

Chien Kuo Construction Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Review Report

For the Nine Months Ended September 30, 2023 and 2022

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For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

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Independent Auditors' Review Report

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

Introduction

We have reviewed the Consolidated Balance Sheets of Chien Kuo Construction Co., Ltd. and its subsidiaries as of September 30, 2023 and 2022, the Consolidated Statements of Comprehensive Income for the three months period ended September 30, 2023 and 2022 and for the nine months period ended September 30, 2023 and 2022, 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 nine months period ended September 30, 2023 and 2022. Management is responsible for the preparation of a set of fairly presented financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope

We conducted our reviews in accordance with the Standards on Review Engagement No. 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements of Chien Kuo Construction Co., Ltd. and its subsidiaries do not present fairly, in all material aspects the financial position of the entity as of September 30, 2023 and 2022, and of its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and cash flows for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, "Interim Financial Reporting", endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

November 10, 2023

Notes to Readers

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

The independent auditors' review 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 version shall prevail.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
September 30, 2023 and December 31 and September 30, 2022

Unit: NT\$ Thousands

Code	Assets	September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note VI)	\$ 1,362,154	17	\$ 3,166,181	41	\$ 2,044,622	27
1110	Financial assets measured at fair value through profit or loss (Note VII)	1,779,896	22	880,330	11	2,039,988	27
1120	Financial assets at fair value through other comprehensive income (Note VIII)	21,087	-	19,392	-	18,835	-
1136	Financial assets measured at amortized cost (Note IX)	1,633,921	20	231,914	3	230,786	3
1140	Contract assets (Note XX)	1,104,945	14	1,584,729	20	1,473,549	19
1150	Notes receivable (Note X)	-	-	-	-	2,106	-
1170	Accounts receivable (Notes X and XX)	200,503	3	110,519	2	96,168	1
1200	Other receivables	53,820	1	25,122	-	82,546	1
1220	Current tax assets	139,209	2	130,217	2	130,785	2
1323	Inventories (for construction business) (Notes XI and XXVIII)	2,502	-	467,688	6	465,926	6
1410	Prepayments (Note XII)	159,193	2	163,274	2	118,913	1
1470	Other current assets	4,073	-	72,327	1	47,890	1
11XX	Total current assets	<u>6,461,303</u>	<u>81</u>	<u>6,851,693</u>	<u>88</u>	<u>6,752,114</u>	<u>88</u>
	Non-current assets						
1510	Financial assets measured at fair value through profit or loss (Note VII)	232,706	3	168,529	2	154,788	2
1520	Financial assets measured at fair value through other comprehensive income (Notes VIII and XXVIII)	356,088	5	348,388	5	345,984	5
1535	Financial assets measured at amortized cost (Notes IX and XXVIII)	102,415	1	70,050	1	70,050	1
1550	Investments accounted for using equity method (Note XIV)	48,586	1	48,780	1	48,980	1
1600	Property, plant, and equipment	103,579	1	123,395	2	121,578	2
1755	Right-of-use assets (Notes XV)	45,849	1	13,894	-	16,443	-
1760	Investment properties (Notes XVI and XXVIII)	566,674	7	101,493	1	101,742	1
1780	Intangible assets	11,191	-	7,017	-	7,219	-
1840	Deferred tax assets	24,594	-	19,839	-	20,992	-
1990	Other non-current assets (Note XXVIII)	14,494	-	33,703	-	25,685	-
15XX	Total non-current assets	<u>1,506,176</u>	<u>19</u>	<u>935,088</u>	<u>12</u>	<u>913,461</u>	<u>12</u>
1XXX	Total assets	<u>\$ 7,967,479</u>	<u>100</u>	<u>\$ 7,786,781</u>	<u>100</u>	<u>\$ 7,665,575</u>	<u>100</u>
	Liabilities and Equity						
	Current liabilities						
2100	Short-term loans (Notes XVII)	\$ 200,000	3	\$ 500,000	6	\$ 540,000	7
2110	Short-term notes and bills payable (Note XVII)	-	-	349,787	5	129,923	2
2130	Contract liabilities (Note XX)	776,400	10	28,885	-	203,248	3
2170	Accounts payable (Note XVIII)	984,195	12	1,254,433	16	1,176,168	15
2200	Other payables	160,744	2	175,157	2	139,183	2
2230	Current tax liabilities	20,975	-	32,837	1	32,417	-
2250	Provisions for liabilities - current	74,179	1	45,390	1	47,021	1
2399	Other current liabilities (Note XI and XV)	133,874	2	15,722	-	17,097	-
21XX	Total current liabilities	<u>2,350,367</u>	<u>30</u>	<u>2,402,211</u>	<u>31</u>	<u>2,285,057</u>	<u>30</u>
	Non-current liabilities						
2570	Deferred tax liabilities	575,107	7	537,267	7	553,060	7
2600	Other non-current liabilities (Note XV)	144,242	2	106,455	1	79,632	1
25XX	Total non-current liabilities	<u>719,349</u>	<u>9</u>	<u>643,722</u>	<u>8</u>	<u>632,692</u>	<u>8</u>
2XXX	Total liabilities	<u>3,069,716</u>	<u>39</u>	<u>3,045,933</u>	<u>39</u>	<u>2,917,749</u>	<u>38</u>
	Equity (Note XIX)						
	Capital						
3110	Common stock	2,520,001	32	2,520,001	32	2,520,001	33
3200	Additional paid-in capital	187,308	2	187,308	3	187,308	3
	Retained Earnings						
3310	Legal reserve	744,264	9	724,858	10	724,858	9
3320	Special reserve	11,397	-	11,397	-	12,224	-
3350	Unappropriated earnings	1,093,861	14	1,110,640	14	1,043,919	14
3300	Total retained earnings	1,849,522	23	1,846,895	24	1,781,001	23
3400	Other equity	340,932	4	186,644	2	259,516	3
3XXX	Total equity	<u>4,897,763</u>	<u>61</u>	<u>4,740,848</u>	<u>61</u>	<u>4,747,826</u>	<u>62</u>
	Total liabilities and equity	<u>\$ 7,967,479</u>	<u>100</u>	<u>\$ 7,786,781</u>	<u>100</u>	<u>\$ 7,665,575</u>	<u>100</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 Comprehensive Income
July 1 to September 30, 2023 and 2022, and January 1 to September 30, 2023 and 2022

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

Code		July 1 to September 30, 2023		July 1 to September 30, 2022		January 1 to September 30, 2023		January 1 to September 30, 2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Note XX)	\$ 895,056	100	\$ 1,200,339	100	\$ 2,906,087	100	\$ 3,666,535	100
5000	Operating costs (Notes XXI and XXVII)	<u>811,016</u>	<u>91</u>	<u>1,076,602</u>	<u>90</u>	<u>2,617,880</u>	<u>90</u>	<u>3,236,638</u>	<u>88</u>
5900	Gross profit	<u>84,040</u>	<u>9</u>	<u>123,737</u>	<u>10</u>	<u>288,207</u>	<u>10</u>	<u>429,897</u>	<u>12</u>
	Operating expenses								
6200	Administrative expenses	81,646	9	73,711	6	242,974	8	218,639	6
6450	Gain on reversal of expected credit loss	<u>-</u>	<u>-</u>	<u>(34)</u>	<u>-</u>	<u>(10,600)</u>	<u>-</u>	<u>(21,803)</u>	<u>-</u>
	Total operating expenses (Notes XXI and XXVII)	<u>81,646</u>	<u>9</u>	<u>73,677</u>	<u>6</u>	<u>232,374</u>	<u>8</u>	<u>196,836</u>	<u>6</u>
6900	Net operating income	<u>2,394</u>	<u>-</u>	<u>50,060</u>	<u>4</u>	<u>55,833</u>	<u>2</u>	<u>233,061</u>	<u>6</u>
	Non-operating income and expenses (Notes XIV, XXI and XXVII)								
7010	Other income	45,102	5	23,933	2	127,218	4	47,439	1
7020	Other gains and losses	41,088	5	(4,600)	-	122,925	4	(122,534)	(3)
7050	Finance costs	(1,358)	-	(2,420)	-	(7,510)	-	(8,950)	-
7060	Shares of loss of associates and joint ventures accounted for using equity method	<u>(46)</u>	<u>-</u>	<u>(20)</u>	<u>-</u>	<u>(194)</u>	<u>-</u>	<u>(20)</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>84,786</u>	<u>10</u>	<u>16,893</u>	<u>2</u>	<u>242,439</u>	<u>8</u>	<u>(84,065)</u>	<u>(2)</u>
7900	Income before income tax	87,180	10	66,953	6	298,272	10	148,996	4
7950	Income tax expense (Note XXII)	<u>8,186</u>	<u>1</u>	<u>11,516</u>	<u>1</u>	<u>43,645</u>	<u>1</u>	<u>28,033</u>	<u>1</u>
8200	Net income	<u>78,994</u>	<u>9</u>	<u>55,437</u>	<u>5</u>	<u>254,627</u>	<u>9</u>	<u>120,963</u>	<u>3</u>
	Other comprehensive income								
8310	Items that will not be reclassified subsequently to profit or loss:								
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(53,234)	(6)	(23,982)	(2)	9,395	-	(93,251)	(3)
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation of financial statements of foreign operations	131,303	15	217,253	18	181,115	6	439,197	12
8399	Income tax related to items of other comprehensive income that may be reclassified subsequently to profit or loss (Note XXII)	<u>(26,261)</u>	<u>(3)</u>	<u>(43,450)</u>	<u>(4)</u>	<u>(36,222)</u>	<u>(1)</u>	<u>(87,839)</u>	<u>(2)</u>
8300	Other comprehensive income (after tax)	<u>51,808</u>	<u>6</u>	<u>149,821</u>	<u>12</u>	<u>154,288</u>	<u>5</u>	<u>258,107</u>	<u>7</u>
8500	Total comprehensive income	<u>\$ 130,802</u>	<u>15</u>	<u>\$ 205,258</u>	<u>17</u>	<u>\$ 408,915</u>	<u>14</u>	<u>\$ 379,070</u>	<u>10</u>
	Earnings per share (Note XXIII)								
9750	Basic	<u>\$ 0.31</u>		<u>\$ 0.22</u>		<u>\$ 1.01</u>		<u>\$ 0.47</u>	
9850	Diluted	<u>\$ 0.31</u>		<u>\$ 0.22</u>		<u>\$ 1.01</u>		<u>\$ 0.47</u>	

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

Chairman: Chang-shiou WU

Manager: Mao-sheng KAN

Accounting Manager: Lin-Ju LIN

Chien Kuo Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to September 30, 2023 and 2022

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

Code		Capital	Additional paid-in capital	Retained Earnings			Exchange differences on translation of financial statements of foreign operations	Other equity Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Treasury stock	Total equity
				Legal reserve	Special reserve	Unappropriated earnings					
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)
D1	Net income for the nine months ended September 30, 2022	-	-	-	-	120,963	-	-	-	-	120,963
D3	Other comprehensive income after tax for the nine months ended September 30, 2022	-	-	-	-	-	351,358	(93,251)	258,107	-	258,107
D5	Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	120,963	351,358	(93,251)	258,107	-	379,070
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 September 30, 2022	<u>\$ 2,520,001</u>	<u>\$ 187,308</u>	<u>\$ 724,858</u>	<u>\$ 12,224</u>	<u>\$ 1,043,919</u>	<u>\$ 143,755</u>	<u>\$ 115,761</u>	<u>\$ 259,516</u>	<u>\$ -</u>	<u>\$ 4,747,826</u>
A1	Balance as of January 1, 2023	\$ 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 the nine months ended September 30, 2023	-	-	-	-	254,627	-	-	-	-	254,627
D3	Other comprehensive income after tax for the nine months ended September 30, 2023	-	-	-	-	-	144,893	9,395	154,288	-	154,288
D5	Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	254,627	144,893	9,395	154,288	-	408,915
Z1	Balance as of September 30, 2023	<u>\$ 2,520,001</u>	<u>\$ 187,308</u>	<u>\$ 744,264</u>	<u>\$ 11,397</u>	<u>\$ 1,093,861</u>	<u>\$ 212,813</u>	<u>\$ 128,119</u>	<u>\$ 340,932</u>	<u>\$ -</u>	<u>\$ 4,897,763</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 Cash Flows

January 1 to September 30, 2023 and 2022

Unit: NT\$ Thousands

Code		January 1 to September 30, 2023	January 1 to September 30, 2022
	Cash flows from operating activities		
A10000	Income before income tax	\$ 298,272	\$ 148,996
A20010	Adjustments to reconcile income (loss)		
A20100	Depreciation expense	42,489	17,041
A20200	Amortization expenses	2,942	722
A20300	Gain on reversal of expected credit loss	(12,916)	(21,803)
A20400	Net (gain) loss on financial assets at fair value through profit or loss	(109,935)	171,324
A20900	Finance costs	7,510	8,950
A21200	Interest income	(103,292)	(28,047)
A21300	Dividend income	(14,721)	(17,167)
A22300	Shares of loss of associates accounted for using equity method	194	20
A22500	Gain on disposal of property, plant and equipment	(68)	(65,533)
A30000	Changes in operating assets and liabilities, net		
A31125	Contract assets	481,298	148,546
A31130	Notes receivable	-	32,430
A31150	Accounts receivable	(80,806)	167,137
A31180	Other receivables	(14,222)	(849)
A31200	Construction in Progress	(740)	-
A31230	Prepayments	(1,970)	498
A31240	Other current assets	68,255	(36,372)
A32125	Contract liability	747,515	(84,447)
A32130	Notes payable	-	(38,137)
A32150	Accounts payable	(270,238)	(473,589)
A32180	Other payables	(13,928)	(63,869)
A32230	Other current liabilities	<u>29,386</u>	<u>994</u>
A33000	Cash inflow (outflow) generated from operations	1,055,025	(133,155)
A33100	Interest received	75,956	28,580
A33300	Interest paid	(7,556)	(8,935)
A33500	Income taxes paid	(<u>61,084</u>)	(<u>67,388</u>)
AAAA	Net cash inflow (outflow) from operating activities	<u>1,062,341</u>	(<u>180,898</u>)

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Code		January 1 to September 30, 2023	January 1 to September 30, 2022
	Cash flows from investment activities		
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive	\$ -	\$ 90,610
B00040	Acquisition of financial assets at amortized cost	(1,390,013)	(150,679)
B00050	Disposal of financial assets measured at amortized cost	15,774	425,000
B00100	Acquisition of financial assets at fair value through profit or loss	(1,236,327)	(2,288,553)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	473,060	1,950,354
B01800	Acquisition of investments accounted for using equity method	-	(49,000)
B02700	Acquisition of property, plant and equipment	(9,015)	(94,046)
B02800	Proceeds from disposal of property, plant, and equipment	130	66,489
B02900	Advances received from disposal of investment properties	115,685	-
B03800	Increase (decrease) in refundable deposits	(323)	5,579
B04500	Acquisition of intangible assets	(237)	(4,790)
B07100	Increase in prepayment for equipment	(5,735)	-
B07600	Dividend received	<u>37,903</u>	<u>15,043</u>
BBBB	Net cash outflows from investing activities	(<u>1,999,098</u>)	(<u>33,993</u>)
	Cash flows from financing activities		
C00100	(Decrease) increase in short-term loans	(300,000)	340,000
C00500	(Decrease) increase in short-term notes and bills payable	(349,787)	129,923
C01700	Repayment of long-term loans	-	(500,000)
C03000	Increase in guarantee deposits received	7,704	2,252
C04020	Repayment of lease principal	(12,404)	(10,977)
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>906,487</u>)	(<u>372,624</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>39,217</u>	<u>178,844</u>
EEEE	Net decrease in cash and cash equivalents	(1,804,027)	(408,671)
E00100	Cash and cash equivalents at beginning of period	<u>3,166,181</u>	<u>2,453,293</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 1,362,154</u>	<u>\$ 2,044,622</u>

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

Chairman: Chang-shiou WU

Manager: Mao-sheng KAN

Accounting Manager: Lin-Ju LIN

Chien Kuo Construction Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

January 1 to September 30, 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 November 10, 2023.

III. Application of New and Amended Standards and Interpretations

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

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

(II) FSC-endorsed IFRSs that are applicable from 2024 onward

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Issued by the IASB (Note 1)</u>
Amendments to IFRS 16 "Lease Liabilities under Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classify Liabilities as Current or Non-current"	January 1, 2024
Amendment to IAS 1 "Non-Current Liabilities with Contractual Terms"	January 1, 2024
Amendments to IAS7 and IFRS7 "Supplier Financing Arrangements"	January 1, 2024 (Note 3)

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

Note 2: Sellers and lessees should apply the amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16

Note 3: When applying this amendment for the first time, certain disclosure requirements are exempted.

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (amended in 2020) and "Non-current Liabilities with Contractual Terms" (amended in 2022)

The amendment in 2020 was made to clarify that when liabilities are classified as non-current, the Group's right for deferred repayment of at least 12 months after the reporting period at the end of the reporting period must be evaluated. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The amendment in 2020 further specifies that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The amendment in 2022 further clarifies that only contractual terms that are required to be met prior to the end of the reporting period affect the classification of liabilities. Contractual terms that are required to be met within 12 months after the reporting period do not affect the classification of liabilities, but are required to be disclosed so that users of the financial statements are aware of the risk that the Group may not be able to meet the contractual terms that require repayment within 12 months after the reporting period.

The amendment in 2020 specifies that to achieve the purpose of debt classification, the aforementioned full repayment refers to the transfer of cash, other economic resources or equity instruments of the Group to the transaction counterparty to eliminate the liabilities. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately

as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

Besides the effects mentioned above, 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.

(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
Amendment to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: 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. 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 IAS 34 "Interim Financial Reporting" endorsed and issued into effect by FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs

(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) Basis of consolidation

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

When a change in the Group's ownership interests in a subsidiary does not cause a loss of control over the subsidiary, it shall be treated as an equity transaction.

The carrying amounts of the Group and its non-controlling interests have been adjusted to reflect the relative changes in the interest in the subsidiaries. The difference between the adjustment amount of non-controlling interests and the fair value of consideration paid or collected shall be directly recognized in equity attributable to the owners of the Company.

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

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

Please refer to Note XIII and Appendixes 6 and 7 for details, shareholding ratios, and operations of subsidiaries.

(IV) Other significant accounting policies

Except for the following explanations, please refer to the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2022.

1. Post-employment benefits under defined benefit plan

Pension costs for an interim period are calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, and adjusted for major market fluctuations, major project modifications, payoffs or other major one-off matters for the period.

2. Income tax expense

Income tax expenses are the sum of current income tax and deferred income tax. The income tax expenses for an interim period are accrued by applying the tax rate applicable based on expected total annual earnings to the pre-tax income of the interim period.

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 effects of inflation and fluctuations in market interest rate on the related significant accounting estimates. The management will continue to review the estimates and basic 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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand and revolving funds	\$ 2,711	\$ 2,228	\$ 2,130
Bank checks and demand deposits	414,012	348,271	407,882
Cash equivalents (time deposits with original maturity date within 6 months)			
Bank time deposits	<u>945,431</u>	<u>2,815,682</u>	<u>1,634,610</u>
	<u>\$ 1,362,154</u>	<u>\$ 3,166,181</u>	<u>\$ 2,044,622</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits	0.52% ~ 5.85%	0.32% ~ 5.10%	0.22% ~ 3.45%

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. Financial instruments measured at fair value through profit or loss

	September 30, 2023	December 31, 2022	September 30, 2022
Mandatorily measured at fair value through profit or loss			
<u>Current</u>			
— Structured deposits	\$ -	\$ -	\$ 108,587
— Listed stocks and emerging stocks	170,942	22,201	46,864
— Unlisted stocks	-	28,500	
— Fund beneficiary certificates (I)	1,608,954	829,629	1,835,102
— Bank debentures	<u>-</u>	<u>-</u>	<u>49,435</u>
	<u>\$ 1,779,896</u>	<u>\$ 880,330</u>	<u>\$ 2,039,988</u>
<u>Non-current</u>			
— Listed stocks and emerging stocks	\$ 70,243	\$ -	\$ -
— Unlisted stocks	45,959	116,612	100,800
— Unlisted preferred stock	61,950	-	-
— Private equity funds	<u>54,554</u>	<u>51,917</u>	<u>53,988</u>
	<u>\$ 232,706</u>	<u>\$ 168,529</u>	<u>\$ 154,788</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. Financial assets measured at fair value through other comprehensive income

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Investment in equity instruments</u>			
Listed stocks			
Current	\$ 21,087	\$ 19,392	\$ 18,835
Non-current	<u>356,088</u>	<u>348,388</u>	<u>345,984</u>
	<u>\$ 377,175</u>	<u>\$ 367,780</u>	<u>\$ 364,819</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 XXVIII.

IX. Financial Assets Measured at Amortized Cost

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Time deposits with original maturity date over six months	\$ 1,415,040	\$ 15,662	\$ 16,193
Restricted bank deposits (1)	15	13,172	189,994
Restricted bank term deposits (1)	<u>218,866</u>	<u>203,080</u>	<u>24,599</u>
	<u>\$ 1,633,921</u>	<u>\$ 231,914</u>	<u>\$ 230,786</u>
<u>Non-current</u>			
Corporate bonds (2)	\$ 32,452	\$ -	\$ -
Pledged certificate of deposit	<u>70,050</u>	<u>70,050</u>	<u>70,050</u>
Subtotal	<u>102,502</u>	<u>70,050</u>	<u>70,050</u>
Less: Allowance losses	(<u>87</u>)	(<u>-</u>)	(<u>-</u>)
	<u>\$ 102,415</u>	<u>\$ 70,050</u>	<u>\$ 70,050</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits with original maturity date over six months	5.36%~6.06%	3.64%	3.64%
Restricted bank term deposits	4.50%	3.20%~3.38%	1.03%~2.70%
Corporate Bonds	5.375%	-	-
Pledged certificate of deposit	0.65%	0.65%	0.65%

- (1) The above restricted financial assets are held by the Group in accordance with the Management, Utilization, and Taxation of Repatriated Offshore Funds Act, and their use is subject to the restrictions of the Management, Utilization, and Taxation of Repatriated Offshore Funds Act.
- (2) The Group only invests in debt instruments with credit ratings of investment grade or above, and the credit rating information is provided by independent rating agencies. The Group continuously tracks external rating information based on financial market conditions to monitor the changes in the credit risk of invested debt instruments, and reviews significant debtor information and other relevant information to assess whether the credit risk of investments in debt instruments has increased significantly since the original recognition.

The Group considers the historical default rate and loss given default at various levels provided by external rating agencies to measure the expected credit losses in the next 12 months or over the life of the debt instruments.

The total carrying amount of investments in debt instruments by credit rating and the respective expected credit loss rates are as follows:

September 30, 2023

Credit rating	Expected credit loss	The total carrying amount measured at amortized cost
Normal	0.27%	\$ 32,452

Regarding the debt instrument investments measured at amortized cost by the Group, summarized information on changes in the allowance for credit losses is categorized by credit risk rating level as follows:

	Credit rating Normal
Balance as of January 1, 2023	\$ -
Purchase of new debt instruments	84
Exchange rates and other changes	<u>3</u>
Balance as of September 30, 2023	<u>\$ 87</u>

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

X. Notes Receivable and Accounts Receivable

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,106</u>
Accounts receivable			
Measured at amortized cost			
Total carrying amount	\$ 226,442	\$ 145,053	\$ 146,751
Less: Allowance losses	(<u>25,939</u>)	(<u>34,534</u>)	(<u>50,583</u>)
	<u>\$ 200,503</u>	<u>\$ 110,519</u>	<u>\$ 96,168</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:

	September 30, 2023	December 31, 2022	September 30, 2022
Not overdue	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,106</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Not overdue	\$ 195,667	\$ 105,909	\$ 91,491
More than 361 days	<u>30,775</u>	<u>39,144</u>	<u>55,260</u>
Total	<u>\$ 226,442</u>	<u>\$ 145,053</u>	<u>\$ 146,751</u>

Changes in allowance losses for accounts receivable are as follows:

	January 1 to September 30, 2023	January 1 to September 30, 2022
Beginning balance	\$ 34,534	\$ 70,693
Less: Reversal of impairment loss for the period	(9,086)	(21,803)
Exchange difference	<u>491</u>	<u>1,693</u>
Ending balance	<u>\$ 25,939</u>	<u>\$ 50,583</u>

XI. Inventories (for construction business)

	September 30, 2023	December 31, 2022	September 30, 2022
Xinzhi Section, Xinzhuang District (1)	\$ -	\$ 465,926	\$ 465,926
Shaoxing S. St., National Taiwan University (2)	<u>2,502</u>	<u>1,762</u>	<u>-</u>
	<u>\$ 2,502</u>	<u>\$ 467,688</u>	<u>\$ 465,926</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 September 30, 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 XVII and XXVIII.
- (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

	September 30, 2023	December 31, 2022	September 30, 2022
Prepayments for construction contracts	\$ 135,419	\$ 119,352	\$ 91,891
Tax overpaid retained	2,893	27,875	18,904
Prepaid insurance	16,973	4,635	3,792
Others	3,908	11,412	4,326
	<u>\$ 159,193</u>	<u>\$ 163,274</u>	<u>\$ 118,913</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
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	Golden Canyon Limited (Golden Canyon)	Reinvestment	100%	100%	100%	
	Silver Shadow Holding Limited (Silver Shadow)	Reinvestment	100%	100%	100%	

(Continued on the next page)

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Name of Investor	Subsidiary Company Name	Business Activities	Shareholding Percentage			Explanation
			September 30, 2023	December 31, 2022	September 30, 2022	
	Shun Long International Electrical Engineering Co., Ltd. (Shun Long)	Undertaking mechanical, electrical and plumbing/refrigeration/air conditioning engineering; wholesale and retail of equipment	100%	100%	100%	
	Chien Kuo Building Co., Ltd. (Chien Kuo Building)	Building construction commission; public housing lease and sale	100%	100%	100%	
	Golden Canyon Venture Capital Investment Co., Ltd. (Golden Canyon Venture Capital)	Venture capital	100%	100%	100%	
	Golden Canyon II Venture Capital Investment Co., Ltd. (Golden Canyon Venture Capital II)	Venture capital	100%	100%	100%	
	Chien Bang Real Estate Development Co., Ltd. (Chien Bang Building)	Building construction commission; public housing lease and sale	55%	55%	55%	(Note 2)
	Leader Construction Co., Ltd. (Leader Construction)	Undertaking renovation, construction projects, buying and selling construction materials	100%	-	-	(Note 1)
Chien Kuo Building	Chien Bang Real Estate Development Co., Ltd. (Chien Bang Building)	Building construction commission; public housing lease and sale	45%	45%	45%	(Note 2)
Subsidiaries of Golden Canyon and Silver Shadow	CK Asia Co., Ltd. (CK Asia)	Reinvestment	100%	100%	100%	
	CK Asia (Shanghai) Information Technology Co., Ltd. (Shanghai Information)	Computer software technology development and consultation	100%	100%	100%	
	Yangzhou Chien Yung Concrete Co., Ltd. (Yangzhou Chien Yung)	Production and sale of concrete and concrete products	-	-	100%	(Note 3)

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

- (1) On August 1, 2023 Leader Construction was established by the Company.
- (2) Chien Bang Building was established by the Company and Chien Kuo Building as a joint venture on September 16, 2022.
- (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

Investment in associates

	September 30, 2023	December 31, 2022	September 30, 2022
Associates not individually significant			
Chang Jia Energy Co., Ltd.	\$ 48,586	\$ 48,780	\$ 48,980

Associates not individually significant

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Shares attributable to the Group				
Net loss from continuing operations	(\$ 46)	(\$ 20)	(\$ 194)	(\$ 20)
Total comprehensive income	(\$ 46)	(\$ 20)	(\$ 194)	(\$ 20)

XV. Lease Agreement

(I) Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022	
Carrying amount of right-of-use assets				
Buildings	\$ 43,280	\$ 10,473	\$ 12,500	
Transportation equipment	<u>2,569</u>	<u>3,421</u>	<u>3,943</u>	
	<u>\$ 45,849</u>	<u>\$ 13,894</u>	<u>\$ 16,443</u>	
	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Additions to right-of-use assets	<u>\$ 1,812</u>	<u>\$ 3,654</u>	<u>\$ 44,405</u>	<u>\$ 5,124</u>
Depreciation expense of right-of-use assets				
Buildings	\$ 3,975	\$ 3,068	\$ 10,861	\$ 9,369
Transportation equipment	<u>529</u>	<u>515</u>	<u>1,543</u>	<u>1,513</u>
	\$ 4,504	\$ 3,583	\$ 12,404	\$ 10,882

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 the nine months ended September 30, 2023 and 2022.

(II) Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount of lease liabilities			
Current (listed as other current liabilities)	<u>\$ 13,258</u>	<u>\$ 11,386</u>	<u>\$ 12,295</u>
Non-current (listed as other non-current liabilities)	<u>\$ 32,831</u>	<u>\$ 2,750</u>	<u>\$ 4,433</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Buildings	1.65%~2.06%	1.65%	1.65%
Transportation equipment	3.00%	3.00%	3.00%

(III) Other lease information

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Short-term lease expense	<u>\$ 1,988</u>	<u>\$ 2,994</u>	<u>\$ 5,796</u>	<u>\$ 8,783</u>
Total cash outflow on lease	<u>\$ 6,446</u>	<u>\$ 6,613</u>	<u>\$ 18,200</u>	<u>\$ 19,760</u>

XVI. Investment Property

	September 30, 2023	December 31, 2022	September 30, 2022
Land	\$ 554,192	\$ 88,266	\$ 88,266
Buildings	11,865	12,600	12,845
Parking space	<u>617</u>	<u>627</u>	<u>631</u>
	<u>\$ 566,674</u>	<u>\$ 101,493</u>	<u>\$ 101,742</u>
Fair Value	<u>\$ 739,849</u>	<u>\$ 156,017</u>	<u>\$ 131,795</u>

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

The fair value of investment property is calculated by reference to the latest transaction price in the neighborhood and the land pre-sale transaction price.

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

XVII. Loans

(I) Short-term loans

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured Loans</u>			
Interest on bank loans	\$ -	\$ -	\$ 60,000
<u>Unsecured loans</u>			
Credit line loans	<u>200,000</u>	<u>500,000</u>	<u>480,000</u>
	<u>\$ 200,000</u>	<u>\$ 500,000</u>	<u>\$ 540,000</u>
Annual interest rate (%)			
(Effective interest rate)	1.80%	1.45% ~ 1.98%	1.25% ~ 1.94%

(II) Short-term notes and bills payable

	September 30, 2023	December 31, 2022	September 30, 2022
Commercial papers payable	\$ -	\$ 350,000	\$ 130,000
Less: Discount on short-term notes and bills payable	-	(213)	(77)
	<u>\$ -</u>	<u>\$ 349,787</u>	<u>\$ 129,923</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%	Land on Xinzhi Section, Xinzhuang District

September 30, 2022

Guarantor/ Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Effective Interest Rate Interval	Collateral
Dah Chung Bills	\$ 50,000	(\$ 28)	\$ 49,972	1.14%	Land on Xinzhi Section, Xinzhuang District
Mega Bills	<u>80,000</u>	(<u>49</u>)	<u>79,951</u>	1.23%	None
	<u>\$ 130,000</u>	(<u>\$ 77</u>)	<u>\$ 129,923</u>		

XVIII. 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.

XIX. Equity

(I) Capital

	September 30, 2023	December 31, 2022	September 30, 2022
Number of authorized shares (in 1,000 shares)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Authorized capital	<u>\$ 5,000,000</u>	<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>	<u>252,000</u>
Issued capital	<u>\$ 2,520,001</u>	<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 credit and shareholder equity, the Board resolved on May 10, 2022 to repurchase the treasury stock and 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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>May be used to offset</u> <u>deficits, appropriated as</u> <u>cash dividends or</u> <u>transferred to capital</u> (1)			
Stock issuance premium	\$ 186,037	\$ 186,037	\$ 186,037
Difference between prices of shares acquired from subsidiaries and book value	993	993	993
<u>May only be used to offset</u> <u>deficits</u>			
Adjustment in additional paid-in capital of subsidiaries using equity method	73	73	73
<u>May not be used for any</u> <u>purpose</u>			
Employee stock options	<u>205</u>	<u>205</u>	<u>205</u>
	<u>\$ 187,308</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, 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		
Appropriation (reversal) of special reserve	-	(34,566)		
Cash dividends	252,000	257,440	\$ 1.00	\$ 1.02

(IV) Treasury stock

Account	Repurchase for Retirement (In 1,000 Shares)
Number of shares as of January 1, 2022	\$ -
Increase	5,440
Retirement for the period	(5,440)
Number of shares as of September 30, 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

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Revenue from construction contracts	\$ 894,973	\$ 1,200,255	\$ 2,905,836	\$ 3,666,284
Others	<u>83</u>	<u>84</u>	<u>251</u>	<u>251</u>
	<u>\$ 895,056</u>	<u>\$ 1,200,339</u>	<u>\$ 2,906,087</u>	<u>\$ 3,666,535</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

	September 30, 2023		December 31, 2022		September 30, 2022	
	Construction Segment	Discontinued Segment	Construction Segment	Discontinued Segment	Construction Segment	Discontinued Segment
Accounts receivable (Note X)	<u>\$ 195,667</u>	<u>\$ 4,836</u>	<u>\$ 105,775</u>	<u>\$ 4,744</u>	<u>\$ 91,356</u>	<u>\$ 4,812</u>
Contract assets						
Real estate construction	\$ 881,406	\$ -	\$ 1,255,597	\$ -	\$ 1,057,974	\$ -
Construction retainage receivable	223,539		330,646	-	417,089	-
Less: Allowance losses	-	-	(1,514)	-	(1,514)	-
	<u>\$ 1,104,945</u>	<u>\$ -</u>	<u>\$ 1,584,729</u>	<u>\$ -</u>	<u>\$ 1,473,549</u>	<u>\$ -</u>
Contract liability						
Real estate construction	<u>\$ 776,400</u>	<u>\$ -</u>	<u>\$ 28,885</u>	<u>\$ -</u>	<u>\$ 203,248</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 September 30, 2023 are as follows:

Anticipated years to recognize revenue	September 30, 2023
2023-2029	<u>\$ 28,054,235</u>

XXI. Net Income from Continuing Operations

(I) Other income

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Interest income	\$ 31,550	\$ 8,359	\$ 103,292	\$ 28,047
Dividend income	11,713	14,389	14,721	17,167
Litigation compensation	-	-	3,193	-
Gain on reversal of expected credit loss on other receivables	-	-	2,400	-
Others	<u>1,839</u>	<u>1,185</u>	<u>3,612</u>	<u>2,225</u>
	<u>\$ 45,102</u>	<u>\$ 23,933</u>	<u>\$ 127,218</u>	<u>\$ 47,439</u>

(II) Other gains and losses

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Gain (loss) on valuation of financial instrument at fair value through profit or loss	\$ 32,882	(\$ 4,604)	\$ 109,935	(\$ 171,324)
Gain (loss) on foreign currency exchange,	7,882	(101)	10,283	(14,624)
Gain on disposal of property, plant and equipment	-	1,074	68	65,533
Others	<u>324</u>	<u>(969)</u>	<u>2,639</u>	<u>(2,119)</u>
	<u>\$ 41,088</u>	<u>(\$ 4,600)</u>	<u>\$ 122,925</u>	<u>(\$ 122,534)</u>

(III) Finance costs

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Interest expenses				
Interest on bank loans	\$ 1,150	\$ 2,340	\$ 7,089	\$ 8,727
Lease liabilities	<u>208</u>	<u>80</u>	<u>421</u>	<u>223</u>
	<u>\$ 1,358</u>	<u>\$ 2,420</u>	<u>\$ 7,510</u>	<u>\$ 8,950</u>

(IV) Depreciation and amortization expenses

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Property, plant, and equipment	\$ 9,694	\$ 1,663	\$ 29,340	\$ 5,414
Right-of-use assets	4,504	3,583	12,404	10,882
Investment Property	248	248	745	745
Intangible assets	<u>1,025</u>	<u>251</u>	<u>2,942</u>	<u>722</u>
Total	<u>\$ 15,471</u>	<u>\$ 5,745</u>	<u>\$ 45,431</u>	<u>\$ 17,763</u>
Depreciation expenses by function				
Operating costs	\$ 9,452	\$ 902	\$ 27,978	\$ 2,728
Operating expenses	4,755	4,352	13,795	13,596
Other gains and losses	<u>239</u>	<u>240</u>	<u>716</u>	<u>717</u>
	<u>\$ 14,446</u>	<u>\$ 5,494</u>	<u>\$ 42,489</u>	<u>\$ 17,041</u>
Amortization expenses by function				
Operating costs	\$ 328	\$ 8	\$ 835	\$ 24
Operating expenses	<u>697</u>	<u>243</u>	<u>2,107</u>	<u>698</u>
	<u>\$ 1,025</u>	<u>\$ 251</u>	<u>\$ 2,942</u>	<u>\$ 722</u>

(V) Employee benefits expenses

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Short-term employee benefits	\$ 116,380	\$ 115,389	\$ 345,758	\$ 344,219
Post-employment benefits				
Defined contribution plan	4,634	4,558	13,404	13,584
Defined Benefit Plans	168	161	500	480
Termination benefits	<u>553</u>	<u>-</u>	<u>622</u>	<u>330</u>
	<u>\$ 121,735</u>	<u>\$ 120,108</u>	<u>\$ 360,284</u>	<u>\$ 358,613</u>
By function				
Operating costs	\$ 57,417	\$ 63,801	\$ 170,397	\$ 195,576
Operating expenses	<u>64,318</u>	<u>56,307</u>	<u>189,887</u>	<u>163,037</u>
	<u>\$ 121,735</u>	<u>\$ 120,108</u>	<u>\$ 360,284</u>	<u>\$ 358,613</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 the three-month periods and nine-month periods ended September 30, 2023 and 2022 are as follows:

	July 1 to September 30, 2023		July 1 to September 30, 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Employee remuneration	<u>\$ 2,806</u>	3%	<u>\$ 2,159</u>	3%
Director remuneration	<u>\$ 2,806</u>	3%	<u>\$ 2,159</u>	3%
	January 1 to September 30, 2023		January 1 to September 30, 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Employee remuneration	<u>\$ 9,380</u>	3%	<u>\$ 4,749</u>	3%
Director remuneration	<u>\$ 9,380</u>	3%	<u>\$ 4,749</u>	3%

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.

The remuneration to employees and remuneration to directors and supervisors for 2022 and 2021 were resolved by the Board of Directors on March 15, 2023 and March 24, 2022 respectively as follows:

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

The amounts of the employee remuneration and director remuneration distributed for the years ended December 31, 2022 and 2021 and those recognized in the consolidated financial statements are consistent.

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:

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Current-period income tax				
Income tax expenses recognized in the current period	\$ 6,585	\$ 9,527	\$ 45,889	\$ 40,744
Additional tax on unappropriated earnings	-	-	1,406	7,221
Adjustments for previous years	<u>-</u>	<u>-</u>	<u>(512)</u>	<u>(3,431)</u>
	<u>6,585</u>	<u>9,527</u>	<u>46,783</u>	<u>44,534</u>
Deferred income tax				
Income tax expenses recognized in the current period	<u>1,601</u>	<u>1,989</u>	<u>(3,138)</u>	<u>(16,501)</u>
Income tax expenses recognized in profit or loss	<u>\$ 8,186</u>	<u>\$ 11,516</u>	<u>\$ 43,645</u>	<u>\$ 28,033</u>

(II) Income tax recognized in other comprehensive income

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
<u>Deferred income tax</u>				
Arise from current period				
— Exchange differences on translation of financial statements of foreign operations	\$ 26,261	\$ 43,450	\$ 36,222	\$ 87,839

(III) 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
Shun Long International Electrical Engineering Co., Ltd.	2021
Golden Canyon Venture Capital Investment Co., Ltd.	2021
Golden Canyon II Venture Capital Investment Co., Ltd.	2021

XXIII. Earnings Per Share

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
	Unit: NT\$			
Basic earnings per share	\$ 0.31	\$ 0.22	\$ 1.01	\$ 0.47
Diluted earnings per share	\$ 0.31	\$ 0.22	\$ 1.01	\$ 0.47

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

Net income

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Net income attributable to owners of the Company	\$ 78,994	\$ 55,437	\$ 254,627	\$ 120,963

Number of shares

	(in Thousand)			
	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Weighted average number of shares of common stock used for the calculation of basic earnings per share	252,000	252,018	252,000	255,184
Effect of potentially dilutive shares of common stocks:				
Employee remuneration	<u>202</u>	<u>188</u>	<u>840</u>	<u>746</u>
Weighted average number of shares of common stock used for the calculation of diluted earnings per share	<u>252,202</u>	<u>252,206</u>	<u>252,840</u>	<u>255,930</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.

XXIV. Information on cash flows

Except as disclosed in other notes, the Group made the following investment and financing activities of non-cash transaction from January 1 to September 30, 2022:

The financial assets measured at fair value through profit or loss that the Group disposed of from January 1 to September 30, 2022 are recognized as other receivables for NT\$76,626 thousand due to settlement-date lag.

XXV. 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 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 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

September 30, 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 stocks and emerging stocks	\$ -	\$ 241,185	\$ -	\$ 241,185
Unlisted stocks	-	-	45,959	45,959
Unlisted preferred stocks	-	-	61,950	61,950
Fund beneficiary certificates	1,599,761	9,193	-	1,608,954
Private equity funds	-	-	54,554	54,554
Total	<u>\$ 1,599,761</u>	<u>\$ 250,378</u>	<u>\$ 162,463</u>	<u>\$ 2,012,602</u>
<u>Financial assets measured</u> <u>at fair value through</u> <u>other comprehensive</u> <u>income</u>				
Listed stocks	<u>\$ 377,175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 377,175</u>

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>
<u>Financial assets measured</u> <u>at fair value through</u> <u>other comprehensive</u> <u>income</u>				
Listed stocks	<u>\$ 367,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 367,780</u>

September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured</u>				
<u>at fair value through</u>				
<u>profit or loss</u>				
Listed stocks and				
emerging stocks	\$ 26,328	\$ 20,536	\$ -	\$ 46,864
Unlisted stocks	-	-	100,800	100,800
Fund beneficiary				
certificates	1,689,863	145,239	-	1,835,102
Private equity funds	-	-	53,988	53,988
Structured deposits	-	108,587	-	108,587
Bank debentures	49,435	-	-	49,435
Total	<u>\$ 1,765,626</u>	<u>\$ 274,362</u>	<u>\$ 154,788</u>	<u>\$ 2,194,776</u>

Financial assets measured
at fair value through
other comprehensive
income

Listed stocks	<u>\$ 364,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,819</u>
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2. Adjustments on the financial instruments measured at Level 3 fair value

	January 1 to September 30, 2023	January 1 to September 30, 2022
Beginning balance	\$ 197,029	\$ 88,042
Recognized in profit and loss		
— Unrealized valuation gains or losses on financial assets at fair value through profit or loss	1,859	-
Recognized in other comprehensive income		
— Differences on translation of foreign operations	2,637	7,204
Purchase	76,950	74,700
Disposal	-	(5,158)
Transfer out from Level 3 (Note 1)	(116,012)	(10,000)
Ending balance	<u>\$ 162,463</u>	<u>\$ 154,788</u>

Note 1: 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, and thus were transferred from Level 3 to Level 2 for fair value measurement.

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

Type of Financial Instruments	Valuation Techniques and Inputs
Structured deposits	The fair values of structured deposits are measured by the yield rate derived from the principal amount of the deposits and the operation of the main investment areas.
Emerging stocks	The liquidity is adjusted by the price of inactive market transactions.
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. The fair value of unlisted stocks and preferred stocks without active market is estimated with reference to recent financing activities.

The unobservable inputs applied by the Group were a 10% discount for lack of liquidity and a 10% discount for minority interest on September 30, 2023, December 31, 2022 and September 30, 2022. When other inputs are held constant, a 1% discount would decrease the fair value by NT\$9,415 thousand, NT\$15,441 thousand and NT\$10,590 thousand respectively.

(III) Types of financial instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Measured at fair value through profit or loss			
Mandatorily measured at fair value through profit or loss	\$ 2,012,602	\$ 1,048,859	\$ 2,194,776
Financial assets measured at amortized cost (Note 1)	3,359,384	3,660,280	2,555,317
Financial assets measured at fair value through other comprehensive income			
Investment in equity instruments	377,175	367,780	364,819
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	1,456,349	2,383,082	2,060,216

Note 1: The balance includes financial assets measured at amortized cost, which comprise cash and cash equivalents, restricted bank deposit, time deposits and repurchase notes, note receivables, accounts

receivable, other receivables, refundable deposits and pledged certificate of deposit.

Note 2: The balance includes financial liabilities at amortized cost, which comprise notes payable, accounts payable, other payables, guarantee deposits 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 XXX for details on carrying amounts of significant monetary assets and monetary liabilities 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	
	January 1 to September 30, 2023	January 1 to September 30, 2022
RMB	\$ 2	\$ 75
USD	2,243	1,189

(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. 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:

	September 30, 2023	December 31, 2022	September 30, 2022
With fair value			
interest rate risk			
— Financial assets	\$ 2,681,752	\$ 3,104,474	\$ 1,745,452
— Financial liabilities	146,089	663,923	536,652
With cash flow			
interest rate risk			
— Financial assets	414,027	361,443	597,876
— Financial liabilities	100,000	200,000	150,000

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 had increased/decreased by 100 basis points, holding other variables constant, the Group's income before tax would have increased/decreased by NT\$2,355 thousand and NT\$3,359 thousand for the nine months ended September 30, 2023 and 2022, respectively.

(3) Other price risks

Investments in beneficiary certificates and domestic and foreign equity instruments expose the Group to the 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/loss before tax from January 1 to September 30, 2023 and 2022 would have increased/decreased by NT\$201,260 thousand or NT\$219,478 thousand, respectively, 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%, the other comprehensive income before tax for the nine months ended September 30, 2023 and 2022 would have increased/decreased by NT\$37,718 thousand and NT\$36,482 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.

As the group of clients of the Group is vast and they are unrelated, the concentration of credit risk is low.

3. Liquidity risk

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

September 30, 2023

	<u>Less than 1 year</u>	<u>1 to 2 Year(s)</u>	<u>2 ~ 5 Years</u>
Non-interest-bearing liabilities	\$ 1,038,994	\$ 59,049	\$ 46,896
Lease liabilities	13,936	9,211	24,789
Fixed interest rate instruments	100,000	-	-
Floating interest rate instruments	<u>100,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,252,930</u>	<u>\$ 68,260</u>	<u>\$ 71,685</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>

September 30, 2022

	<u>Less than 1 year</u>	<u>1 ~ 2 Year(s)</u>	<u>2 ~ 5 Years</u>
Non-interest-bearing liabilities	\$ 1,121,947	\$ 152,822	\$ 40,582
Lease liabilities	12,488	3,655	834
Fixed interest rate instruments	519,923	-	-
Floating interest rate instruments	<u>150,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,804,358</u>	<u>\$ 156,477</u>	<u>\$ 41,416</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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Credit line of unsecured bank loan			
— Amount used	\$ 200,000	\$ 500,000	\$ 610,000
— Amount unused	<u>1,973,849</u>	<u>1,571,209</u>	<u>995,479</u>
	<u>\$ 2,173,849</u>	<u>\$ 2,071,209</u>	<u>\$ 1,605,479</u>
Secured bank loan facilities			
— Amount used	\$ -	\$ 350,000	\$ 60,000
— Amount unused	<u>450,000</u>	<u>100,000</u>	<u>390,000</u>
	<u>\$ 450,000</u>	<u>\$ 450,000</u>	<u>\$ 450,000</u>

XXVII. 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>Name of Related Party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Lease liabilities	Chien Hwei Investment Co., Ltd.	<u>\$ 1,399</u>	<u>\$ 5,562</u>	<u>\$ 6,938</u>

<u>Account</u>	<u>Category of Related Parties</u>	<u>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Interest expenses	Other related parties	<u>\$ 7</u>	<u>\$ 30</u>	<u>\$ 40</u>	<u>\$ 108</u>
Lease expenses	Other related parties	<u>\$ 53</u>	<u>\$ 40</u>	<u>\$ 145</u>	<u>\$ 114</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>July 1 to September 30, 2023</u>	<u>July 1 to September 30, 2022</u>	<u>January 1 to September 30, 2023</u>	<u>January 1 to September 30, 2022</u>
Rent income	Other related parties	<u>\$ 286</u>	<u>\$ 286</u>	<u>\$ 857</u>	<u>\$ 857</u>

3. Donation

Name of Related Party	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Chien Kuo Foundation for Arts and Culture	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,000</u>	\$ <u>2,000</u>

The Group donated funds for broadcast production to related parties.

(III) Remuneration to key management

	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022
Short-term employee benefits	\$ 13,201	\$ 14,043	\$ 40,859	\$ 41,687
Post-employment benefits	<u>458</u>	<u>471</u>	<u>1,371</u>	<u>1,415</u>
	\$ <u>13,659</u>	\$ <u>14,514</u>	\$ <u>42,230</u>	\$ <u>43,102</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 Group's assets listed below were provided as collateral against bank loans, collateral against litigations, and deposits for construction performance obligation:

	September 30, 2023	December 31, 2022	September 30, 2022
Inventories (for construction business)	\$ -	\$ 463,577	\$ 463,577
Financial assets measured at FVTOCI - non-current	37,100	113,485	112,836
Pledged time deposit certificate (classified as financial assets at amortized cost)	70,050	70,050	70,050
Investment Property	492,974	29,827	29,970
Other restricted assets (classified as other non-current assets)	<u>-</u>	<u>23,181</u>	<u>23,181</u>
	\$ <u>600,124</u>	\$ <u>700,120</u>	\$ <u>699,614</u>

XXIX. Significant Contingent Liabilities and Unrecognized Contract Commitments

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

- (I) Shing Tzung Development Co., Ltd (hereinafter referred to as "Shing Tzung") and its responsible person, Lu, Kuo-Feng, constructed a commercial-residential hybrid complex that has 5 floors below ground and 26 floors above ground at Land No. 537, Lingzhou Section, Kaohsiung City. Due to poor construction of diaphragm walls, buildings at Lane 187, Ziqiang 3rd Road suffered severe tilts, wall cracks, and subsidence on July 20, 2014. Due to the Group's active participation in the repair work, a total of 25 house owners transferred a certain amount of their creditors' rights to the Group, by which the Group had petitioned the court for a provisional attachment against Shing Tzung and its responsible person, and a claim of NT\$25 million plus the statutory delay interest accrued thereon from them. In 2018, the court held an initial judgment that Shing Tzung had also paid related expenses for such an incident and thus agreed to the contention of Shing Tzung that the expenses already paid by Shing Tzung should offset the credit rights to which the Group might be entitled. Therefore, the plaintiff's case was rejected. Based on the court judgment, the Group has recognized as a loss the total amount of NT\$25 million that was previously recognized as "payment on behalf of another party."

In addition, Shing Tzung claimed that it had suffered loss from the incident and should have demanded compensation from the subcontractor responsible for constructing the diaphragm wall. However, Shing Tzung turned to the Group for compensation for the incident because the subcontractor had insufficient capital. The Group also had suffered loss from the incident and, consequently, filed a claim against Shing Tzung for compensation (including expenses incurred by the Group's participation in the repair work) and demanded that Shing Tzung return the promissory notes of performance guarantee to the Group. The two lawsuits were ruled by the Kaohsiung Chiaotou 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 doubtful accounts of NT\$13,000 thousand, interest income of NT\$6,279 thousand and other income of NT\$3,193 thousand in the first three quarters of 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 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 the mediation proposal on April 13, 2023. Because Weiwuying Center for the Arts refused to accept the mediation proposal, the Group submitted the case for arbitration on July 3, 2023 according to law. The arbitration proceedings are currently underway, and until the arbitration award is made, it was difficult for the Group to assess the results.
- (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 September 30, 2023 and 2022, the performance guarantee letters issued by the bank for construction projects of the Group amounted to NT\$2,233,930 and NT\$1,258,714 thousand, respectively.

(V) As of September 30, 2023, the performance guarantee letters issued by the bank for a public urban regeneration project of the Group amounted to NT\$ 24,600 thousand.

(VI) As of September 30, 2023 and 2022, the guaranteed bills issued by the Group for business needs amounted to NT\$435,971 thousand and NT\$418,675 thousand, respectively.

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

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

Unit: Foreign currency/NT\$ thousand

September 30, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB	\$ 53	0.1393 (RMB:USD)	\$ 236
USD	6,951	32.27 (USD:NTD)	224,299
			<u>\$ 224,535</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>

September 30, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial Assets</u>			
<u>Monetary items</u>			
RMB	\$ 1,680	0.1408 (RMB:USD)	\$ 7,511
USD	3,744	31.75 (USD:NTD)	<u>118,860</u>
			<u>\$ 126,371</u>

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

	<u>July 1 to September 30, 2023</u>		<u>July 1 to September 30, 2022</u>	
	<u>Exchange Rate</u>	<u>Net Exchange Profit (Loss)</u>	<u>Exchange Rate</u>	<u>Net Exchange Profit (Loss)</u>
<u>Financial assets</u>				
RMB	0.1426 (RMB:USD)	\$ 78	0.1516 (RMB:USD)	(\$ 1,285)
USD	30.93 (USD:NTD)	<u>7,847</u>	29.29 (USD:NTD)	<u>1,494</u>
		<u>\$ 7,925</u>		<u>\$ 209</u>
	<u>January 1 to September 30, 2023</u>		<u>January 1 to September 30, 2022</u>	
	<u>Exchange Rate</u>	<u>Net Exchange (Loss) Gain</u>	<u>Exchange Rate</u>	<u>Net Exchange Profit (Loss)</u>
<u>Financial assets</u>				
RMB	0.1426 (RMB:USD)	(\$ 404)	0.1516 (RMB:USD)	(\$ 3,291)
USD	30.93 (USD:NTD)	<u>6,053</u>	29.29 (USD:NTD)	<u>2,496</u>
		<u>\$ 5,649</u>		(<u>\$ 795</u>)

XXXI. Supplementary Disclosures

(I) Information on (I) significant transactions and (II) invested companies is as follows:

1. Loaning Provided to Others. (Appendix 1)
2. Endorsements/Guarantees Provided for Others. (Appendix 2)
3. Marketable Securities Held 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)

XXXII. 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.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Loans Provided to Others
January 1 to September 30, 2023

Appendix 1

Unit: NT\$ Thousands

No.	Financing Company	Counterparty	Financial Statement Account	Whether a Related Party	Highest Balance as of the Current Month	Ending balance	Amount Actually Withdrawn	Interest Rate Range	Nature of Financing (Note 1)	Amount of Transaction	Reason for short-term Financing	Allowance for Doubtful Debts	Collateral		Limit on Loans Granted to a Single Party	Total Loan Limit	Note
													Name	Value			
1	Chien Kuo Building Co., Ltd.	Chien Kuo Construction Co., Ltd.	Other receivables	Yes	\$ 20,000	\$ 18,000	\$ 18,000	2%	(1)	\$ -	Operating capital	\$ -	-	\$ -	40% of the company's net worth \$ 37,019	40% of the company's net worth \$ 37,019	

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

Chien Kuo Construction Co., Ltd. and Subsidiaries
Endorsements/Guarantees Provided for Others
January 1 to September 30, 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.	Shun Long International Electrical Engineering Co., Ltd.	Subsidiary	\$ 2,383,481	\$ 50,000	\$ 50,000	\$ -	\$ -	1.05%	\$ 4,766,961	Y	N	N	Financing endorsements/ guarantees
0	Chien Kuo Construction Co., Ltd.	Chien Bang Real Estate Development Co., Ltd.	Subsidiary	2,383,481	24,600	24,600	24,600	-	0.52%	4,766,961	Y	N	N	Performance guarantee

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

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

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

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

Chien Kuo Construction Co., Ltd. and Subsidiaries
Marketable Securities Held at the End of the Period
September 30, 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	3,000	\$ 30,959	4.92%	\$ 30,959	—
	BMD Venture Capital Investment Corporation	—	"	1,500	15,000	6.65%	15,000	—
	Taiwan Bio Therapeutics Co., Ltd.	—	"	100	3,178	0.16%	3,178	—
	Revivegen Co., Ltd.	—	"	341	13,013	0.82%	13,013	—
	Gogolook Co., Ltd.	—	"	86	12,423	0.27%	12,423	—
	Chia Hsin Cement Corporation	—	Financial assets measured at FVTOCI - current	1,137	21,087	0.14%	21,087	—
	Taiwan Cement Corporation	—	Financial assets measured at FVTOCI - non-current	6,810	226,422	0.10%	226,422	—
	Chia Hsin Cement Corporation	—	"	6,990	129,666	0.88%	129,666	(Note 2)
Shun Long International Electrical Engineering Co., Ltd.	<u>Fund</u>							
	Taishin Ta-Chong Money Market Fund	—	Financial assets at FVTPL - current	1,379	20,081	-	20,081	—
	SinoPac TWD Money Market Fund	—	"	1,407	20,058	-	20,058	—
Golden Canyon Venture Capital Investment Co., Ltd.	<u>Stock - Common Stock</u>							
	Phoenix Pioneer technology Co., Ltd.	—	Financial assets at FVTPL - current	1,165	19,549	0.39%	19,549	—
	MEGA UNION TECHNOLOGY INC.	—	"	1,084	151,393	1.78%	151,393	—
	TCM Biotech International Corp.	—	Financial assets measured at FVTPL - non-current	700	41,629	1.19%	41,629	—
	<u>Stocks - Preferred Stock</u>							
	Brain Navi Ltd	—	Financial assets measured at FVTPL - non-current	1,000	61,950	-	61,950	—
Golden Canyon Limited	<u>Bonds</u>							
	Corporate bonds of Mercedes-Benz Finance North America LLC (MBGGR 5 3/8 11/26/25)	—	Financial Assets Measured at Amortized Cost - Non-current	1,000	32,365	-	32,365	—

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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	\$ 412,888	-	\$ 412,888	—
	BlackRock ICS US Dollar Liquidity Fund	—	"	27	98,203	-	98,203	—
	AB FCP I-Short Duration Bond Portfolio Class A2	—	"	168	97,867	-	97,867	—
	PIMCO Funds: Global Investors Series plc Global Investment Grade Credit Fund	—	"	177	94,575	-	94,575	—
	JPMorgan Funds - Global Corporate Bond Fund	—	"	169	94,771	-	94,771	—
	PIMCO GIS Income Fund	—	"	85	31,927	-	31,927	—
	PVG GCN VENTURES, L.P.	—	Financial assets measured at FVTPL - non-current	-	13,637	5.00%	13,637	—
	CSVI VENTURES,L.P.	(Note 1)	"	-	40,917	4.06%	40,917	—
	<u>Fund</u>							
	Citi Taiwan-45A2USD Liquidity Fund	—	Financial assets at FVTPL - current	5	17,187	-	17,187	—
	Citi Taiwan - A1USD Trade Finance Fund	—	"	94	327,151	-	327,151	—
	Nomura Global Financial Bond Fund	—	"	199	63,125	-	63,125	—
	BlackRock ICS US Dollar Liquidity Fund	—	"	27	97,376	-	97,376	—
	JPMorgan Liquidity Funds -USD Liquidity LVNAV Fund	—	"	-	74,637	-	74,637	—
	iShares 20+ Year Treasury Bond ETF(TLT)	—	"	30	85,575	-	85,575	—
	Blackstone Real Estate Income Trust	—	"	-	9,193	-	9,193	—
	iCapital Offshore Access Fund SPC	—	"	88	32,270	-	32,270	—
	Lord Abbet Short Duration Income	—	"	88	32,270	-	32,270	—
	PIMCO Funds: Global Investors Series plc Dynamic Bond Fund	—	"	88	32,070	-	32,070	—

Note 1: The chief decision-makers of the fund are the directors of the Group.

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

Note 3: 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 September 30, 2023

Appendix 4

Unit: NT\$ Thousands

Company disposing of real estate	Name of property	Occurrence date	Original acquisition date	Carrying Amount	Transaction amount	Status of money collection	Gain or loss on disposals	Counterparty	Relationship	Purpose of Disposal	Basis for determining price	Other Agreements
Chien Kuo Construction Co., Ltd.	Land on Xinzhi Section, Xinzhuang District	2023/5/10	2017/7/20	\$ 465,926	\$ 583,832	Note 1	\$ -	Tai Tung Communication Co., Ltd.	-	Earn capital gains	Valuation report issued by Hong Bang Real Estate Appraisers & Associates	Please refer to Note 11

Note 1: As of September 30, 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.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Inter-company Business Relationships and Significant Inter-company Transactions
January 1 to September 30, 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.	Shun Long International Electrical Engineering Co., Ltd.	(1)	Other receivables	\$ 3,024	(Note 2)	0.04%
			(1)	Construction costs	27,662	(Note 2)	0.95%
			(1)	Contract assets - property construction	199,923	(Note 2)	2.51%
			(1)	Accounts payable	20,845	(Note 2)	0.26%
			(1)	Accounts payable - Provisional	16,271	(Note 2)	0.20%
		Chien Kuo Building Co., Ltd.	(1)	Miscellaneous Income	2,880	(Note 2)	0.10%
			(1)	Short-term loans	18,000	(Note 2)	0.23%

Note 1: The nature of relationship is divided into the following three categories:

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

Note 2: Conducted in line with ordinary terms.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Information on Invested Companies and Their Locations, etc.
January 1 to September 30, 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	Shares (in 1,000 shares)	Ratio (%)	Carrying Amount			
Chien Kuo Construction Co., Ltd.	Golden Canyon Limited	British Virgin Islands	Reinvestment	\$ 183,751	\$ 183,751	5,881	100.00%	\$ 1,692,003	\$ 49,971	\$ 49,971	Subsidiary
	Silver Shadow Holding Limited	British Virgin Islands	Reinvestment	704,069	704,069	21,606	100.00%	2,078,660	56,637	56,637	Subsidiary
	Chien Kuo Building Co., Ltd.	Taiwan	Building construction commission; public housing lease and sale	144,065	144,065	10,000	100.00%	89,361	(3,188)	(3,188)	Subsidiary
	Shun Long International Electrical Engineering Co., Ltd.	Taiwan	Undertaking mechanical, electrical and plumbing/refrigeration/air conditioning engineering; wholesale and retail of equipment	51,219	51,219	7,000	100.00%	54,616	(3,353)	(3,353)	Subsidiary
	Golden Canyon Venture Capital Investment Co., Ltd.	Taiwan	Venture capital business	401,000	401,000	40,100	100.00%	522,830	89,330	89,330	Subsidiary
	Golden Canyon II Venture Capital Investment Co., Ltd.	Taiwan	Venture capital business	200,000	200,000	20,000	100.00%	200,692	749	749	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%	27,503	164	90	Subsidiary
Chien Kuo Building Co., Ltd.	Leader Construction Co.,Ltd	Taiwan	Undertaking renovation, construction projects, buying and selling construction materials	10,000	-	1,000	100.00%	9,423	(577)	(577)	Subsidiary
	Chien Bang Real Estate Development Co., Ltd.	Taiwan	Building construction commission; public housing lease and sale	22,500	22,500	2,250	45.00%	22,502	164	74	Subsidiary
Golden Canyon Venture Capital Investment Co., Ltd.	Chang Jia Energy Co., Ltd.	Taiwan	Renewable energy self-used power generation equipment industry	31,500	31,500	3,150	31.50%	31,234	(396)	(125)	Associates
Golden Canyon II Venture Capital Investment Co., Ltd.	Chang Jia Energy Co., Ltd.	Taiwan	Renewable energy self-used power generation equipment industry	17,500	17,500	1,750	17.50%	17,352	(396)	(69)	Associates
Silver Shadow Holding Limited	CK Asia Co., Ltd.	British Virgin Islands	Reinvestment	974	118,002	2	54.29%	27,370	5,024	Note 3	Sub-subsubsidiary
Golden Canyon Limited	CK Asia Co., Ltd.	British Virgin Islands	Reinvestment	840	104,987	2	45.71%	22,594	5,024	Note 3	Sub-subsubsidiary

Note 1: Where there involves a foreign currency, it is translated into New Taiwan Dollars by using the exchange rate as of September 30, 2023 (US\$1=NT\$32.27), except for profit or loss items, which are translated into New Taiwan Dollars by using the average exchange rate for the nine months ended September 30, 2023 (US\$1=NT\$30.93).

Note 2: Please refer to Appendix 7 for information on investments in Mainland China

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

Chien Kuo Construction Co., Ltd. and Subsidiaries
Information on Investments in Mainland China
January 1 to September 30, 2023

Appendix 7

Unit: NT\$ Thousands

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 September 30, 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	\$ 3,227	Investment through a company founded in a third region	\$ 68,326	\$ -	\$ -	\$ 68,326	\$ 2,031	100%	\$ 2,031	\$ 14,345	\$ 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)	\$1,099,427 (Note 2)	\$ 2,938,658

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

Note 2: The amount authorized by the Investment Commission, MOEA was NT\$1,642,209 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.

Note 3: The amount remitted from Taiwan was NT\$868,785, 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

September 30, 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.