ 367,780</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 XXX.

IX. Financial Assets Measured at Amortized Cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Time deposits with original maturity date over six months	\$ 1,369,318	\$ 15,662
Restricted bank deposits (1)	15	13,172
Restricted bank term deposits (1)	<u>208,286</u>	<u>203,080</u>
	<u>\$ 1,577,619</u>	<u>\$ 231,914</u>
<u>Non-current</u>		
Corporate bonds (2)	\$ 30,867	\$
Pledged certificate of deposit	<u>70,050</u>	<u>70,050</u>
Subtotal	<u>100,917</u>	<u>70,050</u>
Less: Allowance losses	( <u>83</u> )	-
	<u>\$ 100,834</u>	<u>\$ 70,050</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Time deposits with original maturity date over six months	5.04%~6.06%	3.64%
Restricted bank term deposits	4.50%	3.20%~3.38%
Corporate bonds	5.38%	-
Pledged certificate of deposit	0.65%	0.65%

- (1) The aforementioned restricted financial assets are funds repatriated by the Group in accordance with the "Management, Utilization, and Taxation of Repatriated Offshore Funds Act" (hereinafter the "Act"). The Group intends to deposit the funds in a special account and withdraw them annually after a period of 5 years. The purpose of holding these assets does not meet the requirement for fulfilling short-term cash commitments, the financial assets are measured at amortized cost.
- (2) The Group only invests in debt instruments that have credit ratings of investment grade or higher, which are provided by independent rating agencies. The Group consistently monitors external credit ratings and financial market conditions to oversee the credit risk changes of the invested debt instruments. It also evaluates significant information about debtors and other relevant data to assess whether there has been a significant increase in credit risk since the initial recognition of the debt instrument investments.

The Group considers the historical default probabilities and loss given default rates at various level provided by external rating agencies to measure the expected credit losses of debt instruments over the next 12 months or over the lifetime of the instruments.

The total book value and applicable expected credit loss rates for investments in debt instruments of each credit rating are provided below:

December 31, 2023

<u>Credit Rating</u>	<u>Expected credit loss rate</u>	<u>Total carrying amount Measured at amortized cost</u>
Normal	0.27%	\$ 30,867

Summary by credit rating level for changes in loss allowance on the Group's investments in debt instruments measured at amortized cost:

	Credit Rating
	Normal
Balance as of January 1, 2023	\$ -
Purchase of New Debt Instruments	84
Exchange Rates and Other Changes	( 1 )
Balance as of December 31, 2023	<u>\$ 83</u>

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

X. Notes Receivable and Accounts Receivable

	December 31, 2023	December 31, 2022
Notes receivable	<u>\$ 156</u>	<u>\$ -</u>
Accounts receivable		
Measured at amortized cost		
Total carrying amount	\$ 316,638	\$ 145,053
Less: Allowance losses	( 25,023 )	( 34,534 )
	<u>\$ 291,615</u>	<u>\$ 110,519</u>

Accounts receivable

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, 2023</u>	<u>December 31, 2022</u>
Not overdue	<u>\$ 156</u>	<u>\$ -</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not overdue	\$ 212,253	\$ 105,909
Less than 180 days	74,697	-
More than 361 days	<u>29,688</u>	<u>39,144</u>
Total	<u>\$ 316,638</u>	<u>\$ 145,053</u>

Changes in allowance losses for accounts receivable are as follows:

	<u>2023</u>	<u>2022</u>
Balance - beginning of year	\$ 34,534	\$ 70,693
Add: Impairment loss reversed	( 9,086)	( 21,782)
Less: Write-off for the year	-	( 15,561)
Exchange difference	( <u>425</u> )	<u>1,184</u>
Balance - end of year	<u>\$ 25,023</u>	<u>\$ 34,534</u>

XI. Inventories (for construction business)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Xinzhi Section, Xinzhuang		
District (1)	\$ -	\$465,926
Shaoxing S. St., National Taiwan		
University (2)	<u>2,502</u>	<u>1,762</u>
	<u>\$ 2,502</u>	<u>\$467,688</u>

- (1) The Group acquired the land sitting at the northern part of the industrial zone in Xinzhuang District in July 2017. The original purpose of holding such land is to construct commercial buildings for sale. However, on May 10, 2023, the Board of Directors of the Group resolved to enter into a pre-sale contract for the above land real estate with a transaction amount of NT\$583,832 thousand, and the Group reclassified the land as an investment property in second quarter of 2023. After the signing of the contract, the purchaser will appoint an architect to design and apply for a building license and appoint a contractor to build buildings on the land. All costs related to the building will be borne by the purchaser, and the ownership of the land will be transferred to the purchaser upon the completion of the building. As of December 31, 2023, the Group had received NT\$117,065 thousand in advance for the first installment of the land in accordance with the Contract, which was recorded under other current liabilities. The land is pledged to financial institutions for loans. Please refer to Notes XVIII and XXX.
- (2) 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, 2023</u>	<u>December 31, 2022</u>
Prepayments for construction		
contracts	\$ 106,183	\$ 119,352
Tax overpaid retained	2,865	27,875
Prepaid insurance	16,329	4,635
Others	<u>4,560</u>	<u>11,412</u>
	<u>\$ 129,937</u>	<u>\$ 163,274</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, 2023	December 31, 2022	
The Company	Golden Canyon Limited (Golden Canyon)	Reinvestment	100%	100%	
	Silver Shadow Holding Limited (Silver Shadow)	Reinvestment	100%	100%	
	CKTech Engineering Co., Ltd. (CKTech Engineering)	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%	
	Chien Bang Real Estate Development Co., Ltd. (Chien Bang Building)	Building construction commission; public housing lease and sale	55%	55%	(Note 2)
	Leader Construction Co., Ltd (Leader Construction)	Maintenance and construction/Buying and selling construction materials	100%	-	(Note 1)
	Chien Kuo Building	Building construction commission; public housing lease and sale	45%	45%	(Note 2)
	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	-	-	(Note 3)

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

- (1) Leader Construction was established on August 1, 2023 through an investment made by the Company.
- (2) Chien Bang Building was jointly established on September 16, 2022 by the Company and Chien Kuo Building.
- (3) 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

Investments in associates

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Associates not individually significant		
Chang Jia Energy Co., Ltd.	<u>\$ 48,642</u>	<u>\$ 48,780</u>
<u>Associates not individually significant</u>		
	<u>2023</u>	<u>2022</u>
Shares attributable to the Consolidated Companies		
Net loss from continuing operations	( <u>\$ 138</u> )	( <u>\$ 220</u> )
Total comprehensive income	( <u>\$ 138</u> )	( <u>\$ 220</u> )

XV. Property, plant, and equipment

	Freehold land	Buildings	Machinery equipment	Transportation equipment	Office equipment	Leasehold improvements	Other Equipment	Outstanding Projects and Equipment Awaiting Inspection	Total
<u>Cost</u>									
Balance as of January 1, 2022	\$ 15,742	\$ 1,742	\$ 3,014	\$ 5,280	\$ 4,204	\$ 17,888	\$ 13,234	\$ -	\$ 61,104
Addition	-	-	210	-	986	-	93,037	10,979	105,212
Disposal	-	-	-	( 3,646 )	( 393 )	-	( 3,791 )	-	( 7,830 )
Net exchange differences	-	-	-	104	39	-	-	-	143
Balance as of December 31, 2022	<u>\$ 15,742</u>	<u>\$ 1,742</u>	<u>\$ 3,224</u>	<u>\$ 1,738</u>	<u>\$ 4,836</u>	<u>\$ 17,888</u>	<u>\$ 102,480</u>	<u>\$ 10,979</u>	<u>\$ 158,629</u>
<u>Accumulated depreciation</u>									
Balance as of January 1, 2022	\$ -	\$ 1,250	\$ 895	\$ 2,455	\$ 3,181	\$ 13,330	\$ 6,146	\$ -	\$ 27,257
Depreciation expense	-	48	670	573	555	3,088	9,831	-	14,765
Disposal	-	-	-	( 2,692 )	( 393 )	-	( 3,791 )	-	( 6,876 )
Net exchange differences	-	-	-	51	37	-	-	-	88
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 1,298</u>	<u>\$ 1,565</u>	<u>\$ 387</u>	<u>\$ 3,380</u>	<u>\$ 16,418</u>	<u>\$ 12,186</u>	<u>\$ -</u>	<u>\$ 35,234</u>
Net worth as of December 31, 2022	<u>\$ 15,742</u>	<u>\$ 444</u>	<u>\$ 1,659</u>	<u>\$ 1,351</u>	<u>\$ 1,456</u>	<u>\$ 1,470</u>	<u>\$ 90,294</u>	<u>\$ 10,979</u>	<u>\$ 123,395</u>
<u>Cost</u>									
Balance as of January 1, 2023	\$ 15,742	\$ 1,742	\$ 3,224	\$ 1,738	\$ 4,836	\$ 17,888	\$ 102,480	\$ 10,979	\$ 158,629
Addition	-	-	-	1,200	4,461	2,565	2,728	-	10,954
Disposal	-	-	( 933 )	-	( 422 )	( 17,346 )	( 3,082 )	-	( 21,783 )
Reclassification	-	-	( 147 )	-	921	-	10,686	( 10,979 )	481
Net exchange differences	-	-	-	-	( 42 )	-	-	-	( 42 )
Balance as of December 31, 2023	<u>\$ 15,742</u>	<u>\$ 1,742</u>	<u>\$ 2,144</u>	<u>\$ 2,938</u>	<u>\$ 9,754</u>	<u>\$ 3,107</u>	<u>\$ 112,812</u>	<u>\$ -</u>	<u>\$ 148,239</u>
<u>Accumulated depreciation</u>									
Balance as of January 1, 2023	\$ -	\$ 1,298	\$ 1,565	\$ 387	\$ 3,380	\$ 16,418	\$ 12,186	\$ -	\$ 35,234
Depreciation expense	-	48	534	410	1,343	1,914	34,698	-	38,947
Disposal	-	-	( 933 )	-	( 422 )	( 17,346 )	( 3,020 )	-	( 21,721 )
Net exchange differences	-	-	-	-	( 42 )	-	-	-	( 42 )
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 1,346</u>	<u>\$ 1,166</u>	<u>\$ 797</u>	<u>\$ 4,259</u>	<u>\$ 986</u>	<u>\$ 43,864</u>	<u>\$ -</u>	<u>\$ 52,418</u>
Net worth as of December 31, 2023	<u>\$ 15,742</u>	<u>\$ 396</u>	<u>\$ 978</u>	<u>\$ 2,141</u>	<u>\$ 5,495</u>	<u>\$ 2,121</u>	<u>\$ 68,948</u>	<u>\$ -</u>	<u>\$ 95,821</u>

Depreciation expenses of the Group'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	4~6 years
Transportation equipment	6 years
Office equipment	2~6 Years
Other Equipment	1~9 year(s)

XVI. Lease Agreement

(I) Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of right-of-use assets		
Buildings	\$ 39,168	\$ 10,473
Transportation equipment	<u>2,040</u>	<u>3,421</u>
	<u>\$ 41,208</u>	<u>\$ 13,894</u>
	<u>2023</u>	<u>2022</u>
Additions to right-of-use assets	<u>\$ 44,405</u>	<u>\$ 6,258</u>
Depreciation expense of right-of-use assets		
Buildings	\$ 14,973	\$ 12,530
Transportation equipment	<u>2,071</u>	<u>2,034</u>
	<u>\$ 17,044</u>	<u>\$ 14,564</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 2023 and 2022.

(II) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of lease liabilities		
Current (listed as other current liabilities)	<u>\$ 11,046</u>	<u>\$ 11,386</u>
Non-current (listed as other non-current liabilities)	<u>\$ 30,431</u>	<u>\$ 2,750</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Buildings	1.65%~2.06%	1.65%
Transportation equipment	3.00%	3.00%

(III) Other lease information

	<u>2023</u>	<u>2022</u>
Short-term lease expense	<u>\$ 7,528</u>	<u>\$ 11,314</u>
Total cash outflow on lease	<u>\$ 24,545</u>	<u>\$ 26,016</u>

XVII. Investment Property

	<u>2023</u>	<u>2022</u>
<u>Cost</u>		
Balance - beginning of year	\$ 120,607	\$ 120,607
Reclassification	<u>465,926</u>	<u>-</u>
Balance - end of year	<u>\$ 586,533</u>	<u>\$ 120,607</u>
<u>Accumulated depreciation and impairment</u>		
Balance - beginning of year	\$ 19,114	\$ 18,120
Depreciation expense	<u>993</u>	<u>994</u>
Balance - end of year	<u>\$ 20,107</u>	<u>\$ 19,114</u>
Net amount - end of year	<u>\$ 566,426</u>	<u>\$ 101,493</u>
Fair Value	<u>\$ 750,809</u>	<u>\$ 156,017</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 and the land pre-sale transaction price.

For an explanation regarding the Group's explanation of reclassification of property from inventory to investment properties, please refer to Note XI.

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

XVIII. Loans

(I) Short-term loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Unsecured loans</u>		
Credit line loans	<u>\$ -</u>	<u>\$ 500,000</u>
Annual interest rate (%)		
(Effective interest rate)	-	1.45%~1.98%



(II) Short-term notes and bills payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commercial papers payable	\$ -	\$ 350,000
Less: Discount on short-term notes and bills payable	-	( 213 )
	<u>\$ -</u>	<u>\$ 349,787</u>

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

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, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 33,690	\$ 33,103
Fair value of plan assets	( 38,114 )	( 36,671 )
Net defined benefit assets (listed as other non-current assets)	( \$ 4,424 )	( \$ 3,568 )

Changes in net defined benefit assets are as follows:

	Present value of defined benefit obligations	Fair Value of plan assets	Net defined benefit liabilities (assets)
January 1, 2022	<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	<u>-</u>	<u>( 642)</u>	<u>( 642)</u>
December 31, 2022	<u>33,103</u>	<u>( 36,671)</u>	<u>( 3,568)</u>
Service costs			
Current service cost	245	-	245
Interest expense (income)	<u>408</u>	<u>( 456)</u>	<u>( 48)</u>
Recognized in profit and loss	<u>653</u>	<u>( 456)</u>	<u>197</u>
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	( 324)	( 324)
Actuarial loss - Experience adjustments	( 251)	-	( 251)
Actuarial gain - Change in demographic and financial assumptions	<u>185</u>	<u>-</u>	<u>185</u>
Recognized in other comprehensive income	<u>( 66)</u>	<u>( 324)</u>	<u>( 390)</u>
Contribution from employer	<u>-</u>	<u>( 663)</u>	<u>( 663)</u>
December 31, 2023	<u>\$ 33,690</u>	<u>( \$ 38,114)</u>	<u>( \$ 4,424)</u>

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

	<u>2023</u>	<u>2022</u>
By function		
Operating costs	\$ 64	\$ 231
Operating expenses	<u>133</u>	<u>14</u>
	<u>\$ 197</u>	<u>\$ 245</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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.15%	1.25%
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, 2023</u>	<u>December 31, 2022</u>
Discount rate		
Increase by 0.25%	( \$ <u>460</u> )	( \$ <u>592</u> )
Decrease by 0.25%	<u>\$ 472</u>	<u>\$ 608</u>
Expected growth rate of salary		
Increase by 0.25%	<u>\$ 467</u>	<u>\$ 602</u>
Decrease by 0.25%	( \$ <u>457</u> )	( \$ <u>589</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, 2023</u>	<u>December 31, 2022</u>
Expected contribution amounts within 1 year	<u>\$ 663</u>	<u>\$ 641</u>
Average maturity period of defined benefit obligations	6 years	7 years

XXI. Equity

(I) Capital

	<u>December 31, 2023</u>	<u>December 31, 2022</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>252,000</u>
Issued capital	<u>\$ 2,520,001</u>	<u>\$ 2,520,001</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 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, 2023</u>	<u>December 31, 2022</u>
<u>May be used to offset deficits, appropriated as cash dividends or transferred to capital(1)</u>		
Stock issuance premium	\$ 186,037	\$ 186,037
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>\$ 187,308</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 and Jin-Guan-Zheng-Fa's Letter No. 1010012865 from the FSC and "Q&A on the Applicability of the Appropriation of Special Reserve after the Adoption of the International Financial Reporting Standards (IFRSs)." If other 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 20, 2023, and June 21, 2022, and respectively resolved the 2022 and 2021 earnings distribution proposals as follows:

	Proposal of Earnings Appropriation		Dividends per Share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$ 19,406	\$ 42,086		
Reversal of special reserve	-	( 34,566)		
Cash dividends	252,000	257,440	\$ 1.00	\$ 1.02

The appropriation of earnings and dividends per share for 2023 proposed by the Board of Directors on March 13, 2024 are as follows:

	Proposal of Earnings Appropriation	Dividends per Share (NT\$)
Legal reserve	\$ 33,883	
Cash dividends	252,000	\$ 1.00

The distribution of earnings for 2023 is subject to the resolution of the Stockholders' meeting to be held on June 18, 2024.

(IV) Treasury stock

<u>Account</u>	<u>Repurchase for Cancellation (In 1,000 Shares)</u>
Number of shares as of January 1, 2022	-
Increase	5,440
Cancellation for the period	( <u>5,440</u> )
Number of shares as of December 31, 2022	<u>-</u>
Treasury stock held by the Company may not be pledged nor assigned rights such as dividend appropriation and voting rights in accordance with the Securities and Exchange Act.	

XXII. Revenue

(I) Revenue from contracts with customers

	<u>2023</u>	<u>2022</u>
Revenue from construction contracts	\$ 4,186,024	\$ 5,065,366
Others	<u>335</u>	<u>335</u>
	<u>\$ 4,186,359</u>	<u>\$ 5,065,701</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

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Construction Segment</u>	<u>Discontinued Segment</u>	<u>Construction Segment</u>	<u>Discontinued Segment</u>
Notes receivable (Note X)	<u>\$ 156</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Accounts receivable (Note X)	<u>\$ 286,950</u>	<u>\$ 4,665</u>	<u>\$ 105,775</u>	<u>\$ 4,744</u>
Contract assets				
Real estate construction	\$ 693,243	\$ -	\$ 1,255,597	\$ -
Construction retainage receivable	245,463	-	330,646	-
Less: Allowance losses	<u>-</u>	<u>-</u>	( <u>1,514</u> )	<u>-</u>
	<u>\$ 938,706</u>	<u>\$ -</u>	<u>\$ 1,584,729</u>	<u>\$ -</u>
Contract liability				
Real estate construction	<u>\$ 801,917</u>	<u>\$ -</u>	<u>\$ 28,885</u>	<u>\$ -</u>
Current provisions	<u>\$ 135,217</u>	<u>\$ -</u>	<u>\$ 45,390</u>	<u>\$ -</u>

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

The aggregate amount of the amortized transaction price of which the performance obligations have not been satisfied and the anticipated years to recognize the revenue for the construction contracts signed by the Group as of December 31, 2023 are as follows:

Anticipated years to recognize revenue	December 31, 2023
2024~2029	<u>\$ 27,331,363</u>

XXIII. Net Income from Continuing Operations

(I) Other income

	2023	2022
Interest income	\$ 135,971	\$ 43,028
Dividend income	18,837	18,046
Litigation compensation	3,193	-
Gain on reversal of expected credit loss on other receivables	2,400	-
Others	<u>4,106</u>	<u>27,345</u>
	<u>\$ 164,507</u>	<u>\$ 88,419</u>

(II) Other gains and losses

	2023	2022
Gain (loss) on valuation of financial assets at fair value through profit or loss	\$ 182,044	( \$ 142,518 )
Loss on foreign currency exchange, net	( 315 )	( 37,234 )
Gains on disposal of property, plant and equipment	68	65,533
Others	( <u>117</u> )	( <u>4</u> )
	<u>\$ 181,680</u>	<u>( \$ 114,223 )</u>

(III) Finance costs

	2023	2022
Interest expenses		
Interest on bank loans	\$ 7,533	\$ 11,910
Lease liabilities	<u>614</u>	<u>297</u>
	<u>\$ 8,147</u>	<u>\$ 12,207</u>

(IV) Depreciation and amortization expenses

	2023	2022
Property, plant, and equipment	\$ 38,947	\$ 14,765
Right-of-use assets	17,044	14,564
Investment Property	993	994
Intangible assets	<u>4,085</u>	<u>1,123</u>
Total	<u>\$ 61,069</u>	<u>\$ 31,446</u>

	2023	2022
Depreciation expenses by function		
Operating costs	\$ 37,397	\$ 11,379
Operating expenses	18,633	17,988
Other gains and losses	<u>954</u>	<u>956</u>
	<u>\$ 56,984</u>	<u>\$ 30,323</u>
Amortization expenses by function		
Operating costs	\$ 1,410	\$ 32
Operating expenses	<u>2,675</u>	<u>1,091</u>
	<u>\$ 4,085</u>	<u>\$ 1,123</u>

(V) Employee benefits expenses

	2023	2022
Short-term employee benefits	\$ 481,701	\$ 468,763
Post-employment benefits		
Defined contribution plan	17,982	18,190
Defined benefit plans	197	245
Termination benefits	<u>1,314</u>	<u>518</u>
	<u>\$ 501,194</u>	<u>\$ 487,716</u>
By function		
Operating costs	\$ 227,651	\$ 254,850
Operating expenses	<u>273,543</u>	<u>232,866</u>
	<u>\$ 501,194</u>	<u>\$ 487,716</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 2023 and 2022 were resolved by the Board of Directors on March 13, 2024 and March 15, 2023 respectively as follows:

	2023		2022	
	Cash	Percentage (%)	Cash	Percentage (%)
Employee remuneration	\$ 12,522	3%	\$ 7,178	3%
Director remuneration	<u>12,522</u>	3%	<u>7,178</u>	3%
	<u>\$ 25,044</u>		<u>\$ 14,356</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>2023</u>	<u>2022</u>
Current-period income tax		
Income tax expenses		
recognized in the		
current period	\$ 75,181	\$ 52,245
Additional tax on		
unappropriated		
earnings	-	7,221
Adjustments for		
previous years	( <u>511</u> )	( <u>13,962</u> )
	74,670	45,504
Deferred income tax		
Income tax expenses		
recognized in the		
current period	( <u>17,740</u> )	( <u>12,867</u> )
Income tax expenses		
recognized in profit or loss	<u>\$ 56,930</u>	<u>\$ 32,637</u>

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

	<u>2023</u>	<u>2022</u>
Net income before tax	<u>\$ 395,443</u>	<u>\$ 216,752</u>
Income tax expenses		
calculated based on income		
before income tax and the		
statutory tax rate	\$ 79,089	\$ 43,350
Permanent difference	68	35
Exemptions	( 23,135 )	( 9,998 )
Adjustments on income tax		
expenses of prior years	( 511 )	( 13,962 )
Additional tax on		
unappropriated earnings	-	7,221
Additional Tax Amount		
Under the Minimum Tax		
Liability System	2,839	1,709
Others	( <u>1,420</u> )	<u>4,282</u>
Income tax expenses		
recognized in profit or loss	<u>\$ 56,930</u>	<u>\$ 32,637</u>

## (II) Income tax recognized in other comprehensive income

	2023	2022
<u>Deferred income tax</u>		
Arise from current period		
Exchange differences on translation of financial statements of foreign operations	( \$ 568 )	\$ 68,881
Remeasurement of defined benefit plans	<u>78</u>	<u>686</u>
Income tax recognized in other comprehensive income	( <u>\$ 490</u> )	<u>\$ 69,567</u>

## (III) Deferred Income Tax Assets and Liabilities

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

2023

	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	\$ 7,617	\$ 831	\$ -	\$ 8,448
Construction proceeds temporarily estimated	10,088	( 555 )	-	9,533
Unrealized construction loss	1,462	17,133	-	18,595
Others	<u>672</u>	<u>658</u>	( <u>78</u> )	<u>1,252</u>
	<u>\$ 19,839</u>	<u>\$ 18,067</u>	( <u>\$ 78</u> )	<u>\$ 37,828</u>
<u>Deferred tax liabilities</u>				
Gains or losses from investment accounted for using equity method	\$ 445,816	\$ 327	\$ -	\$ 446,143
Accumulated conversion adjustment	79,722	-	( 568 )	79,154
Reserve for land value increment tax	10,814	-	-	10,814
Others	<u>915</u>	<u>-</u>	<u>-</u>	<u>915</u>
	<u>\$ 537,267</u>	<u>\$ 327</u>	( <u>\$ 568</u> )	<u>\$ 537,026</u>

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>

(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:

Company name	Year Approved
The Company	2021
Chien Kuo Building Co., Ltd.	2021
CKTech Engineering Co., Ltd.	2021
Golden Canyon Venture Capital Investment Co., Ltd.	2021
Golden Canyon II Venture Capital Investment Co., Ltd.	2021

XXV. Earnings Per Share

	2023	Unit: NT\$ 2022
Basic earnings per share	<u>\$ 1.34</u>	<u>\$ 0.72</u>
Diluted earnings per share	<u>\$ 1.34</u>	<u>\$ 0.72</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

	2023	2022
Net income attributable to owners of the Company	<u>\$ 338,513</u>	<u>\$ 184,115</u>

Shares

	2023	Unit: In thousand shares 2022
Weighted average number of shares of common stock used for the calculation of basic earnings per share	252,000	254,382
Effect of potentially dilutive shares of common stocks: employee remuneration	<u>849</u>	<u>878</u>
Weighted average number of shares of common stock used for the calculation of diluted earnings per share	<u>252,849</u>	<u>255,260</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. Information on cash flows

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

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

XXVII. 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.

XXVIII. 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, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured</u> <u>at fair value through</u> <u>profit or loss</u>				
Listed innovative and emerging stocks	\$ -	\$ 267,313	\$ -	\$ 267,313
Unlisted common stocks	-	-	46,632	46,632
Unlisted preferred stocks	-	-	61,950	61,950
Fund beneficiary certificates	1,575,405	869	-	1,576,274
Private equity funds	-	-	41,789	41,789
Total	<u>\$1,575,405</u>	<u>\$ 268,182</u>	<u>\$ 150,371</u>	<u>\$1,993,958</u>

Financial assets measured  
at fair value through  
other comprehensive  
income

Listed stocks	<u>\$ 392,133</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 392,133</u>
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December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured</u> <u>at fair value through</u> <u>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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2. Adjustments on the financial instruments measured at Level 3 fair value

	January 1 to December 31, 2023	January 1 to December 31, 2022
Balance - beginning of year	\$ 197,029	\$ 88,042
Recognized in profit and loss		
— Unrealized gain (loss) on valuation of financial assets at fair value through profit or loss	4,032	17,280
Recognized in other comprehensive income		
— Differences on translation of foreign operations	( 5,451 )	5,518
Purchase	76,950	101,732
Disposal	( 6,177 )	( 5,543 )
Transfer out from Level 3 (Note 1)	( 116,012 )	( 10,000 )
Balance - end of year	<u>\$ 150,371</u>	<u>\$ 197,029</u>

Note1: The unlisted domestic stocks originally held by the Group have been listed and traded on the Emerging Stock Market since January and April 2023, and April 2022, respectively, 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
Listed innovative and emerging stocks	The liquidity is adjusted by the price of inactive market transactions.
Fund beneficiary certificates	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 with consideration for liquidity. The fair value of unlisted stocks and preferred stocks without active market is estimated with reference to recent financing price.

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, 2023 and December 31, 2022. When other inputs are held constant, a 1% discount would decrease the fair value by NT\$9,132 thousand and NT\$15,441 thousand, respectively.

(III) Types of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Measured at fair value		
through profit or loss		
Mandatorily measured		
at fair value through		
profit or loss	\$ 1,993,958	\$ 1,048,859
Financial assets measured at		
amortized cost (Note 1)	3,687,916	3,660,280
Financial assets measured at		
fair value through other		
comprehensive income		
Investment in equity		
instruments	392,133	367,780
<u>Financial liabilities</u>		
Measured at amortized cost		
(Note 2)	1,557,765	2,383,082

Note1: The balance includes financial assets measured at amortized cost, which comprise cash and cash equivalents, restricted bank deposits, time deposit, note receivables, accounts receivable, other receivables, refundable deposits and pledged certificate of deposit.

Note2: 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	
	2023	2022
RMB	\$ 2	\$ 3
USD	2,125	2,145

(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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
With fair value interest rate risk		
— Financial assets	\$ 2,522,776	\$ 3,104,474
— Financial liabilities	41,477	663,923
With cash flow interest rate risk		
— Financial assets	787,467	361,443
— Financial liabilities	-	200,000



#### 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\$7,875 thousand and NT\$1,614 thousand in 2023 and 2022, 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 had increased/decreased by 10%, income before tax from January 1 to December 31, 2023 and 2022 would have increased/decreased by NT\$199,396 thousand and NT\$104,886 thousand due to a change in the fair value of financial assets at fair value through profit or loss.

If the equity price increased/decreased by 10%, other comprehensive income before tax from January 1 to December 31, 2023 and 2022 would have increased/decreased by NT\$39,213 thousand and NT\$36,778 thousand respectively due to a change in the fair value of financial assets 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.

The credit risk of the Group is mainly concentrated in our top five customers. As of December 31, 2023 and 2022, the ratio of accounts receivable and contract assets from aforementioned customers to the total amounted to 84% and 76%, respectively. To mitigate credit risk, the Group regularly assesses the financial position of our customers and the likelihood of recovering accounts receivable, and recognized appropriate loss allowance.

### 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, 2023

	<u>Less than 1 Year</u>	<u>1~2 Year(s)</u>	<u>2~5 Years</u>
Non-interest-bearing liabilities	\$ 1,369,906	\$ 8,719	\$ 67,521
Lease liabilities	<u>11,667</u>	<u>8,560</u>	<u>22,903</u>
	<u>\$ 1,381,573</u>	<u>\$ 17,279</u>	<u>\$ 90,424</u>

#### 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>

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, 2023</u>	<u>December 31, 2022</u>
Credit line of unsecured bank loan		
— Amount used	\$ -	\$ 500,000
— Amount unused	<u>2,327,283</u>	<u>1,571,209</u>
	<u>\$ 2,327,283</u>	<u>\$ 2,071,209</u>
Secured bank loan facilities		
— Amount used	\$ -	\$ 350,000
— Amount unused	<u>450,000</u>	<u>100,000</u>
	<u>\$ 450,000</u>	<u>\$ 450,000</u>

## XXIX. 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, 2023</u>	<u>December 31, 2022</u>
Lease liabilities	Chien Hwei Investment Co., Ltd.	<u>\$ -</u>	<u>\$ 5,562</u>

<u>Account</u>	<u>Category of Related Parties</u>	<u>2023</u>	<u>2022</u>
Interest expenses	Other related parties	<u>\$ 42</u>	<u>\$ 133</u>
Lease expenses	Other related parties	<u>\$ 200</u>	<u>\$ 160</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>2023</u>	<u>2022</u>
Rent income	Other related parties	<u>\$ 1,143</u>	<u>\$ 1,143</u>

#### 3. Donation

<u>Category of Related Parties</u>	<u>2023</u>	<u>2022</u>
Other related parties	<u>\$ 2,000</u>	<u>\$ 2,000</u>

The Group donated funds for broadcast production to related parties.

(III) Remuneration to key management

	2023	2022
Short-term employee benefits	\$ 73,446	\$ 76,636
Post-employment benefits	<u>1,793</u>	<u>1,908</u>
	<u>\$ 75,239</u>	<u>\$ 78,544</u>

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

XXX. Pledged Assets

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

	December 31, 2023	December 31, 2022
Inventories (for construction business)	\$ -	\$ 463,577
Financial assets measured at FVTOCI - non-current	38,100	113,485
Pledged time deposit certificate (classified as financial assets at amortized cost)	70,050	70,050
Investment Property	492,831	29,827
Other restricted assets (classified as other non-current assets)	<u>-</u>	<u>23,181</u>
	<u>\$ 600,981</u>	<u>\$ 700,120</u>

XXXI. 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, Kuo-Feng LU, constructed a commercial-residential hybrid complex that has 5 floors below ground and 26 floors above ground at Land No. 537, Lingzhou Section, Kaohsiung City. Due to poor construction of diaphragm walls, buildings at Lane 187, Ziqiang 3rd Road suffered severe tilts, wall cracks and subsidence on July 20, 2014. Due to the 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 Ciatou District Court, and both parties filed appeals within the legal period. The Taiwan High Court Kaohsiung Branch Court ruled in January 2023 that the Group did not need to pay the amount to Shing Tzung after offsetting part of its debts. After deducting the Group's offsetting debts in the preceding case, Shing Tzung should still pay the Group NT\$16,193 thousand and NT\$6,279 thousand of interest at 5% per annum from October 28, 2015 to the date of settlement. The appeal period for the third trials for the two lawsuits has expired. Both parties have not appealed the ruling and the cases have been finalized. The Group has recognized a gain on reversal of expected credit losses of NT\$13,000 thousand, interest income of NT\$6,279 thousand and other income of NT\$3,193 thousand in 2023 according to the litigation results (please refer to Notes X, XXII and XXIII)

- (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. The Group received a mediation proposal on April 13, 2023. However, the Weiwuying Center for the Arts responded by rejecting the mediation proposal. Consequently, on July 3, 2023, the Group submitted the arbitration pursuant to laws. The Arbitration board is currently in the process of hearing the case. Until the mediation proposal is released, it is difficult for the Group to evaluate the results of the mediation.
- (III) The Group contracted the construction of social housing on Site No. 1 in Yangmei District and Pingzhen District, Taoyuan City (hereinafter referred to as the Project). According to the procurement contract for the Project, the natural gas company's execution expenses and related fees are to be paid by the Group after which the Office of Housing Development (Office of Housing) verifies and pays the expenses. Following the Group's payments totaling NT\$12,747 thousand and NT\$4,253

thousand respectively to Shin Tao Natural Gas Company for execution expenses and fees, a total of NT\$17,000 thousand was applied for reimbursement from the Office of Housing as agreed upon. Unexpectedly, the Office of Housing contends that the detailed price list in the project's service proposal includes a gas project item and amount, thereby refusing to make the payment. The Group believes that the actions taken by the Office of Housing are inconsistent with the provisions of the contract. Therefore, on August 29th, 2023, they filed for mediation with the Complaint Review Board for Government Procurement of Taoyuan City. Upon receiving notification from the Complaint Review Board for Government Procurement of Taoyuan City to provide their statement, the Office of Housing will be scheduled for a mediation meeting. The Group finds it difficult to assess the outcome until a mediation proposal is put forward.

- (IV) As of December 31, 2023 and 2022, the performance guarantee letters issued by the bank for construction projects of the Group amounted to NT\$2,207,658 thousand and NT\$1,355,140 thousand, respectively.
- (V) As of December 31, 2023, the performance guarantee letters issued by the bank for public-sector-led Urban Renewal of the Group amounted to NT\$24,600 thousand.
- (VI) As of December 31, 2023 and 2022, the guaranteed bills issued by the Group for business needs amounted to NT\$537,271 thousand and NT\$340,260 thousand, respectively.

#### XXXII. Significant Subsequent Events

The Board of Directors resolved on March 13, 2024, to implement a cash capital reduction of 20% and to return a total of NT\$504,000 thousand to shareholders. This proposal will be submitted to the 2024 shareholder meeting for approval and then presented to the competent authority for approval before proceeding with the relevant procedures.

#### 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, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB	\$ 53	0.1412 (RMB:USD)	\$ 228
USD	6,921	30.71 (USD:NTD)	<u>212,542</u>
			<u>\$ 212,770</u>

##### 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>

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

	2023		2022	
	Exchange Rate	Net Exchange Profit (Loss)	Exchange Rate	Net Exchange Loss
Financial assets				
RMB	0.1420 (RMB:USD)	( \$ 227 )	0.1488 (RMB:USD)	( \$ 3,944 )
USD	31.16 (USD:NTD)	( <u>4,783</u> )	29.81 (USD:NTD)	( <u>4,480</u> )
		( <u>\$ 5,010</u> )		( <u>\$ 8,424</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: None.
5. Acquisition of Real Estate Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: None.
6. Disposal of Real Estate Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: (Appendix 4)
7. Purchases from or Sales to Related Parties Amounting to NT\$100 million or 20% of the Paid-in Capital or More: None.
8. Receivables from Related Parties Amounting to NT\$100 Million or 20% of the Paid-in Capital or More: None.
9. Engaging in Derivatives Trading: None.
10. Others: Inter-company Business Relationships and Significant Inter-company Transactions: (Appendix 5)
11. Information on Invested Companies: (Appendix 6)

(III) Information on investments in Mainland China:

1. Information on invested companies in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, gain or loss on investments, carrying amount of investment at the end of the period, gain or loss on repatriated investment and limits on investments in mainland China: (Appendix 7)
2. Any of the following significant transactions with invested companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms and unrealized gain or loss: (None)
  - (1) Purchase amount and percentage, and the ending balance and percentage of the related payables.
  - (2) Sales amount and percentage, and the ending balance and percentage of the related receivables.
  - (3) Property transaction amount and the resulting gain or loss.

- (4) Ending balances and purposes of endorsements/guarantees or collateral provided.
  - (5) The maximum balance, ending balance, interest rate range and 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 8)

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.

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, 2023</u>
10000001	\$ 906,971
10294428	521,591
10481552	1,114,211
10481854	<u>644,594</u>
	<u>\$ 3,187,367</u>
	<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>



Chien Kuo Construction Co., Ltd. and Subsidiaries  
Loans Provided to Others  
January 1 to December 31, 2023

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	\$ 36,000	\$ 36,000	\$ 36,000	2.00%	(1)	\$ -	Operating capital	\$ -	-	\$ -	40% of the company's net worth \$ 37,019	40% of the company's net worth \$ 37,019	
2	CKTech Engineering Co., Ltd.	Chien Kuo Construction Co., Ltd.	Other receivables	Yes	22,000	22,000	22,000	2.00%	(1)	-	Operating capital	-	-	-	40% of the company's net worth 23,429	40% of the company's net worth 23,429	
3	Chien Bang Real Estate Development Co., Ltd.	Chien Kuo Construction Co., Ltd.	Other receivables	Yes	19,000	19,000	19,000	2.00%	(1)	-	Operating capital	-	-	-	40% of the company's net worth 19,937	40% of the company's net worth 19,937	

Note1: 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, 2023

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.	CKTech Engineering Co., Ltd.	Subsidiary	\$ 2,448,882	\$ 50,000	\$ 50,000	\$ -	\$ -	1.02%	\$ 4,897,763	Y	N	N	Financing endorsements/guara ntees Performance Guarantee
0	Chien Kuo Construction Co., Ltd.	Chien Bang Real Estate Development Co., Ltd.	Subsidiary	2,448,882	24,600	24,600	24,600	-	0.50%	4,897,763	Y	N	N	

Note1: 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.

Note2: 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, 2023

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 - Common Stock</u>							
	BMC Venture Capital Investment Corporation	—	Financial assets measured at FVTPL - non-current	2,850	\$ 33,132	4.92%	\$ 33,132	—
	BMD Venture Capital Investment Corporation	—	"	1,500	13,500	6.65%	13,500	—
	Taiwan Bio Therapeutics Co., Ltd.	—	"	100	3,408	0.16%	3,408	—
	Revivegen Co., Ltd.	—	"	341	12,017	0.72%	12,017	—
	Gogolook Co., Ltd.	—	"	86	13,158	0.27%	13,158	—
	Chia Hsin Cement Corporation	—	Financial assets measured at FVTOCI - current	1,137	21,655	0.14%	21,655	—
	Taiwan Cement Corporation	—	Financial assets measured at FVTOCI - non-current	6,810	237,318	0.10%	237,318	—
	Chia Hsin Cement Corporation	—	"	6,990	133,160	0.88%	133,160	(Note 2)
CKTech Engineering Co., Ltd.	<u>Fund</u>							
	SinoPac TWD Money Market Fund	—	Financial assets at FVTPL - current	704	10,062	-	10,062	—
Golden Canyon Venture Capital Investment Co., Ltd.	<u>Stock - Common Stock</u>							
	Phoenix Pioneer technology Co., Ltd.	—	Financial assets at FVTPL - current	1,165	20,935	0.39%	20,935	—
	MEGA UNION TECHNOLOGY INC.	—	"	1,084	177,272	1.76%	177,272	—
	TCM Biotech International corporation	—	Financial assets measured at FVTPL - non-current	700	40,523	1.19%	40,523	—
	<u>Stocks - Preferred Stock</u>							
Golden Canyon Limited	Brain Navi Ltd	—	Financial assets measured at FVTPL - non-current	1,000	61,950	-	61,950	—
	<u>Bonds</u>							
	Mercedes-Benz Finance North America LLC (MBGGR 5 3/8 11/26/25)	—	Financial Assets Measured at Amortized Cost - Non-current	1,000	30,784	-	30,784	—

(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	<u>Fund</u>							
	Citi Taiwan - A1USD Trade Finance Fund	—	Financial assets at FVTPL - current	119	\$ 399,167	-	\$ 399,167	—
	BlackRock ICS US Dollar Liquidity Fund	—	"	9	31,597	-	31,597	—
	AB FCP I-Short Duration Bond Portfolio Class A2	—	"	168	95,458	-	95,458	—
	PIMCO GIS Global Investment Grade Credit Fund	—	"	177	96,575	-	96,575	—
	JPMorgan Funds - Global Corporate Bond Fund	—	"	169	96,844	-	96,844	—
	PIMCO GIS Income Fund	—	"	169	64,010	-	64,010	—
	AB FCP I-American Income Portfolio Class A2	—	"	35	32,331	-	32,331	—
	PVG GCN VENTURES, L.P.	—	Financial assets measured at FVTPL - non-current	-	8,369	5.00%	8,369	—
	CSVI VENTURES,L.P.	(Note 1)	"	-	33,420	4.06%	33,420	—
	<u>Fund</u>							
	Citi Taiwan-45A2USD Liquidity Fund	—	Financial assets at FVTPL - current	5	16,590	-	16,590	—
	Citi Taiwan - A1USD Trade Finance Fund	—	"	94	316,279	-	316,279	—
	Nomura Global Financial Bond Fund	—	"	249	81,187	-	81,187	—
	BlackRock ICS US Dollar Liquidity Fund	—	"	27	93,992	-	93,992	—
	JPMorgan Liquidity Funds -USD Liquidity LVNAV Fund	—	"	-	85,014	-	85,014	—
	iShares 20+ Year Treasury Bond ETF(TLT)	—	"	15	45,245	-	45,245	—
	Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC	—	"	-	869	-	869	—
	Lord Abbet Short Duration Income	—	"	176	63,316	-	63,316	—
	PIMCO Funds: Global Investors Series plc Dynamic Bond Fund	—	"	133	47,738	-	47,738	—

Note1: The chief decision-makers of the fund are the directors of the Group.

Note2: Among them, 2,000 thousand shares are pledged to the bank as collateral for the performance of construction contracts.

Note3: For information regarding investment of subsidiaries, please refer to Appendix 6 and Appendix 7.

Chien Kuo Construction Co., Ltd. and Subsidiaries  
Disposal of Real Estate Amounting to NT\$300 Million or 20% of the Paid-in Capital or More  
January 1 to December 31, 2023

Appendix 4

Unit: NT\$ Thousands

Company disposing of real estate	Name of property	Occurrence date	Original acquisition date	Carrying Amount	Transaction Amount	Payment Collection Status	Gain or loss on disposals	Counterparty	Relationship	Purpose of Disposal	Basis for Price Determination	Other Agreements
Chien Kuo Construction Co., Ltd.	Xinzhi Section, Xinzhuang District Land	2023/5/10	2017/7/20	\$ 465,926	\$ 583,832	Note 1	\$ -	Tai Tung Communica tion Co., Ltd.	-	Earning Capital Appreciation	Appraisal Report issued by Hung-Pang Real Estate Appraisers Firm	Please refer to Note XI for more information

Note1: As of December 31, 2023, the Group has received a prepayment of NT\$117,065 thousand for the first installment of land payment in accordance with the Contract. This prepayment is recorded as part of other current liabilities.

Chien Kuo Construction Co., Ltd. and Subsidiaries  
Inter-company Business Relationships and Significant Inter-company Transactions  
January 1 to December 31, 2023

Appendix 5

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.	CKTech Engineering Co., Ltd.	(1)	Construction costs	\$ 42,591	Note 2	1.02%
			(1)	Contract assets - property construction	206,467	Note 2	2.55%
			(1)	Short-term loans	22,000	Note 2	0.27%
			(1)	Accounts payable	26,780	Note 2	0.33%
			(1)	Accounts payable - Provisional	22,814	Note 2	0.28%
		Chien Kuo Building Co., Ltd. Chien Bang Real Estate Development Co., Ltd.	(1)	Miscellaneous Income	3,840	Note 2	0.09%
			(1)	Short-term loans	36,000	Note 2	0.44%
			(1)	Short-term loans	19,000	Note 2	0.23%

Note1: The nature of relationship is divided into the following three categories:

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

Note2: 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, 2023

Appendix 6

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	Number of Shares (in Thousands)	Ratio (%)	Carrying Amount			
Chien Kuo Construction Co., Ltd.	Golden Canyon Limited	British Virgin Islands	Reinvestment	\$ 183,751	\$ 183,751	5,881	100.00%	\$ 1,644,221	\$ 84,764	\$ 84,764	Subsidiary
	Silver Shadow Holding Limited	British Virgin Islands	Reinvestment	704,069	704,069	21,606	100.00%	2,018,052	97,411	97,411	Subsidiary
	Chien Kuo Building Co., Ltd.	Taiwan	Building construction commission; public housing lease and sale	144,065	144,065	10,000	100.00%	87,055	( 5,493 )	( 5,493 )	Subsidiary
	CKTech 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%	55,710	( 2,261 )	( 2,261 )	Subsidiary
	Golden Canyon Venture Capital Investment Co., Ltd.	Taiwan	Venture capital business	401,000	401,000	40,100	100.00%	520,521	115,131	115,131	Subsidiary
	Golden Canyon II Venture Capital Investment Co., Ltd.	Taiwan	Venture capital business	200,000	200,000	20,000	100.00%	201,101	1,158	1,158	Subsidiary
	Chien Bang Real Estate Development Co., Ltd.	Taiwan	Building construction commission; public housing lease and sale	27,500	27,500	2,750	55.00%	27,471	106	58	Subsidiary
	Leader Construction Co., Ltd.	Taiwan	Undertaking renovation and construction/Buying and selling construction materials	10,000	-	1,000	100.00%	8,299	( 1,701 )	( 1,701 )	Subsidiary
	Chien Kuo Building Co., Ltd.	Taiwan	Building construction commission; public housing lease and sale	22,500	22,500	2,250	45.00%	22,476	106	48	Subsidiary
Golden Canyon Venture Capital Investment Co., Ltd.	Chang Jia Energy Co., Ltd.	Taiwan	Renewable Energy Self-Generation Equipment Industry	31,500	31,500	3,150	31.50%	31,270	( 282 )	( 89 )	Associates
Golden Canyon II Venture Capital Investment Co., Ltd.	Chang Jia Energy Co., Ltd.	Taiwan	Renewable Energy Self-Generation Equipment Industry	17,500	17,500	1,750	17.50%	17,372	( 282 )	( 49 )	Associates
Silver Shadow Holding Limited	CK Asia Co., Ltd.	British Virgin Islands	Reinvestment	974	118,002	2	54.29%	26,169	5,096	Note 3	Sub-subsiidiary
Golden Canyon Limited	CK Asia Co., Ltd.	British Virgin Islands	Reinvestment	840	104,987	2	45.71%	21,613	5,096	Note 3	Sub-subsiidiary

Note1: Where there involves a foreign currency, it is translated into New Taiwan Dollars by using the exchange rate as of December 31, 2023 (US\$1=NT\$30.71), except for profit or loss items, which are translated into New Taiwan Dollars by using the average exchange rate over January 1 - December 31, 2023 (US\$1=NT\$31.16).

Note2: Please refer to Appendix 7 for information on investments in Mainland China.

Note3: 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, 2023

Appendix 7 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, 2023 (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	\$ 1,602	100%	\$ 1,602	\$ 13,412	\$ 41,113	

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)	NT\$1,046,278 (Note 2)	\$ 2,909,852

Note1: The amount was recognized based on the audited financial statements.  
Note2: The amount authorized by the Investment Commission, MOEA was NT\$1,589,060 thousand, of which NT\$542,782 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.  
Note3: 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.



Chien Kuo Construction Co., Ltd. and Subsidiaries  
Information on Major Shareholders  
December 31, 2023

Appendix 8

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, 2023, December 31, 2022 and January 1, 2022, the Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes to Financial Statements (including the Summary of Significant Accounting Policies) for the period from January 1 to December 31, 2023 and 2022.

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, 2023, December 31, 2022, and January 1, 2022, and its financial performance and cash flows for the annual periods ended December 31, 2023 and 2022 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 "Regulations Governing Auditing and Attestation 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 2023 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 2023 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.

We performed the following principal audit procedures regarding the aforementioned matters:

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 2023. 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 13, 2024

### **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, 2023 and 2022

Unit: NT\$ Thousands  
January 1, 2022  
(Restated)

Code	Assets	December 31, 2023		December 31, 2022			
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash (Note VI)	\$ 749,840	9	\$ 165,135	5	\$ 741,058	9
1110	Financial assets measured at fair value through profit or loss (Note VII)	-	-	2,716	-	303,111	4
1120	Financial assets at fair value through other comprehensive income (Note VIII)	21,655	-	19,392	-	23,126	-
1136	Financial assets measured at amortized cost (Note IX)	208,301	3	216,252	-	30,962	-
1140	Contract assets (Note XX)	938,706	11	1,584,729	20	1,622,095	19
1150	Notes receivable (Note X)	156	-	-	-	34,536	-
1170	Accounts receivable (Notes X and XX)	286,950	4	105,775	2	236,691	3
1200	Other receivables	21,551	-	7,013	-	235	-
1323	Inventories (for construction business) (Notes XI and XXVIII)	-	-	465,926	6	465,926	6
1410	Prepayments	127,017	2	162,879	2	129,722	2
1470	Other current assets	4,844	-	72,322	1	11,498	-
11XX	Total current assets	<u>2,359,020</u>	<u>29</u>	<u>2,802,139</u>	<u>36</u>	<u>3,598,960</u>	<u>43</u>
	Non-current assets						
1510	Financial assets measured at fair value through profit or loss (Note VII)	75,215	1	29,100	-	26,100	-
1520	Financial assets measured at fair value through other comprehensive income (Notes VIII and XXVI)	370,478	5	348,388	4	525,553	6
1535	Financial assets measured at amortized cost (Notes IX and XXVIII)	70,050	1	70,050	1	-	-
1550	Investments accounted for using equity method (Note XII)	4,562,430	56	4,306,503	55	4,018,205	48
1600	Property, plant and equipment (Note XIII)	95,821	1	123,224	2	32,357	1
1755	Right-of-use assets (Note XIV)	40,672	-	13,894	-	22,123	-
1760	Investment properties (Notes XV and XXVIII)	541,661	7	76,689	1	77,644	1
1780	Intangible assets	10,606	-	7,017	-	2,391	-
1840	Deferred tax assets (Note XVIII and XXII)	35,499	-	18,123	-	24,069	-
1990	Other non-current assets (Note XVIII and XXVIII)	15,927	-	33,700	1	29,893	1
15XX	Total non-current assets	<u>5,818,359</u>	<u>71</u>	<u>5,026,688</u>	<u>64</u>	<u>4,758,335</u>	<u>57</u>
1XXX	Total assets	<u>\$ 8,177,379</u>	<u>100</u>	<u>\$ 7,828,827</u>	<u>100</u>	<u>\$ 8,357,295</u>	<u>100</u>
	Liabilities and Equity						
	Current liabilities						
2100	Short-term loans (Note XVI)	\$ 77,000	-	\$ 520,000	7	\$ 200,000	2
2110	Short-term notes and bills payable (Note XVI)	-	-	349,787	4	-	-
2130	Contract liabilities (Note XX)	801,917	10	28,885	-	287,695	3
2170	Accounts payable (Note XVII and XXV)	1,271,198	15	1,289,896	16	1,733,212	21
2200	Other payables	192,684	2	170,297	2	270,324	3
2230	Current tax liabilities	45,862	1	31,096	1	37,924	1
2250	Current provisions (Note XX)	129,920	2	39,538	1	42,732	1
2320	Current portion of long-term loans (Note XVI)	-	-	-	-	499,862	6
2399	Other current liabilities (Note XI and XIV)	132,414	2	16,889	-	18,470	-
21XX	Total current liabilities	<u>2,650,995</u>	<u>32</u>	<u>2,446,388</u>	<u>31</u>	<u>3,090,219</u>	<u>37</u>
	Non-current liabilities						
2570	Deferred tax liabilities (Note XXII)	537,026	7	537,267	7	486,280	6
2600	Other non-current liabilities (Note XIV and XVIII)	139,604	2	104,324	1	78,218	1
25XX	Total non-current liabilities	<u>676,630</u>	<u>9</u>	<u>641,591</u>	<u>8</u>	<u>564,498</u>	<u>7</u>
2XXX	Total liabilities	<u>3,327,625</u>	<u>41</u>	<u>3,087,979</u>	<u>39</u>	<u>3,654,717</u>	<u>44</u>
	Equity (Note XIX)						
	Capital						
3110	Common stock	2,520,001	31	2,520,001	32	2,574,401	31
3200	Additional paid-in capital	187,308	2	187,308	3	204,852	2
	Retained Earnings						
3310	Legal reserve	744,264	9	724,858	10	682,772	8
3320	Special reserve	11,397	-	11,397	-	46,790	1
3350	Unappropriated earnings	1,178,059	14	1,110,640	14	1,181,539	14
3300	Total retained earnings	1,933,720	23	1,846,895	24	1,911,101	23
3400	Other equity	208,725	3	186,644	2	12,224	-
3XXX	Total equity	<u>4,849,754</u>	<u>59</u>	<u>4,740,848</u>	<u>61</u>	<u>4,702,578</u>	<u>56</u>
	Total liabilities and equity	<u>\$ 8,177,379</u>	<u>100</u>	<u>\$ 7,828,827</u>	<u>100</u>	<u>\$ 8,357,295</u>	<u>100</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 Comprehensive Income  
January 1 to December 31, 2023 and 2022  
Unit: NT\$ Thousands, except for Earnings per share (in Dollars)

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note XX)	\$ 4,186,018	100	\$ 5,065,366	100
5000	Operating costs (Notes XXI and XXVII)	<u>3,803,904</u>	<u>91</u>	<u>4,523,143</u>	<u>89</u>
5900	Gross profit	<u>382,114</u>	<u>9</u>	<u>542,223</u>	<u>11</u>
	Operating expenses (Notes XXI and XXVII)				
6200	Administrative expenses	319,370	7	293,848	6
6450	Reversal of expected credit loss	( <u>10,600</u> )	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expenses	<u>308,770</u>	<u>7</u>	<u>293,848</u>	<u>6</u>
6900	Net operating income	<u>73,344</u>	<u>2</u>	<u>248,375</u>	<u>5</u>
	Non-operating income and expenses (Notes XII, XXI and XXVII)				
7010	Other income	41,746	1	50,324	1
7020	Other gains and losses	( 3,034 )	-	( 11,396 )	-
7050	Finance costs	( 8,767 )	-	( 12,412 )	-
7060	Shares of profits or loss of associates accounted for using equity method	<u>289,067</u>	<u>6</u>	( <u>49,906</u> )	( <u>1</u> )
7000	Total non-operating income and expenses	<u>319,012</u>	<u>7</u>	( <u>23,390</u> )	<u>-</u>
7900	Income before income tax	392,356	9	224,985	5
7950	Income tax expense (Note XXII)	<u>53,843</u>	<u>1</u>	<u>40,870</u>	<u>1</u>
8200	Net income	<u>338,513</u>	<u>8</u>	<u>184,115</u>	<u>4</u>

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Code		2023		2022	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note XVIII)	\$ 390	-	\$ 3,428	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	24,353	1	( 90,288 )	( 2 )
8349	Income tax related to items that will not be reclassified subsequently to profit or loss (Note XXII)	( 78 )	-	( 686 )	-
8360	Items that may be reclassified subsequently to profit or loss:				
8380	Shares of other comprehensive income from subsidiaries accounted for using equity method	( 2,840 )	-	344,404	7
8399	Income tax related to items that will be reclassified subsequently to profit or loss (Note XXII)	<u>568</u>	<u>-</u>	( <u>68,881</u> )	( <u>1</u> )
8300	Other comprehensive income (after tax)	<u>22,393</u>	<u>1</u>	<u>187,977</u>	<u>4</u>
8500	Total comprehensive income	<u>\$ 360,906</u>	<u>9</u>	<u>\$ 372,092</u>	<u>8</u>
	Earnings per share (Note XXIII)				
9750	Basic	<u>\$ 1.34</u>		<u>\$ 0.72</u>	
9850	Diluted	<u>\$ 1.34</u>		<u>\$ 0.72</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, 2023 and 2022

Unit: NT\$ Thousands

Code		Retained Earnings					Other equity		Total	Treasury stock	Total equity
		Capital	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income			
A1	Balance as of January 1, 2022	\$ 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
	Appropriation and distribution of retained earnings for 2022										
B1	Provision of legal reserve	-	-	19,406	-	( 19,406 )	-	-	-	-	-
B5	Cash dividends appropriated to shareholders - NT\$1.00 per share	-	-	-	-	( 252,000 )	-	-	-	-	( 252,000 )
D1	Net income for 2023	-	-	-	-	338,513	-	-	-	-	338,513
D3	Other comprehensive income (net of tax) for 2023	-	-	-	-	312	( 2,272 )	24,353	22,081	-	22,393
D5	Total comprehensive income in 2023	-	-	-	-	338,825	( 2,272 )	24,353	22,081	-	360,906
Z1	Balance as of December 31, 2023	<u>\$ 2,520,001</u>	<u>\$ 187,308</u>	<u>\$ 744,264</u>	<u>\$ 11,397</u>	<u>\$ 1,178,059</u>	<u>\$ 65,648</u>	<u>\$ 143,077</u>	<u>\$ 208,725</u>	<u>\$ -</u>	<u>\$ 4,849,754</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 Cash Flows  
From January 1 to December 31, 2023 and 2022

Unit: NT\$ Thousands

Code		2023	2022 (Restated)
	Cash flows from operating activities		
A10000	Income before income tax	\$ 392,356	\$ 224,985
A20010	Adjustments to reconcile income (loss):		
A20100	Depreciation expense	56,770	29,587
A20200	Amortization expenses	4,085	1,123
A20300	Gain on reversal of expected credit loss	( 13,000)	-
A20400	Net loss on financial assets at fair value through profit or loss	901	68,526
A20900	Finance costs	8,767	12,412
A21200	Interest income	( 17,627)	( 3,281)
A21300	Dividend income	( 9,684)	( 15,349)
A22400	Shares of profits or loss of subsidiaries and associates accounted for using equity method	( 289,067)	49,906
A22500	Gains on disposal of property, plant and equipment	( 68)	( 64,459)
A30000	Changes in operating assets and liabilities, net		
A31125	Contract assets	647,537	37,366
A31130	Notes receivable	( 156)	34,536
A31150	Accounts receivable	( 172,089)	130,916
A31180	Other receivables	( 13,761)	( 623)
A31230	Prepayments	29,811	( 33,157)
A31240	Other current assets	67,478	( 60,824)
A32125	Contract liability	773,032	( 258,810)
A32150	Accounts payable	( 18,698)	( 443,316)
A32180	Other payables	22,536	( 21,365)
A32230	Other current liabilities	90,789	( 3,021)
A32990	Other non-current liabilities	-	( 396)
A33000	Cash inflow (outflow) generated from operations	1,559,912	( 315,244)
A33100	Interest received	14,557	1,819
A33300	Interest paid	( 8,478)	( 12,385)
A33500	Income taxes paid	( 56,204)	( 60,330)
AAAA	Net cash inflows (outflows) from operating activities	<u>1,509,787</u>	<u>( 386,140)</u>

(Continued on next page)

(Continued from the previous page)

Code		2023	2022 (Restated)
	Cash flows from investment activities		
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ -	\$ 90,611
B00040	Acquisition of financial assets measured at amortized cost	-	( 255,340 )
B00050	Disposal of financial assets measured at amortized cost	7,951	-
B00100	Acquisition of financial assets at fair value through profit or loss	( 94,573 )	( 499,426 )
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	54,966	645,051
B02200	Net cash outflow from disposal of subsidiaries	( 10,000 )	( 27,500 )
B02700	Acquisition of property, plant and equipment	( 10,767 )	( 105,212 )
B02800	Disposal of property, plant, and equipment	130	64,459
B03800	Decrease (increase) in refundable deposits	( 343 )	5,512
B04500	Acquisition of intangible assets	( 1,257 )	( 4,989 )
B05500	Advance from disposal of investment properties	115,685	-
B07100	Increase in prepayment for equipment	( 6,296 )	( 4,387 )
B07600	Dividend received	<u>73,165</u>	<u>46,925</u>
BBBB	Net cash inflows (outflows) from investing activities	<u>128,661</u>	( <u>44,296</u> )
	Cash flows from financing activities:		
C00100	(Decrease) increase in short-term loans	( 443,000 )	320,000
C00500	(Decrease) increase in short-term bills payable	( 349,787 )	349,787
C01700	Repayment of long-term loans	-	( 500,000 )
C03000	Increase in guarantee deposits received	7,913	32,951
C04020	Repayment of lease principal	( 16,869 )	( 14,403 )
C04500	Cash dividends distributed	( 252,000 )	( 257,440 )
C04900	Purchase of treasury stock	<u>-</u>	( <u>76,382</u> )
CCCC	Net cash outflows from financing activities	( <u>1,053,743</u> )	( <u>145,487</u> )
EEEE	Net increase (decrease) in cash	584,705	( 575,923 )
E00100	Cash at the beginning of year	<u>165,135</u>	<u>741,058</u>
E00200	Cash at the end of year	<u>\$ 749,840</u>	<u>\$ 165,135</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, 2023 and 2022  
(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 13, 2024.

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 2024 onward

New/Revised/Amended Standards and Interpretations	Effective Date Issued by the IASB (Note 1)
Amendments to IFRS 16 "Lease Liabilities in Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note1: Unless otherwise stated, the aforementioned new standards, interpretations and amendments are effective from the reporting fiscal year after their respective effective dates.

Note2: 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.

Note3: The partial disclosure objective is not required to disclose upon the initial implementation of this amendment.

As of the date the financial statements were authorized for issue, the Company assessed 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 IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 17 "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 IAS 21: "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note1: Unless otherwise stated, the aforementioned new standards, interpretations and amendments are effective from the reporting fiscal year after their respective effective dates.

Note2: Applicable for annual reporting periods beginning on or after January 1, 2025. Upon the initial application of this amendment, the impact amount shall be recognized in retained earnings as of the date of initial application. When the Company uses a non-functional currency as the reporting currency, it will impact the foreign exchange differences of overseas operating entities under the equity items on the initial application date.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the effects on its financial position and financial performance of amendments to the other standards and interpretations. Any relevant effect will be disclosed when the assessment is completed.

(IV) Expression of reclassification

The management of the Company believes that the funds repatriated in accordance with the "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" have not changed the nature of the deposit, as they are used for real and financial investments. The Company can request immediate access to these funds. Therefore, it is more appropriate to classify the deposit account as cash and cash equivalents. In 2023, the balance sheet and cash flow statement have been adjusted accordingly. The book value of the financial assets, measured at amortized cost, has been reclassified as cash and cash equivalents, amounting to NT\$117,940 thousand at January 1, 2022. The impact on the cash flow items for 2022 is as follows:

	Adjustment number
Net cash outflows from investing activities	( \$ 117,940 )
Net decrease in cash	( \$ 117,940 )

#### 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 retranslated.

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.

(V) Investments in 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.

Property that is classified as inventories is reclassified as investment properties at their book value when the pre-sale purchase agreement is signed.

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, right of use assets, investment property and intangible assets (excluding goodwill)

On each balance sheet date, the Company evaluates whether there is any indication that its property, plant and equipment, right of use assets, investment property and intangible assets (excluding goodwill) 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.

(X) Provision for Liabilities

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

1. Onerous contract

When the Company expects that the unavoidable costs of meeting a contractual obligation exceed the expected economic benefits to be received from the contract, the provision for liabilities are recognized for the present obligation arising from the onerous contract. When evaluating whether a contract is unprofitable, the costs of fulfilling the contract include the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling the contract.

2. Warranty

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Group of the expenditures required to settle the Group's obligations.

(XI) Revenue Recognition

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

Revenue from construction contracts

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

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

(XII) Leases

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

1. The Company as lessor

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

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

2. The Company as lessee

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

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

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

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

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

#### (XIII) Employee benefits

##### 1. Short-term employee benefits

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

##### 2. Post-employment benefits

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

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

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

3. Termination benefits

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

(XIV) Income Tax

Income tax expenses are the sum of current 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.

In developing significant accounting 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.

Primary Sources of Uncertainties in Estimating, and Assumptions

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. Cash

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 2,402	\$ 2,123
Bank checks and demand deposits	<u>747,438</u>	<u>163,012</u>
	<u>\$ 749,840</u>	<u>\$ 165,135</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
— Listed stocks and emerging stocks	<u>\$ -</u>	<u>\$ 2,716</u>
<u>Non-current</u>		
— Listed stocks and emerging stocks	\$ 28,583	\$ -
— Unlisted common stocks	<u>46,632</u>	<u>29,100</u>
	<u>\$ 75,215</u>	<u>\$ 29,100</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investment in equity instruments		
Listed stocks		
— Current	\$ 21,655	\$ 19,392
— Non-current	<u>370,478</u>	<u>348,388</u>
	<u>\$ 392,133</u>	<u>\$ 367,780</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.

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

IX. Financial Assets Measured at Amortized Cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Restricted bank deposits (1)	\$ 15	\$ 13,172
Restricted bank term deposits (1)	<u>208,286</u>	<u>203,080</u>
	<u>\$ 208,301</u>	<u>\$ 216,252</u>
<u>Non-current</u>		
Pledged certificate of deposit	<u>\$ 70,050</u>	<u>\$ 70,050</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Restricted bank term deposits	4.50%	3.20%~3.38%
Pledged certificate of deposit	0.65%	0.65%

(1) The aforementioned restricted financial assets are funds repatriated by the Company in accordance with the "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" (hereinafter the "Act"). The Company intends to deposit the funds in a special account and withdraw them annually after a period of 5 years. The purpose of holding these assets does not meet the requirement for fulfilling short-term cash commitments, the financial assets are measured at amortized cost.

X. Notes Receivable and Accounts Receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	<u>\$ 156</u>	<u>\$ -</u>
Accounts receivable		
Measured at amortized cost		
Total carrying amount	\$ 286,950	\$ 114,861
Less: Allowance losses	<u>-</u>	<u>( 9,086)</u>
	<u>\$ 286,950</u>	<u>\$ 105,775</u>

Accounts receivable

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, 2023</u>	<u>December 31, 2022</u>
Not overdue	<u>\$ 156</u>	<u>\$ -</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not overdue	\$ 212,253	\$ 105,909
Less than 180 days	74,697	-
More than 361 days	<u>-</u>	<u>8,952</u>
Total	<u>\$ 286,950</u>	<u>\$ 114,861</u>

Changes in allowance losses for accounts receivable are as follows:

	<u>2023</u>	<u>2022</u>
Balance - beginning of year	\$ 9,086	\$ 9,086
Add: Impairment loss reversed	( 9,086 )	-
Balance - end of year	<u>\$ -</u>	<u>\$ 9,086</u>

XI. Inventories (for construction business)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Xinzhi Section, Xinzhuang District(1)	<u>\$ -</u>	<u>\$ 465,926</u>

- (1) The Company acquired the land sitting at the northern part of the industrial zone in Xinzhuang District in July 2017. The original purpose of holding such land is to construct commercial buildings for sale. However, on May 10, 2023, the Board of Directors resolved to enter into a pre-sale contract for the above land real estate with a transaction amount of NT\$583,832 thousand, and the Company reclassified the land as an investment property in second quarter of 2023. After the signing of the contract, the purchaser will appoint an architect to design and apply for a building license and appoint a contractor to build buildings on the land. All costs related to the building will be borne by the purchaser, and the ownership of the land will be transferred to the purchaser upon the completion of the building. As of December 31, 2023, the Company had received NT\$117,065 thousand in advance for the first installment of the land in accordance with the Contract, which was recorded under other current liabilities. The land is pledged to financial institutions for loans. Please refer to Notes XVI and XXVIII.

XII. Investments accounted for using equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investments in subsidiaries	<u>\$ 4,562,430</u>	<u>\$ 4,306,503</u>
Golden Canyon Limited	\$ 1,644,221	\$ 1,560,776
Silver Shadow Holding Limited	2,018,052	1,922,162
Chien Kuo Building Co., Ltd.	87,055	92,548
CKTech Engineering Co., Ltd.	55,710	58,573
Golden Canyon Venture Capital Investment Co., Ltd.	520,521	444,890
Golden Canyon II Venture Capital Investment Co., Ltd.	201,101	200,141
Chien Bang Real Estate Development Co., Ltd.	27,471	27,413
Leader Construction Co., Ltd.	<u>8,299</u>	<u>-</u>
	<u>\$ 4,562,430</u>	<u>\$ 4,306,503</u>



The percentage of ownership and voting rights of the above-mentioned investee companies on the balance sheet date are as follows:

	December 31, 2023	December 31, 2022
Golden Canyon Limited	100%	100%
Silver Shadow Holding Limited	100%	100%
Chien Kuo Building Co., Ltd.	100%	100%
CKTech 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%	55%
Leader Construction Co., Ltd.	100%	-

The recognition of shares of profits and shares of other comprehensive income from subsidiaries accounted for using the equity method in 2023 and 2022 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 Awaiting Inspection	Total
<u>Cost</u>									
Balance as of January 1, 2022	\$ 15,742	\$ 1,742	\$ 2,334	\$ 1,738	\$ 1,518	\$ 17,888	\$ 13,234	\$ -	\$ 54,196
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>\$ 17,888</u>	<u>\$ 102,480</u>	<u>\$ 10,979</u>	<u>\$ 155,407</u>
<u>Accumulated depreciation</u>									
Balance as of January 1, 2022	\$ -	\$ 1,250	\$ 521	\$ 97	\$ 495	\$ 13,330	\$ 6,146	\$ -	\$ 21,839
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>\$ 16,418</u>	<u>\$ 12,185</u>	<u>\$ -</u>	<u>\$ 32,183</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>
<u>Cost</u>									
Balance as of January 1, 2023	\$ 15,742	\$ 1,742	\$ 2,544	\$ 1,738	\$ 2,294	\$ 17,888	\$ 102,480	\$ 10,979	\$ 155,407
Addition	-	-	-	1,200	4,461	2,565	2,877	-	11,103
Disposal	-	-	( 400 )	-	( 422 )	( 17,346 )	( 3,082 )	-	( 21,250 )
Reclassification	-	-	-	-	921	-	10,539	( 10,979 )	481
Balance as of December 31, 2023	<u>\$ 15,742</u>	<u>\$ 1,742</u>	<u>\$ 2,144</u>	<u>\$ 2,938</u>	<u>\$ 7,254</u>	<u>\$ 3,107</u>	<u>\$ 112,814</u>	<u>\$ -</u>	<u>\$ 145,741</u>
<u>Accumulated depreciation</u>									
Balance as of January 1, 2023	\$ -	\$ 1,298	\$ 1,055	\$ 387	\$ 840	\$ 16,418	\$ 12,185	\$ -	\$ 32,183
Depreciation expense	-	48	512	410	1,343	1,914	34,698	-	38,925
Disposal	-	-	( 400 )	-	( 422 )	( 17,346 )	( 3,020 )	-	( 21,188 )
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 1,346</u>	<u>\$ 1,167</u>	<u>\$ 797</u>	<u>\$ 1,761</u>	<u>\$ 986</u>	<u>\$ 43,863</u>	<u>\$ -</u>	<u>\$ 49,920</u>
Net worth as of December 31, 2023	<u>\$ 15,742</u>	<u>\$ 396</u>	<u>\$ 977</u>	<u>\$ 2,141</u>	<u>\$ 5,493</u>	<u>\$ 2,121</u>	<u>\$ 68,951</u>	<u>\$ -</u>	<u>\$ 95,821</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	4~6 years
Transportation equipment	6 years
Office equipment	2~6 Years
Other Equipment	1~9 year(s)

XIV. Lease Agreement

(I) Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of right-of-use assets		
Buildings	\$ 39,168	\$ 10,473
Transportation equipment	<u>1,504</u>	<u>3,421</u>
	<u>\$ 40,672</u>	<u>\$ 13,894</u>
	<u>2023</u>	<u>2022</u>
Additions to right-of-use assets	<u>\$ 43,715</u>	<u>\$ 6,258</u>
Depreciation expense of right-of-use assets		
Buildings	\$ 14,973	\$ 12,253
Transportation equipment	<u>1,918</u>	<u>2,034</u>
	<u>\$ 16,891</u>	<u>\$ 14,287</u>

(II) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of lease liabilities		
Current (listed as other current liabilities)	<u>\$ 10,819</u>	<u>\$ 11,386</u>
Non-current (listed as other non-current liabilities)	<u>\$ 30,117</u>	<u>\$ 2,750</u>

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

	<u>2023</u>	<u>2022</u>
Buildings	1.65%~2.06%	1.65%
Transportation equipment	3.00%	3.00%

(III) Other lease information

	<u>2023</u>	<u>2022</u>
Short-term lease expense	<u>\$ 6,327</u>	<u>\$ 10,964</u>
Total cash outflow on lease	<u>\$ 23,196</u>	<u>\$ 25,367</u>

XV. Investment Property

	2023	2022
<u>Cost</u>		
Balance - beginning of year	\$ 95,571	\$ 95,571
Reclassification	<u>465,926</u>	<u>-</u>
Balance - end of year	<u>\$ 561,497</u>	<u>\$ 95,571</u>
<u>Accumulated depreciation and impairment</u>		
Balance - beginning of year	\$ 18,882	\$ 17,927
Depreciation expense	<u>954</u>	<u>955</u>
Balance - end of year	<u>\$ 19,836</u>	<u>\$ 18,882</u>
Net amount - end of year	<u>\$ 541,661</u>	<u>\$ 76,689</u>
Fair Value	<u>\$ 716,789</u>	<u>\$ 121,997</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 and the land pre-sale transaction price.

For an explanation regarding the company's explanation of reclassification of property from inventory to investment properties, please refer to Note XI.

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

	December 31, 2023	December 31, 2022
<u>Unsecured loans</u>		
Credit line loans	\$ -	\$ 500,000
Related-parties loans	<u>77,000</u>	<u>20,000</u>
	<u>\$ 77,000</u>	<u>\$ 520,000</u>
Annual interest rate (%)		
(Effective interest rate)	2.00%	1.45%~1.98%

(II) Short-term notes and bills payable

	December 31, 2023	December 31, 2022
Commercial papers payable	\$ -	\$ 350,000
Less: Discount on short-term notes and bills payable	<u>-</u>	( <u>213</u> )
	<u>\$ -</u>	<u>\$ 349,787</u>

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

December 31, 2022

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

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, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 33,690	\$ 33,103
Fair value of plan assets	( <u>38,114</u> )	( <u>36,671</u> )
Net defined benefit assets (listed as other non- current assets)	( <u>\$ 4,424</u> )	( <u>\$ 3,568</u> )

Changes in net defined benefit assets are as follows:

	Present value of defined benefit obligations	Fair Value of plan assets	Net defined benefit (assets) liabilities
January 1, 2022	<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	<u>-</u>	<u>( 642 )</u>	<u>( 642 )</u>
December 31, 2022	<u>33,103</u>	<u>( 36,671 )</u>	<u>( 3,568 )</u>
Service costs			
Current service cost	\$ 245	\$ -	\$ 245
Interest expense (income)	<u>408</u>	<u>( 456 )</u>	<u>( 48 )</u>
Recognized in profit and loss	<u>653</u>	<u>( 456 )</u>	<u>197</u>
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	( 324 )	( 324 )
Actuarial loss - Experience adjustments	( 251 )	-	( 251 )
Actuarial gain - Change in demographic and financial assumptions	<u>185</u>	<u>-</u>	<u>185</u>
Recognized in other comprehensive income	<u>( 66 )</u>	<u>( 324 )</u>	<u>( 390 )</u>
Contribution from employer	<u>-</u>	<u>( 663 )</u>	<u>( 663 )</u>
December 31, 2023	<u>\$ 33,690</u>	<u>( \$ 38,114 )</u>	<u>( \$ 4,424 )</u>

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

	<u>2023</u>	<u>2022</u>
By function		
Operating costs	\$ 64	\$ 231
Operating expenses	<u>133</u>	<u>14</u>
	<u>\$ 197</u>	<u>\$ 245</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, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.15%	1.25%
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, 2023</u>	<u>December 31, 2022</u>
Discount rate		
Increase by 0.25%	( \$ 460 )	( \$ 592 )
Decrease by 0.25%	<u>\$ 472</u>	<u>\$ 608</u>
Expected growth rate of salary		
Increase by 0.25%	<u>\$ 467</u>	<u>\$ 602</u>
Decrease by 0.25%	( <u>\$ 457</u> )	( <u>\$ 589</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, 2023</u>	<u>December 31, 2022</u>
Expected contribution amounts within 1 year	<u>\$ 663</u>	<u>\$ 641</u>
Average maturity period of defined benefit obligations	6 years	7 years

XIX. Equity

(I) Capital

Common stock

	<u>December 31, 2023</u>	<u>December 31, 2022</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>252,000</u>
Issued capital	<u>\$ 2,520,001</u>	<u>\$ 2,520,001</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 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, 2023</u>	<u>December 31, 2022</u>
<u>May be used to offset deficits, appropriated as cash dividends or transferred to capital (1)</u>		
Stock issuance premium	\$ 186,037	\$ 186,037
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>\$ 187,308</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 and Jin-Guan-Zheng-Fa's Letter No. 1010012865 from the FSC and "Q&A on the Applicability of the Appropriation of Special Reserve after the Adoption of the International Financial Reporting Standards (IFRSs)." If other 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 20, 2023, and June 21, 2022, and respectively resolved the 2022 and 2021 earnings distribution proposals as follows:

	Proposal of Earnings Appropriation		Dividends per Share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$ 19,406	\$ 42,086		
Reversal of special reserve	-	( 34,566)		
Cash dividends	252,000	257,440	\$ 1.00	\$ 1.02



The appropriation of earnings and dividends per share for 2023 proposed by the Board of Directors on March 13, 2024 are as follows:

	Proposal of Earnings Appropriation	Dividends per Share (NT\$)
Legal reserve	\$ 33,883	
Cash dividends	252,000	\$ 1.00

The distribution of earnings for 2023 is subject to the resolution of the Stockholders' meeting to be held on June 18, 2024.

(IV) Treasury stock

Account	Repurchase for Cancellation (in 1,000 Shares)
Number of shares as of January 1, 2022	\$ -
Increase	5,440
Cancellation 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

	2023	2022
Revenue from construction contracts	<u>\$ 4,186,018</u>	<u>\$ 5,065,366</u>

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

(II) Contract balance

	December 31, 2023	December 31, 2022
Notes receivable (Note X)	<u>\$ 156</u>	<u>\$ -</u>
Accounts receivable (Note X)	<u>\$ 286,950</u>	<u>\$ 105,775</u>
Contract assets		
Real estate construction	\$ 693,243	\$ 1,255,597
Construction retainage receivable	245,463	330,646
Less: Allowance losses	<u>-</u>	<u>( 1,514 )</u>
	<u>\$ 938,706</u>	<u>\$ 1,584,729</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Contract liability		
Real estate construction	<u>\$ 801,917</u>	<u>\$ 28,885</u>
Provision for liabilities - current	<u>\$ 129,920</u>	<u>\$ 39,538</u>

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

The aggregate amount of the amortized transaction price of which the performance obligations have not been satisfied and the anticipated years to recognize the revenue for the construction contracts signed by the Company as of December 31, 2023 are as follows:

<u>Anticipated years to recognize revenue</u>	<u>December 31, 2023</u>
2024~2029	<u>\$ 27,331,363</u>

XXI. Net income

Net income for the current year comprises the following items:

(I) Other income

	<u>2023</u>	<u>2022</u>
Reversal of Gains on		
Unpaid Payables	\$ -	\$ 23,321
Dividend income	9,684	15,349
Revenue from manpower		
support	3,840	4,350
Interest income	17,627	3,281
Litigation compensation	3,193	-
Reversal of expected credit		
loss	2,400	-
Others	<u>5,002</u>	<u>4,023</u>
	<u>\$ 41,746</u>	<u>\$ 50,324</u>

(II) Other gains and losses

	<u>2023</u>	<u>2022</u>
Loss on foreign currency		
exchange, net	(\$ 88)	(\$ 3,892)
Loss on valuation of		
financial assets at fair		
value through profit or		
loss	( 901)	( 68,526)
Gains on disposal of		
property, plant and		
equipment	68	64,459
Others	<u>( 2,113)</u>	<u>( 3,437)</u>
	<u>(\$ 3,034)</u>	<u>(\$ 11,396)</u>

(III) Finance costs

	2023	2022
Interest expenses		
Interest on bank loans	\$ 8,165	\$ 12,082
Lease liabilities	<u>602</u>	<u>330</u>
	<u>\$ 8,767</u>	<u>\$ 12,412</u>

(IV) Depreciation and amortization expenses

	2023	2022
Property, plant, and equipment	\$ 38,925	\$ 14,345
Right-of-use assets	16,891	14,287
Investment Property	954	955
Intangible assets	<u>4,085</u>	<u>1,123</u>
	<u>\$ 60,855</u>	<u>\$ 30,710</u>

Depreciation expenses by function

Operating costs	\$ 37,336	\$ 11,204
Operating expenses	18,480	17,428
Other gains and losses	<u>954</u>	<u>955</u>
	<u>\$ 56,770</u>	<u>\$ 29,587</u>

Amortization expenses by function

Operating costs	\$ 1,410	\$ 32
Operating expenses	<u>2,675</u>	<u>1,091</u>
	<u>\$ 4,085</u>	<u>\$ 1,123</u>

(V) Employee benefits expenses

	2023	2022
Short-term employee benefits	\$ 457,831	\$ 460,321
Post-employment benefits		
Defined contribution plan	17,030	17,765
Defined benefit plans	197	245
Termination benefits	<u>873</u>	<u>518</u>
Total employee benefits expenses	<u>\$ 475,931</u>	<u>\$ 478,849</u>
By function		
Operating costs	\$ 221,858	\$ 251,019
Operating expenses	<u>254,073</u>	<u>227,830</u>
	<u>\$ 475,931</u>	<u>\$ 478,849</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 2023 and 2022 were resolved by the Board of Directors on March 13, 2024 and March 15, 2023 respectively as follows:

	2023		2022	
	Cash	Percentage (%)	Cash	Percentage (%)
Employee remuneration	\$ 12,522	3%	\$ 7,178	3%
Director remuneration	<u>12,522</u>	3%	<u>7,178</u>	3%
	<u>\$ 25,044</u>		<u>\$ 14,356</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) Income tax recognized in profit or loss

Major components of income tax expenses are as follows:

	2023	2022
Current-period income tax		
Income tax expenses recognized in the current period	\$ 71,470	\$ 49,714
Additional tax on unappropriated earnings	-	7,221
Adjustments for previous years	( <u>500</u> )	( <u>3,431</u> )
	<u>70,970</u>	<u>53,504</u>
Deferred income tax		
Income tax expenses recognized in the current period	( <u>17,127</u> )	( <u>12,634</u> )
Income tax expenses recognized in profit or loss	<u>\$ 53,843</u>	<u>\$ 40,870</u>

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

	2023	2022
Income before income tax	<u>\$ 392,356</u>	<u>\$ 224,985</u>
Income tax expenses calculated based on income before income tax and the statutory tax rate	\$ 78,471	\$ 44,997
Permanent difference	68	35
Exemptions	( 23,135 )	( 9,998 )
Additional tax on unappropriated earnings	-	7,221
Adjustments on income tax expenses of prior years	( 500 )	( 3,431 )
Others	<u>( 1,061 )</u>	<u>2,046</u>
Income tax expenses recognized in profit or loss	<u>\$ 53,843</u>	<u>\$ 40,870</u>

(II) Income tax recognized in other comprehensive income

	2023	2022
<u>Deferred income tax</u>		
— Translation of foreign operations	( \$ 568 )	\$ 68,881
— Remeasurement of defined benefit plans	<u>78</u>	<u>686</u>
Income tax recognized in other comprehensive income	<u>( \$ 490 )</u>	<u>\$ 69,567</u>

(III) Deferred Income Tax Assets and Liabilities

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

2023

	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	\$ 6,602	\$ 808	\$ -	\$ 7,410
Construction proceeds temporarily estimated	9,543	( 104 )	-	9,439
Unrealized construction loss	1,306	17,267	-	18,573
Others	<u>672</u>	<u>( 517 )</u>	<u>( 78 )</u>	<u>77</u>
	<u>\$ 18,123</u>	<u>\$ 17,454</u>	<u>( \$ 78 )</u>	<u>\$ 35,499</u>

	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	\$ 445,816	\$ 327	\$ -	\$ 446,143
Exchange differences on translation of foreign operations	79,722	-	( 568 )	79,154
Reserve for land value increment tax	10,814	-	-	10,814
Others	<u>915</u>	<u>-</u>	<u>-</u>	<u>915</u>
	<u>\$ 537,267</u>	<u>\$ 327</u>	<u>( \$ 568 )</u>	<u>\$ 537,026</u>

## 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
Others	<u>733</u>	<u>625</u>	<u>( 686 )</u>	<u>672</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>

## (IV) Income tax approval status

The tax authorities have approved the profit-seeking enterprise income tax returns of the Company through 2021.

XXIII. Earnings Per Share

	2023	Unit: NT\$ 2022
Basic earnings per share	<u>\$ 1.34</u>	<u>\$ 0.72</u>
Diluted earnings per share	<u>\$ 1.34</u>	<u>\$ 0.72</u>

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

	2023	2022
Net income	<u>\$ 338,513</u>	<u>\$ 184,115</u>

Shares

	2023	Unit: In thousand shares 2022
Weighted average number of shares of common stock used for the calculation of basic earnings per share	252,000	254,382
Effect of potentially dilutive shares of common stocks: employee remuneration	<u>849</u>	<u>878</u>
Weighted average number of shares of common stock used for the calculation of diluted earnings per share	<u>252,849</u>	<u>255,260</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

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

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.

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, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit or loss</u>				
Listed innovative and emerging stocks	\$ -	\$ 28,583	\$ -	\$ 28,583
Unlisted common stock	-	-	46,632	46,632
Total	\$ -	\$ 28,583	\$ 46,632	\$ 75,215
<u>Financial assets measured at fair value through other comprehensive income</u>				
Listed stocks	\$ 392,133	\$ -	\$ -	\$ 392,133

##### December 31, 2022

	Level 1	Level 2	Level 3	Total
<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	\$ 2,716	\$ -	\$ 29,100	\$ 31,816
<u>Financial assets measured at fair value through other comprehensive income</u>				
Listed stocks	\$ 367,780	\$ -	\$ -	\$ 367,780

There was no transfer between Level 1 and Level 2 fair value measurement for 2023 and 2022.

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

##### Type of Financial

Instruments	Valuation Techniques and Inputs
Listed innovative stocks and emerging stocks	The liquidity is adjusted by the price of inactive market transactions.

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

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

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, 2023 and December 31, 2022. When other inputs are held constant, a 1% discount would decrease the fair value by NT\$1,853 thousand and NT\$2,103 thousand, respectively.



(III) Types of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$ 75,215	\$ 31,816
Financial assets measured at amortized cost (Note 1)	1,343,341	620,715
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments	392,133	367,780
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	1,650,370	2,431,554

Note1: The balance includes financial assets measured at amortized cost, which comprise cash, restricted bank deposits, time deposit, note receivables, accounts receivable, other receivables, refundable deposits and pledged certificate of deposit.

Note2: 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 XXXI for details on carrying amounts of significant monetary assets denominated in foreign currencies on the balance sheet dates.

Sensitivity analysis

The Company is mainly exposed to USD fluctuations.

The following table details the Company'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 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	
	2023	2022
USD	\$ 2,125	\$ 2,145

(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:

	December 31, 2023	December 31, 2022
With fair value interest rate risk		
— Financial assets	\$ 278,336	\$ 273,130
— Financial liabilities	117,936	683,923
With cash flow interest rate risk		
— Financial assets	747,453	176,184
— Financial liabilities	-	200,000

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 \$7,475 thousand and \$238 thousand for 2023 and 2022, 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 equity price increased/decreased by 10%, income before tax in 2023 and 2022 would have increased/decreased by NT\$7,522 thousand and NT\$3,182 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 2023 and 2022 would have increased/decreased by NT\$39,213 thousand or NT\$36,778 thousand, respectively, due to a change in the fair value of financial assets 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.

The credit risk of the Company is mainly concentrated in our top five customers. As of December 31, 2023 and 2022, the ratio of accounts receivable and contract assets from aforementioned customers to the total amounted to 84% and 76%, respectively. To mitigate credit risk, the Company regularly assesses the financial position of our customers and the likelihood of recovering accounts receivable, and recognized appropriate loss allowance.

3. Liquidity risk

- (1) The cash flow forecast is performed by each operating entity of the Company and compiled by the Company's finance department. The finance department monitors the forecast of circulating capital needs of the Company to ensure that the Company's funds are adequate to finance its operations.
- (2) The following tables detail the Company's non-derivative financial liabilities grouped by the maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flows disclosed below, including those of interest and principals, are undiscounted.

December 31, 2023

	Less than 1 Year	1~2 Year(s)	2~5 Years
Non-interest-bearing liabilities	\$ 1,387,642	\$ 8,719	\$ 67,521
Lease liabilities	11,427	8,320	22,823
Fixed interest rate instruments	<u>77,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,476,069</u>	<u>\$ 17,039</u>	<u>\$ 90,344</u>

December 31, 2022

	Less than 1 Year	1~2 Year(s)	2~5 Years
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>

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, 2023</u>	<u>December 31, 2022</u>
Credit line of unsecured bank loan		
— Amount used	\$ -	\$ 500,000
— Amount unused	<u>2,277,283</u>	<u>1,521,209</u>
	<u>\$ 2,277,283</u>	<u>\$ 2,021,209</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Credit line of secured bank loan		
— Amount used	\$ -	\$ 350,000
— Amount unused	<u>450,000</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>
CKTech Engineering Co., Ltd. (CKTech Engineering)	Subsidiary
Chien Kuo Building Co., Ltd. (Chien Kuo Building)	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

Category/ Name of Related Party	No. of Contract	Total amount of contract	Construction costs recognized in the current year	Accumulated construction costs recognized	Accounts payable
<u>2023</u>					
CKTech					
Engineering	101C1703	\$ 549,496	\$ 1,725	\$ 549,496	\$ -
	101C1802	441,525	11,852	441,525	-
	101C1803	193,729	6,461	193,019	20,845
	101C2105	<u>1,520,152</u>	<u>13,448</u>	<u>13,448</u>	<u>-</u>
		<u>\$ 2,704,902</u>	<u>\$ 33,486</u>	<u>\$ 1,197,488</u>	<u>\$ 20,845</u>
<u>2022</u>					
CKTech					
Engineering	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	<u>192,036</u>	<u>16,419</u>	<u>186,558</u>	<u>39,299</u>
		<u>\$ 2,096,375</u>	<u>\$ 114,680</u>	<u>\$ 2,076,442</u>	<u>\$ 117,059</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) Construction Supervision and Management

Account	Category of Related Parties	2023	2022
Construction costs	Subsidiary	<u>\$ 9,106</u>	<u>\$ -</u>
Account	Category of Related Parties	December 31, 2023	December 31, 2022
Accounts payable	Subsidiary	<u>\$ 5,935</u>	<u>\$ -</u>

The costs associated with construction supervision and management are delegated to the subsidiaries, and are handled in accordance with general terms and conditions.

## (IV) Business transaction

Account	Category of Related Parties	2023	2022
Other income	Subsidiary	<u>\$ 3,840</u>	<u>\$ 4,350</u>

They are the revenues from manpower supply to the subsidiaries, and are handled in accordance with general terms and conditions

## (V) 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	December 31, 2023	December 31, 2022
Lease liabilities	Other related parties	<u>\$ -</u>	<u>\$ 5,562</u>
Account	Category of Related Parties	2023	2022
Interest expenses	Other related parties	<u>\$ 42</u>	<u>\$ 133</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	2023	2022
Rent income	Chien Hwei Investment	<u>\$ 1,143</u>	<u>\$ 1,143</u>
Rent income	Chien Kuo Building	<u>\$ 667</u>	<u>\$ -</u>

3. Donation

Category of Related Parties	2023	2022
Other related parties	<u>\$ 2,000</u>	<u>\$ 2,000</u>

The Company donated funds for broadcast production to related parties.

4. Loans from related parties

Category/ Name of Related Party	December 31, 2023	December 31, 2022
Chien Kuo Building	\$ 36,000	\$ 20,000
Chien Bang Building	19,000	-
CKTech Engineering	<u>22,000</u>	<u>-</u>
	<u>\$ 77,000</u>	<u>\$ 20,000</u>

Interest expenses

Category/ Name of Related Party	December 31, 2023	December 31, 2022
Subsidiary	<u>\$ 632</u>	<u>\$ 171</u>

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

(VI) Endorsements/guarantees

Endorsements/Guarantees Provided for Others

Category/ Name of Related Party	December 31, 2023	December 31, 2022
CKTech Engineering	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Chien Bang Building	<u>\$ 24,600</u>	<u>\$ 24,600</u>

(VII) Remuneration to key management

	2023	2022
Short-term employee benefits	\$ 72,384	\$ 75,333
Post-employment benefits	<u>1,793</u>	<u>1,907</u>
	<u>\$ 74,177</u>	<u>\$ 77,240</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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Inventories (for construction business)	\$ -	\$ 463,577
Financial assets measured at FVTOCI - non-current	38,100	113,485
Pledged time deposit certificate (classified as financial assets at amortized cost)	70,050	70,050
Investment Property	492,831	29,827
Other restricted assets (classified as other non-current assets)	-	23,181
	<u>\$ 600,981</u>	<u>\$ 700,120</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, Kuo-Feng LU, constructed a commercial-residential hybrid complex that has 5 floors below ground and 26 floors above ground at Land No. 537, Lingzhou Section, Kaohsiung City. Due to poor construction of diaphragm walls, buildings at Lane 187, Ziqiang 3rd Road suffered severe tilts, wall cracks and subsidence on July 20, 2014. Due to the Company's active participation in the repair work, a total of 25 house owners transferred a certain amount of their creditors' rights to the Company, by which the Company had petitioned the court for a provisional attachment against Shing Tzung and its responsible person, and 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 in January of 2023 that the Company is not required to pay the amount to Shing Tzung after offsetting part of its debts. After deducting the Company's offsetting debts in



the preceding case, Shing Tzung should still pay the Company NT\$16,193 thousand and NT\$6,279 thousand of interest at 5% per annum from October 28, 2015 to the date of settlement. The appeal period for the third trials for the two lawsuits has expired. Both parties have not appealed the ruling and the cases have been finalized. The Company has recognized a gain on reversal of expected credit losses of NT\$13,000 thousand, interest income of NT\$6,279 thousand and other income of NT\$3,193 thousand in 2023 according to the litigation results (please refer to Notes X, XX and XXI)

- (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. The Company received a mediation proposal on April 13, 2023. However, the Weiwuying Center for the Arts responded by rejecting the mediation proposal. Consequently, on July 3, 2023, the Company submitted the arbitration pursuant to laws. The Arbitration board is currently in the process of hearing the case. Until the mediation proposal is released, it is difficult for the Company to evaluate the results of the mediation.
- (III) The Company contracted the construction of social housing on Site No. 1 in Yangmei District and Pingzhen District, Taoyuan City (hereinafter referred to as the Project). According to the procurement contract for the Project, the natural gas company's execution expenses and related fees are to be paid by the Company after which the Office of Housing Development (Office of Housing) verifies and pays the expenses. Following the Company's payments totaling NT\$12,747 thousand and NT\$4,253 thousand respectively to Shin Tao Natural Gas Company for execution expenses and fees, a total of NT\$17,000 thousand was applied for reimbursement from the Office of Housing as agreed upon. Unexpectedly, the Office of Housing contends that the detailed price list in the project's service proposal includes a gas project item and amount, thereby refusing to make the payment. The Company believes that the actions taken by the Office of Housing are inconsistent with the provisions of the contract. Therefore, on August 29th, 2023, they filed for mediation with the Complaint Review Board for Government Procurement of Taoyuan City. Upon receiving notification from the Complaint Review Board for Government Procurement of Taoyuan City to provide their

statement, the Office of Housing will be scheduled for a mediation meeting. The Company finds it difficult to assess the outcome until a mediation proposal is put forward.

- (IV) As of December 31, 2023 and 2022, the performance guarantee letters issued by the bank for construction projects of the Company amounted to NT\$2,207,658 thousand and NT\$1,355,140 thousand, respectively.
- (V) As of December 31, 2023, the performance guarantee letters issued by the bank for public-sector-led Urban Renewal of the Company amounted to NT\$24,600 thousand.
- (VI) As of December 31, 2023 and 2022, the guaranteed bills issued by the Company for business needs amounted to NT\$537,271 thousand and NT\$340,260 thousand, respectively.

XXX. Significant Subsequent Events

The Board of Directors resolved on March 13, 2024, to implement a cash capital reduction of 20% and to return a total of NT\$504,000 thousand to shareholders. This proposal will be submitted to the 2024 shareholder meeting for approval and then presented to the competent authority for approval before proceeding with the relevant procedures.

XXXI. 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, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 6,921	30.71(USD:NTD)	<u>\$ 212,542</u>
<u>Non-monetary items</u>			
USD	119,253	30.71(USD:NTD)	<u>\$ 3,662,273</u>

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>

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

	2023		2022	
	Exchange Rate	Net Exchange Loss	Exchange Rate	Net Exchange Loss
<u>Financial assets</u>				
USD	31.16 (USD:NTD)	( \$ <u>4,783</u> )	29.81 (USD:NTD)	( \$ <u>4,480</u> )

#### XXXII. Supplementary Disclosures

(I) Information on 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: None.
5. Acquisition of Real Estate Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: None.
6. Disposal of Real Estate Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: (Appendix 4)
7. Purchases from or Sales to Related Parties Amounting to NT\$100 million or 20% of the Paid-in Capital or More: None.
8. Receivables from Related Parties Amounting to NT\$100 Million or 20% of the Paid-in Capital or More: None.
9. Engaging in Derivatives Trading: None.
10. Information on Invested Companies: (Appendix 5)

(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 6)
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 7)

Chien Kuo Construction Co., Ltd.  
Loans Provided to Others  
January 1 to December 31, 2023

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	\$ 36,000	\$ 36,000	\$ 36,000	2.00%	(1)	\$ -	Operating capital	\$ -	-	\$ -	40% of the company's net worth \$ 37,019	40% of the company's net worth \$ 37,019	
2	CKTech Engineering Co., Ltd.	Chien Kuo Construction Co., Ltd.	Other receivables	Yes	22,000	22,000	22,000	2.00%	(1)	-	Operating capital	-	-	-	40% of the company's net worth 23,429	40% of the company's net worth 23,429	
3	Chien Bang Real Estate Development Co., Ltd.	Chien Kuo Construction Co., Ltd.	Other receivables	Yes	19,000	19,000	19,000	2.00%	(1)	-	Operating capital	-	-	-	40% of the company's net worth 19,937	40% of the company's net worth 19,937	

Note1: 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, 2023

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 Constructio n Co., Ltd.	CKTech Engineering Co., Ltd.	Subsidiary	\$ 2,448,882	\$ 50,000	\$ 50,000	\$ -	\$ -	1.02%	\$ 4,897,763	Y	N	N	Financing endorsements/guara nteens Performance Guarantee
0	Chien Kuo Constructio n Co., Ltd.	Chien Bang Real Estate Development Co., Ltd.	Subsidiary	2,448,882	24,600	24,600	24,600	-	0.50%	4,897,763	Y	N	N	

- Note1: 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.
- Note2: 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.  
Marketable Securities Held at the End of the Period  
December 31, 2023

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—common stock</u>							
	BMC Venture Capital Investment Corporation	—	Financial assets measured at FVTPL - non-current	2,850	\$ 33,132	4.92%	\$ 33,132	—
	BMD Venture Capital Investment Corporation	—	"	1,500	13,500	6.65%	13,500	—
	Taiwan Bio Therapeutics Co., Ltd.	—	"	100	3,408	0.16%	3,408	—
	Revivegen Co., Ltd.	—	"	341	12,017	0.72%	12,017	—
	Gogolook Co., Ltd.	—	"	86	13,158	0.27%	13,158	—
	Chia Hsin Cement Corporation	—	Financial assets measured at FVTOCI - current	1,137	21,655	0.14%	21,655	—
	Taiwan Cement Corporation	—	Financial assets measured at FVTOCI - non-current	6,810	237,318	0.10%	237,318	—
	Chia Hsin Cement Corporation	—	"	6,990	133,160	0.88%	133,160	(Note 2)
CKTech Engineering Co., Ltd.	<u>Fund</u>							
	SinoPac TWD Money Market Fund	—	Financial assets at FVTPL - current	704	10,062	-	10,062	—
Golden Canyon Venture Capital Investment Co., Ltd.	<u>Stock—common stocks</u>							
	Phoenix Pioneer Technology Co., Ltd.	—	Financial assets at FVTPL - current	1,165	20,935	0.39%	20,935	—
	Mega Union Technology INC.	—	"	1,084	177,272	1.76%	177,272	—
	TCM Biotech International Corporation	—	Financial assets measured at FVTPL - non-current	700	40,523	1.19%	40,523	—
	<u>Stock—preferred stocks</u>							
	Brain Navi Ltd	—	Financial assets measured at FVTPL - non-current	1,000	61,950	-	61,950	—
Golden Canyon Limited	<u>Bonds</u>							
	Mercedes-Benz Finance North America LLC (MBGGR 5 3/8 11/26/25)	—	Financial Assets Measured at Amortized Cost—non-current	1,000	30,784	-	30,784	—

(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	<u>Fund</u>							
	Citi Taiwan - A1USD Trade Finance Fund	—	Financial assets at FVTPL - current	119	\$ 399,167	-	\$ 399,167	—
	BlackRock ICS US Dollar Liquidity Fund	—	"	9	31,597	-	31,597	—
	AB FCP I-Short Duration Bond Portfolio Class A2	—	"	168	95,458	-	95,458	—
	PIMCO GIS Global Investment Grade Credit Fund	—	"	177	96,575	-	96,575	—
	JPMorgan Funds - Global Corporate Bond Fund	—	"	169	96,844	-	96,844	—
	PIMCO GIS Income Fund	—	"	169	64,010	-	64,010	—
	AB FCP I-American Income Portfolio Class A2	—	"	35	32,331	-	32,331	—
	PVG GCN VENTURES, L.P.	—	Financial assets measured at FVTPL - non-current	-	8,369	5.00%	8,369	—
	CSVI VENTURES,L.P.	(Note 1)	"	-	33,420	4.06%	33,420	—
	<u>Fund</u>							
	Citi Taiwan - 45A2USD Liquidity Fund	—	Financial assets at FVTPL - current	5	16,590	-	16,590	—
	Citi Taiwan - A1USD Trade Finance Fund	—	"	94	316,279	-	316,279	—
	Nomura Global Financial Bond Fund	—	"	249	81,187	-	81,187	—
	BlackRock ICS US Dollar Liquidity Fund	—	"	27	93,992	-	93,992	—
	JPMorgan Liquidity Funds -USD Liquidity LVNAV Fund	—	"	-	85,014	-	85,014	—
	iShares 20+ Year Treasury Bond ETF(TLT)	—	"	15	45,245	-	45,245	—
	Blackstone Real Estate Income Trust iCapital Offshore Access Fund SPC	—	"	-	869	-	869	—
	Lord Abbet Short Duration Income	—	"	176	63,316	-	63,316	—
	PIMCO Funds: Global Investors Series plc Dynamic Bond Fund	—	"	133	47,738	-	47,738	—

Note1: The chief decision makers of the fund are the directors of the Company.

Note2: Among them, 2,000 thousand shares are pledged to the bank as collateral for the performance of construction contracts.

Note3: For information regarding investment of subsidiaries, please refer to Appendix 5 and Appendix 6.

Chien Kuo Construction Co., Ltd.  
Disposal of Real Estate Amounting to NT\$300 Million or 20% of the Paid-in Capital or More  
January 1 to December 31, 2023

Appendix 4

Unit: NT\$ Thousands

Company Disposing the Property	Property Name	Date of Factual Occurrence	Original Acquisition Date	Carrying Amount	Transaction Amount	Payment Collection Status	Gain or Loss on Disposals	Counterparty	Relationship	Purpose of Disposal	Reference Basis for Price Determination	Other Agreements
Chien Kuo Construction Co., Ltd.	Xinzhi Section, Xinzhuang District Land	2023/5/10	2017/7/20	\$ 465,926	\$ 583,832	(Note 1)	\$ -	Tai Tung Communica tion Co., Ltd.	-	For capital appreciation	Appraisal Report issued by the Hung Pang Real Estate Appraisers Firm	Please refer to Note XI for more information

Note1: As of December 31, 2023, the Company has received a prepayment of NT\$117,065 thousand for the first installment of land payment in accordance with the Contract. This prepayment is recorded as part of other current liabilities.



Chien Kuo Construction Co., Ltd.  
Information on Invested Companies and Their Locations, etc.  
January 1 to December 31, 2023

Appendix 5

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	Number of Shares (in Thousands)	Ratio (%)	Carrying Amount			
Chien Kuo Construction Co., Ltd.	Golden Canyon Limited	British Virgin Islands	Reinvestment	\$ 183,751	\$ 183,751	5,881	100.00%	\$ 1,644,221	\$ 84,764	\$ 84,764	Subsidiary
	Silver Shadow Holding Limited	British Virgin Islands	Reinvestment	704,069	704,069	21,606	100.00%	2,018,052	97,411	97,411	Subsidiary
	Chien Kuo Building Co., Ltd.	Taiwan	Building construction commission; public housing lease and sale	144,065	144,065	10,000	100.00%	87,055	( 5,493 )	( 5,493 )	Subsidiary
	CKTech 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%	55,710	( 2,261 )	( 2,261 )	Subsidiary
	Golden Canyon Venture Capital Investment Co., Ltd.	Taiwan	Venture capital business	401,000	401,000	40,100	100.00%	520,521	115,131	115,131	Subsidiary
	Golden Canyon II Venture Capital Investment Co., Ltd.	Taiwan	Venture capital business	200,000	200,000	20,000	100.00%	201,101	1,158	1,158	Subsidiary
	Chien Bang Real Estate Development Co., Ltd.	Taiwan	Building construction commission; public housing lease and sale	27,500	27,500	2,750	55.00%	27,471	106	58	Subsidiary
	Leader Construction Co., Ltd.	Taiwan	Undertaking renovation and construction/Buying and selling construction materials	10,000	-	1,000	100.00%	8,299	( 1,701 )	( 1,701 )	Subsidiary
	Chien Kuo Building Co., Ltd.	Taiwan	Building construction commission; public housing lease and sale	22,500	22,500	2,250	45.00%	22,476	106	48	Subsidiary
Golden Canyon Venture Capital Investment Co., Ltd.	Chang Jia Energy Co., Ltd.	Taiwan	Self-use power generation equipment of renewable energy	31,500	31,500	3,150	31.50%	31,270	( 282 )	( 89 )	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	17,500	1,750	17.50%	17,372	( 282 )	( 49 )	Associates
Silver Shadow Holding Limited	CK Asia Co., Ltd.	British Virgin Islands	Reinvestment	974	118,002	2	54.29%	26,169	5,096	Note 3	Sub-subsubsidiary
Golden Canyon Limited	CK Asia Co., Ltd.	British Virgin Islands	Reinvestment	840	104,987	2	45.71%	21,613	5,096	Note 3	Sub-subsubsidiary

Note1: Where there involves a foreign currency, it is translated into New Taiwan Dollars by using the exchange rate as of December 31, 2023 (US\$1=NT\$30.71), except for profit or loss items, which are translated into New Taiwan Dollars by using the average exchange rate over January 1 - December 31, 2023 (US\$1=NT\$31.16).

Note2: Please refer to Appendix 6 for information on investments in Mainland China.

Note3: 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, 2023

Appendix 6

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, 2023 (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	\$ 1,602	100%	\$ 1,602	\$ 13,412	\$ 41,113	

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)	\$ 2,909,852

Note1: The amount was recognized based on the audited financial statements.

Note2: The amount authorized by the Investment Commission, MOEA was NT\$1,589,060 thousand, of which NT\$542,782 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.

Note3: 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.

Chien Kuo Construction Co., Ltd. and Subsidiaries  
Information on Major Shareholders  
December 31, 2023

Appendix 7

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 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, 2023

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 - non-current	BMC Venture Capital Investment Corporation	2,850	\$ 10	\$ 28,500	\$ 28,500	11.63	\$ 33,132
	BMD Venture Capital Investment Corporation	1,500	10	15,000	15,000	9.00	13,500
	Taiwan Bio Therapeutics Co., Ltd.	100	10	1,000	3,000	34.08	3,408
	Revivegen Co., Ltd.	341	10	3,410	11,481	35.24	12,017
	Gogolook Co., Ltd.	86	10	860	<u>19,092</u>	153.00	<u>13,158</u>
					<u>\$ 77,073</u>		<u>\$ 75,215</u>

Chien Kuo Construction Co., Ltd.  
Statement of Financial Assets at Fair Value through Other Comprehensive Income  
January 1 to December 31, 2023

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	<u>\$ 19,392</u>	23	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ 2,263</u>	1,137	<u>\$ 21,655</u>
Non-current									
Domestic listed Companies									
Taiwan Cement Corporation	6,810	\$ 229,146	-	\$ -	-	\$ -	\$ 8,172	6,810	\$ 237,318
Chia Hsin Cement Corporation	6,853	<u>119,242</u>	137	<u>-</u>	-	<u>-</u>	<u>13,918</u>	6,990	<u>133,160</u>
		<u>\$ 348,388</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ 22,090</u>		<u>\$ 370,478</u>

Note1: Par value of \$10 per share.

Note2: 2,000 thousand shares of Chia Hsin Cement Corporation are pledged to the bank as collateral for the performance of construction contracts.

Chien Kuo Construction Co., Ltd.  
Statement of Changes in Contract Assets and Contract Liabilities  
January 1 to December 31, 2023

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 for this year	Amount carried down upon completion	Balance - end of year		
101C1703	\$ 2,888,491	\$ 15,434	\$ 2,903,925	\$ -	\$ 2,903,531	\$ 394	\$ 2,903,925	\$ -	\$ -	\$ -
101C1802	1,850,067	79,664	1,929,731	-	1,798,841	130,890	1,929,731	-	-	-
101C1803	1,004,346	12,137	-	1,016,483	949,400	45,450	-	994,850	21,633	-
101C1901	1,010,337	267,581	-	1,277,918	893,510	323,580	-	1,217,090	60,828	-
101C1902	963,589	417,765	-	1,381,354	454,362	674,642	-	1,129,004	252,350	-
101C1903	370,861	103,826	-	474,687	206,101	244,201	-	450,302	24,385	-
101C1904	816,627	507,514	-	1,324,141	760,405	495,309	-	1,255,714	68,427	-
101C2001	1,779,941	38,801	-	1,818,742	1,686,735	82,417	-	1,769,152	49,590	-
101C2003	793,131	27,263	-	820,394	771,733	74,884	-	846,617	-	26,223
101C2101	968,467	644,593	-	1,613,060	913,515	686,181	-	1,599,696	13,364	-
101C2102	470,076	723,726	-	1,193,802	434,592	648,714	-	1,083,306	110,496	-
101C2104	71,669	257,586	-	329,255	21,429	294,643	-	316,072	13,183	-
101C2105	40,791	366,333	-	407,124	-	884,413	-	884,413	-	477,289
101C2151	629,168	43,178	-	672,346	642,757	-	-	642,757	29,589	-
101C2201	19	8	-	27	147	167	-	314	-	287
101C2202	19	8	-	27	147	167	-	314	-	287
101C2203	1,057	128,467	129,524	-	-	129,524	129,524	-	-	-
101C2204	3,694	10,195	-	13,889	-	-	-	-	13,889	-
101C2205	1,567	129,734	-	131,301	-	180,388	-	180,388	-	49,087
101C2301	-	95,421	-	95,421	-	113,916	-	113,916	-	18,495
101C2302	-	7,616	-	7,616	-	7,722	-	7,722	-	106
101C2303	-	21,552	-	21,552	-	-	-	-	21,552	-
101C2304	-	29,281	-	29,281	-	40,825	-	40,825	-	11,544
101C2305	-	185,646	-	185,646	-	190,832	-	190,832	-	5,186
101C2306	-	55,565	-	55,565	-	126,642	-	126,642	-	71,077
101C2307	-	13,957	-	13,957	-	-	-	-	13,957	-
101C2310	-	521	-	521	-	142,857	-	142,857	-	142,336
	<u>\$ 13,663,917</u>	<u>\$ 4,183,372</u>	<u>\$ 4,963,180</u>	<u>\$ 12,884,109</u>	<u>\$ 12,437,205</u>	<u>\$ 5,518,758</u>	<u>\$ 4,963,180</u>	<u>\$ 12,992,783</u>	<u>\$ 693,243</u>	<u>\$ 801,917</u>

Chien Kuo Construction Co., Ltd.  
Statement of Accounts receivables  
December 31, 2023

Form of Statement IV

Unit: NT\$ Thousands

<u>Customers' Name</u>	<u>Amount</u>
Customer A	\$ 90,589
Customer B	74,696
Customer C	58,823
Customer D	36,532
Customer E	26,166
Other (Note)	<u>144</u>
	<u>\$ 286,950</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, 2023

Form of Statement V

Unit: NT\$ Thousands

Item	Amount
Prepayments for construction materials	\$ 106,183
Prepaid insurance	16,329
Others	<u>4,505</u>
	<u>\$ 127,017</u>

Chien Kuo Construction Co., Ltd.  
Statement of Changes in Investments Accounted for Using the Equity Method  
January 1 to December 31, 2023

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 on investment (Loss)	Exchange differences on translation of financial statements of foreign operations	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	\$ 1,560,776	-	\$ -	-	\$ -	\$ 84,764	( \$ 1,319 )	5,881	100	\$ 1,644,221	None	
Silver Shadow Holding Limited	21,606	1,922,162	-	-	-	-	97,411	( 1,521 )	21,606	100	2,018,052	None	
Chien Kuo Building Co., Ltd.	10,000	92,548	-	-	-	-	( 5,493 )	-	10,000	100	87,055	None	
CKTech Engineering Co., Ltd.	7,000	58,573	-	-	-	602	( 2,261 )	-	7,000	100	55,710	None	Note 3
Golden Canyon Venture Capital Investment Co., Ltd.	40,100	444,890	-	-	-	39,500	115,131	-	40,100	100	520,521	None	Note 3
Golden Canyon II Venture Capital Investment Co., Ltd.	20,000	200,141	-	-	-	198	1,158	-	20,000	100	201,101	None	Note 3
Chien Bang Real Estate Development Co., Ltd.	2,750	27,413	-	-	-	-	58	-	2,750	55	27,471	None	
Leader Construction Co., Ltd.	-	-	1,000	10,000	-	-	( 1,701 )	-	1,000	100	8,299	None	Note 4
		<u>\$ 4,306,503</u>		<u>\$ 10,000</u>		<u>\$ 40,300</u>	<u>\$ 289,067</u>	<u>( \$ 2,840 )</u>			<u>\$ 4,562,430</u>		

Note1: Except that the par values of Golden Canyon Limited and Silver Shadow Holding Limited is US\$1 per share, and that CKTech Engineering Co., Ltd. has no par value, the par values of the remaining companies are NT\$10 per share.  
Note2: The decrease for the current year is due to the allotment of dividend  
Note3: The increase for the year was due to the establishment of a subsidiary by the Company on August 1, 2023.

Chien Kuo Construction Co., Ltd.  
Statement of Short-term Loans  
December 31, 2023

Form of Statement VII		Unit: NT\$ Thousands			
Creditor	Repayment method	Ending balance	Term of the agreement	Effective Interest Rate	Collaterals or guarantees
"Related Party Loans"					
CKTech Engineering	The principal and interest should be repaid in full upon maturity	\$ 22,000	2023.10.03~2024.10.02	2.00%	None
Chien Kuo Building	The principal and interest should be repaid in full upon maturity	18,000	2023.07.03~2024.07.02	2.00%	None
Chien Kuo Building	The principal and interest should be repaid in full upon maturity	18,000	2023.10.02~2024.10.01	2.00%	None
Chien Bang Building	The principal and interest should be repaid in full upon maturity	<u>19,000</u>	2023.10.02~2024.10.01	2.00%	None
		<u>\$ 77,000</u>			

Chien Kuo Construction Co., Ltd.  
Statement of Other Payables  
December 31, 2023

Form of Statement VIII

Unit: NT\$ Thousands

<u>Name of Subcontractor</u>	<u>Amount</u>
Subcontractor A	\$ 73,383
Other (Note)	<u>1,197,815</u>
	<u>\$ 1,271,198</u>

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

Chien Kuo Construction Co., Ltd.  
Statement of Accounts Payable  
December 31, 2023

Form of Statement IX

Unit: NT\$ Thousands

Item	Amount
Salaries and bonuses payable	\$ 144,806
Sales tax payable	18,864
Insurance premiums and pensions payable to personnel	8,216
Others	<u>20,798</u>
	<u>\$ 192,684</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, 2023

Form of Statement X

Unit: NT\$ Thousands

Item	Amount
Guarantee deposits received	<u>\$ 109,487</u>
Lease liabilities	<u>30,117</u>
	<u>\$ 139,604</u>

Chien Kuo Construction Co., Ltd.  
Statement of Operating Revenue and Cost  
2023

Form of Statement XI

Unit: NT\$ Thousands

Construction item	Operating revenue	Operating costs	Gross profit
Residential construction	\$ 1,017,825	\$ 914,669	\$ 103,156
Public construction	2,033,881	1,965,346	68,535
Commercial office, factory office and others	<u>1,134,312</u>	<u>923,889</u>	<u>210,423</u>
	<u>\$ 4,186,018</u>	<u>\$ 3,803,904</u>	<u>\$ 382,114</u>

Chien Kuo Construction Co., Ltd.  
Statement of General and Administrative Expenses  
2023

Form of Statement XII Unit: NT\$ Thousands

Item	Amount
Salary and bonus	\$ 223,881
Depreciation expense	18,480
Professional service fees	16,315
Other expense (Note)	<u>60,694</u>
	<u>\$ 319,370</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, 2023 and 2022

Form of Statement XIII

Unit: NT\$ Thousands

	2023				2022			
	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								
Salary expense	\$ 183,542	\$ 205,925	\$ -	\$ 389,467	\$ 207,255	\$ 187,709	\$ -	\$ 394,964
Labor Insurance and National Health Insurance expense	19,305	14,200	-	33,505	21,561	13,531	-	35,092
Pension expense	9,772	7,455	-	17,227	11,133	6,877	-	18,010
Remuneration to Directors	-	18,196	-	18,196	-	12,790	-	12,790
Others employee benefits expenses	<u>9,239</u>	<u>8,297</u>	<u>-</u>	<u>17,536</u>	<u>11,070</u>	<u>6,923</u>	<u>-</u>	<u>17,993</u>
	<u>\$ 221,858</u>	<u>\$ 254,073</u>	<u>\$ -</u>	<u>\$ 475,931</u>	<u>\$ 251,019</u>	<u>\$ 227,830</u>	<u>\$ -</u>	<u>\$ 478,849</u>
Depreciation expense	<u>\$ 37,336</u>	<u>\$ 18,480</u>	<u>\$ 954</u>	<u>\$ 56,770</u>	<u>\$ 11,204</u>	<u>\$ 17,428</u>	<u>\$ 955</u>	<u>\$ 29,587</u>
Amortization expenses	<u>\$ 1,410</u>	<u>\$ 2,675</u>	<u>\$ -</u>	<u>\$ 4,085</u>	<u>\$ 32</u>	<u>\$ 1,091</u>	<u>\$ -</u>	<u>\$ 1,123</u>

Note1: As of December 31, 2023 and 2022, the number of employees of the Company was 445 and 459, respectively, and the number of directors who are not the employees is 11 for both years.

Note2: The average employee benefit expenses were \$1,055 thousand and \$1,040 thousand for the year ended December 31, 2023 and 2022, respectively.

Note3: The average salary expenses were \$897 thousand and \$882 thousand for the year ended December 31, 2023 and 2022, respectively.

Note4: The change in average employee salary adjustment was 1.7%.

Note5: 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.

Note6: 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 employees' remuneration and 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.

Note7: 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.