

## Chien Kuo Construction Co., Ltd.

### Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2022 and 2021

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

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## **Independent Auditors' Report**

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

### **Audit Opinions**

We have audited the Balance Sheets of Chien Kuo Construction Co., Ltd. as of December 31, 2022 and 2021, the Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes to Financial Statements (including Summary of Significant Accounting Policies) for the period from January 1 to December 31, 2022 and 2021.

In our opinion, the aforementioned Financial Statements present fairly, in all material respects, the financial position of Chien Kuo Construction Co., Ltd. as of December 31, 2022 and 2021, and its financial performance and cash flows for the annual periods ended December 31, 2022 and 2021 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

### **Basis for Audit Opinion**

We conducted our audit of the financial statements in accordance with the "Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants," and the auditing standards. Our responsibility under the above mentioned regulations will be further explained in the section titled "The Accountants' Responsibility in Auditing the Financial Statements." We have stayed independent from Chien Kuo Construction Co., Ltd. as required by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Norm. We believe that we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 financial statements of Chien Kuo Construction Co., Ltd.. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters for the financial statements of Chien Kuo Construction Co., Ltd. for 2022 are stated as follows:

#### Construction contracts

The operating revenue of Chien Kuo Construction Co. Ltd. is primarily derived from construction revenue, which is recognized in cost based input method by the management in accordance with IFRS 15 "Revenue from Contracts with Customers." Since the percentage of completion is calculated as the ratio of costs input to the total estimated contract costs, the total estimated construction contract costs are a key factor in calculating the percentage of cost input. As estimated costs and contractual activities are evaluated and judged by the management based on the nature of the different construction projects, the estimated amount of the contract, the duration of construction, the undertaking of construction and the construction methods, and they are prone to influence from changes in commodity prices, labor prices and construction items

due to long duration of construction contracts. Any significant changes in estimates, once occurred, may lead to a revenue recognized in accordance with the percentage of completion method either consisting of errors, or having significant influence on the misstatement of the financial statements. Consequently, the estimates of the total costs of the construction contracts are deemed a key audit matter.

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

1. Understanding management's procedures for estimating the total costs of long term construction contracts;
2. examining the construction documents, that the management used as evidence for estimating the total costs of construction contracts, in order to assess comprehensively the completeness and reasonableness of the estimates of total costs of long term construction contracts;
3. reviewing whether there are significant adjustments to the estimated total cost of construction contracts after the period;
4. analyzing changes in revenue, costs and gross profit for each project.

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

#### **Responsibility of the Management and the Governing Body for the Financial Statements**

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

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

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

## **The Accountants' Responsibility in Auditing the Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determined the key audit matters of the financial statements of Chien Kuo Construction Co., Ltd. of 2022. Such matters have been explicitly stated in our audit report, unless laws or regulations prevent their disclosures, or, in extremely rare cases, we decided not to communicate such matters in our audit report in consideration that the adverse impacts of such communication could be reasonably expected to be greater than the public interest it would promote.

Deloitte Taiwan

CPA: Li-Chun Chang

CPA: Wen-Chin Lin

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

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

March 15, 2023

#### Notes to Readers

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

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

## Chien Kuo Construction Co., Ltd.

## Balance Sheets

December 31, 2022 and 2021

Unit: NT\$ Thousands

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

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

Chairman: Chang-shiou WU

Manager: Mao-sheng KAN

Accounting Manager: Lin-Ju LIN

Chien Kuo Construction Co., Ltd.  
 Statements of Comprehensive Income  
 January 1 to December 31, 2022 and 2021  
 Unit: NT\$ Thousands, except for Earnings per share (in Dollars)

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

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

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

Chairman: Chang-shiou WU

Manager: Mao-sheng KAN

Accounting Manager: Lin-Ju LIN

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

Unit: NT\$ Thousands

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

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

Chien Kuo Construction Co., Ltd.

Statements of Cash Flows

January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousands

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

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

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

Chairman: Chang-shiou WU

Manager: Mao-sheng KAN

Accounting Manager: Lin-Ju LIN

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

**I. Company History**

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

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

**II. Date and Procedures of Authorization of Financial Statements**

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

**III. Application of New and Amended Standards and Interpretations**

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

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

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

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

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

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

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

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

The amendments expressly stipulate that the Company should determine the disclosure of significant accounting policy information based on the definition of materiality. Accounting policy information is material if, when considered together with other information included in the Company's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. This amendment also clarifies that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed by the Company.
- Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial.
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

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

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

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

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

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

(III) IFRSs issued by the International Accounting Standards Board but not yet endorsed and issued into effect by the FSC	New/Revised/Amended Standards and Interpretations	Effective Date Issued by the IASB (Note 1)
Amendments to IFRS10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"		To be determined
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"		January 1, 2024 (Note 2)
IFRS17 "Insurance Contracts"		January 1, 2023
Amendment to IFRS 17		January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"		January 1, 2023
Amendments to IAS1 "Classify Liabilities as Current or Non-current"		January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"		January 1, 2024

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

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

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

#### IV. Summary of Significant Accounting Policies

##### (I) Statement of compliance

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

##### (II) Basis of preparation

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

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

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

When preparing the financial statements, the Company accounts for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the financial statements of this year, the differences of the

accounting treatment between the basis and the basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates, share of other comprehensive income of subsidiaries in the financial statements, and other related equity items

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

Current assets include:

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

Current liabilities include:

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

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

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

(IV) Foreign Currency

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

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

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

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

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

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

translation differences associated with the foreign operation that are attributable to the Company's owners are reclassified to profit or loss.

(V) Investment on Subsidiaries

The Company has adopted the equity method to account for investments in subsidiaries.

Subsidiaries are entities controlled by the Company.

Under the equity method, an investment is initially recognized at cost. The carrying amount of investment is adjusted thereafter for the post-acquisition changes in the Company's share of profit or loss and other comprehensive income and profit distribution of the subsidiary. In addition, changes in other equity of the subsidiary attributable to the Company shall be recognized in accordance with the Company's shareholding percentage.

When a change in the Company's ownership interests in a subsidiary does not cause a loss of control over the subsidiary, it shall be treated as an equity transaction. The difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

(VI) Property, plant, and equipment

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

Except for freehold land which is not depreciated, the depreciation of PP&E in its useful life is made on a straight-line basis for each major part/component separately. The Company reviews the estimated useful lives, residual value and depreciation methods at least once at each financial year end and applies the changes in accounting estimates prospectively.

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

(VII) Investment Property

Investment property is real estate held for rent or capital appreciation or both. Investment property is initially measured at costs (including transaction costs) and is subsequently measured at costs less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight line basis by the Company.

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

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

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

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

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

(IX)

Financial Instruments

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

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

1. Financial assets

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

(1) Types of measurement

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

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

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

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

B. Financial Assets Measured at Amortized Cost

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

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

Subsequent to initial recognition, such assets (including cash, bills with repurchase agreement, restricted term deposit, notes receivable, accounts receivable and other receivables that are measured at amortized cost) are measured at the amortized cost

equal to the gross carrying amount as determined using the effective interest method less any impairment loss; any foreign exchange gain or loss arising therefrom is recognized in profit or loss.

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

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

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

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

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

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

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

## (2) Impairment of financial assets and contract assets

The Company evaluates credit losses based on expected credit loss (ECL) at each balance sheet date for financial assets at amortized cost (including accounts receivable) and impairment losses on contract assets.

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

An ECL is a weighted average credit loss with the risks of default as weights. The 12 month ECL on a financial instrument represents the portion of its lifetime ECL that is expected to result from possible

default events within 12 months after the reporting date, whereas the lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument.

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

(3) Derecognition of financial assets

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

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

2. Equity instruments

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

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

3. Financial liabilities

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

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

4. Derivatives

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

(X) Revenue Recognition

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

Revenue from construction contracts

For real estate construction contracts, the Company recognizes revenue over the construction period and measures the progress on the basis of costs incurred relative to the total expected costs because costs incurred by the construction

works are directly related to the progress in satisfying a performance obligation. A contract asset is recognized during the construction and is reclassified to accounts receivable at the point at which it is invoiced to the customer. If the payment received exceeds the revenue recognized to date, the Company recognizes a contract liability for the difference. Certain payments retained by the customer as specified in the contract is intended to ensure that the Company adequately completes all its contractual obligations. Such retention receivables are recognized as contract assets until the Company satisfies its performance obligations.

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

(XI)

Leases

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

1. The Company as lessor

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

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

2. The Company as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expenses are amortized over the lease term. In the case that future lease payments change as a result of a change in the lease term, the Company remeasures the lease liability and correspondingly adjusts the right of use asset, except in the case when the carrying amount of the right of use asset has reduced to zero, in which case

any residual remeasured amount shall be recognized in profit or loss. Lease liabilities are separately presented on the balance sheets.

(XII) Employee benefits

1. Short-term employee benefits  
Related liabilities for short term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.
2. Post-employment benefits  
Payments that should be contributed to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service.  
The defined benefit cost under defined benefit retirement plans (including service cost, net interest, and the remeasurement amount) are calculated based on the projected unit credit method. The cost of services (including the cost of services of the current period and the cost of services of the previous period, and profit and loss from repayment) and the net interest of the net defined benefit liability (asset) are recognized as employee benefit expenses as they occur. Remeasurement (comprising actuarial gains and losses, and return on plan assets net of interests) is recognized in other comprehensive income and included in retained earnings, and is not recycled to profit or loss in subsequent periods.  
The net defined benefit liabilities (assets) are the shortfall (surplus) of the defined benefit retirement plan. A net defined benefit asset shall not exceed the present value of the contributions to be refunded from the plan, or the reductions in future contributions.
3. Termination benefits  
The Company will recognize the termination benefits liability when it is no longer able to revoke the termination benefits offer or when it recognizes the related restructuring costs (whichever is earlier).

(XIII) Income Tax

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

1. Current-period income tax  
An extra tax is levied on the unappropriated earnings pursuant to the Income Tax Act of the Republic of China and is recorded as income tax expense in the year when the shareholders' meeting resolves to appropriate the earnings.  
Adjustments to income tax payable from previous years are recognized in the income tax of current period.
2. Deferred income tax  
Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income.  
Deferred tax liabilities are generally recognized based on all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that there is taxable income to be applied to temporary difference reductions or loss credits.  
Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it

is probable that the temporary difference will not reverse in the foreseeable future. For deductible temporary differences associated with such investment and equity, when it is probable that sufficient taxable income will be available to realize such temporary difference, a deferred tax asset is recognized, but only to the extent of the amount that is expected to be reversed in the foreseeable future.

The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. The carrying amount of items that were not previously recognized as a deferred tax asset is also reviewed at each balance sheet date and is raised when it becomes probable that sufficient taxable profit will be available in the future to recover all or part of the asset.

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

3. Current and deferred taxes for the year

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

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

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

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

Construction contracts

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

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

VI. Cash

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 2,123	\$ 2,542
Bank checks and demand deposits	<u>163,012</u>	<u>620,576</u>
	<u><u>\$ 165,135</u></u>	<u><u>\$ 623,118</u></u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
<u>Current</u>		
- Listed stocks and emerging stocks	\$ 2,716	\$ 256,717
- Fund beneficiary certificates	<u>-</u>	<u>46,394</u>
	<u>2,716</u>	<u>303,111</u>
Non-current		
- Unlisted stocks	<u>29,100</u>	<u>26,100</u>
	<u><u>\$ 31,816</u></u>	<u><u>\$ 329,211</u></u>

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

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

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

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

**IX. Financial Assets Measured at Amortized Cost**

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

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

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

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

**X. Notes Receivable and Accounts Receivable**

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

**Account receivables**

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

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

In determining the recoverability of accounts receivable, the Company considers the change in the quality of credit from the time the receivables are originally granted to the

time they are presented on the balance sheet. An appropriate allowance for loss is recognized when the receivables are assessed to be irrecoverable beyond the credit period.

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

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

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

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

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

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

## XI.

### Inventories (for construction business)

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

The Company acquired the land sitting at the northern part of the industrial zone in Xinzhuang District in July 2017. The purpose of holding such land is to construct commercial buildings for sale. The land is also pledged to financial institutions for loans. Please refer to Notes XVI and XXVIII.

**XII. Investments accounted for using equity method**

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Golden Canyon Limited	100%	100%
Silver Shadow Holding Limited	100%	100%
Chien Kuo Building Co., Ltd.	100%	100%
Shun Long International Electrical Engineering Co., Ltd.	100%	100%
Golden Canyon Venture Capital Investment Co., Ltd.	100%	100%
Golden Canyon II Venture Capital Investment Co., Ltd.	100%	100%
Chien Bang Real Estate Development Co., Ltd.	55%	—

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

### XIII. Property, plant, and equipment

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

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

#### Buildings

Main buildings of plant 61 years

Rooftop construction 22 years

Leasehold improvements 3~6 years

Machinery equipment 4~7 years

Transportation equipment 6 years

Office equipment 3~4 years

Other Equipment 3~9 years

### XIV. Lease Agreement

#### (I) Right-of-use assets

Carrying amount of right-of-use assets

December 31, 2022

December 31, 2021

Buildings	\$ 10,473	\$ 18,840
Transportation equipment	3,421	3,283
	<u>\$ 13,894</u>	<u>\$ 22,123</u>

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

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

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

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

XVI. Loans

(I) Short-term loans

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

(II) Short-term notes and bills payable

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

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

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

December 31, 2022

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

(III) Long-term loans

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

Annual interest rate (%) (Effective  
interest rate) — 1.35%~1.36%

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

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

December 31, 2021

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

XVII. Accounts payable

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

XVIII. Post-retirement Benefit Plans

(I) Defined Contribution Plan

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

(II) Defined Benefit Plans

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

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

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

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

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

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

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

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

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

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

	December 31, 2022	December 31, 2021
Discount rate	1.25%	0.67%
Expected growth rate of salary	2.00%	2.00%

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

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

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

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

XIX. Equity

(I) Capital  
Common stock

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Number of authorized shares (in 1,000 shares)	<u>500,000</u>	<u>500,000</u>
Authorized capital	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of issued and paid shares (in 1,000 shares)	<u>252,000</u>	<u>257,440</u>
Issued capital	<u>\$ 2,520,001</u>	<u>\$ 2,574,401</u>

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

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

(II) Additional paid-in capital

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>May be used to offset deficits,  appropriated as cash dividends or  transferred to capital (1)</u>		
Stock issuance premium	\$ 186,037	\$ 190,053
Treasury stock transactions	-	13,528
Difference between prices of shares acquired from subsidiaries and book value	993	993
<u>May only be used to offset deficits</u>		
Adjustment in additional paid-in capital of subsidiaries using equity method	73	73
<u>May not be used for any purpose</u>		
Employee stock options	<u>205</u>	<u>205</u>
	<u>\$ 187,308</u>	<u>\$ 204,852</u>

		(1) This type of additional paid-in capital may be used to offset deficits, if any, or to distribute cash dividends or to transfer to capital, but the transfer is up to a certain ratio of paid-in capital every year.																								
(III)	Retained earnings and dividend policy																									
	According to the earnings appropriation policy set forth in the Articles of Incorporation of the Company, the annual net income, if any, should be used to pay off all the taxes and duties, as well as to compensate prior years' deficits. The remaining amount, if any, should be appropriated in the following order:																									
	1. Provide legal reserve pursuant to laws and regulations.																									
	2. Provide (or reverse) special reserves pursuant to laws and regulations or for operating necessities.																									
	3. The remaining balance, along with unappropriated earnings of prior years, shall be proposed by the Board of Directors for earnings distribution, which shall then be resolved by the shareholders' meeting.																									
	For the appropriation policy regarding compensation to employees and remuneration to directors as set forth in the Company's Articles of Incorporation, please refer to Note XXI (VI).																									
	The Company's dividend policy takes into account the environment and growth of the industry, long-term financial plans and optimization of shareholders' equity. Cash dividends to be appropriated in a year shall not be less than 10% of the total dividends to be appropriated for the year.																									
	The Company appropriates and reverses special reserves in accordance with the regulations in Jin-Guan-Zheng-Fa's Letter No. 1090150022, Letter No. 1010012865 from the FSC and "Q&A on the Applicability of the Appropriation of Special Reserve after the Adoption of the International Financial Reporting Standards (IFRSs)." If other shareholders' equity deductions are reversed afterward, the reversal may be applicable for the appropriation of earnings.																									
	The Company shall set aside a legal reserve until it equals the Company's paid-in capital. Such legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be distributed in cash.																									
	The Company held the regular shareholders' meeting on June 21, 2022, and July 22, 2021, and respectively resolved the 2021 and 2020 earnings distribution proposals as follows:																									
	<table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Proposal of Earnings Appropriation</th> <th colspan="2">Dividends per Share (NT\$)</th> </tr> <tr> <th>2021</th> <th>2020</th> <th>2021</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Legal reserve</td> <td>\$ 42,086</td> <td>\$ 37,308</td> <td></td> <td></td> </tr> <tr> <td>Appropriation (reversal) of special reserve</td> <td>( 34,566 )</td> <td>34,854</td> <td></td> <td></td> </tr> <tr> <td>Cash dividends</td> <td>257,440</td> <td>205,952</td> <td>\$ 1.02</td> <td>\$ 0.80</td> </tr> </tbody> </table>		Proposal of Earnings Appropriation		Dividends per Share (NT\$)		2021	2020	2021	2020	Legal reserve	\$ 42,086	\$ 37,308			Appropriation (reversal) of special reserve	( 34,566 )	34,854			Cash dividends	257,440	205,952	\$ 1.02	\$ 0.80	
	Proposal of Earnings Appropriation		Dividends per Share (NT\$)																							
	2021	2020	2021	2020																						
Legal reserve	\$ 42,086	\$ 37,308																								
Appropriation (reversal) of special reserve	( 34,566 )	34,854																								
Cash dividends	257,440	205,952	\$ 1.02	\$ 0.80																						

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

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

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

(IV) Treasury stock

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

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

XX. Revenue

(I) Revenue from contracts with customers

	2022	2021
Revenue from construction contracts	<u>\$ 5,065,366</u>	<u>\$ 5,318,630</u>

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

(II) Contract balance

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

(III) Contracts with customers that have not been fully completed  
 The aggregate amount of the amortized transaction price of which the performance obligations have not been satisfied and the anticipated years to recognize the revenue for the construction contracts signed by the Company as of December 31, 2022 are as follows:

Anticipated years to recognize

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

**XXI. Net income**

Net income for the current year comprises the following items:

(I) Other income

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

(II) Other gains and losses

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

(III) Finance costs

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

(IV) Depreciation and amortization expenses

	2022	2021
Property, plant, and equipment	\$ 14,345	\$ 5,845
Right-of-use assets	14,287	12,804
Investment Property	955	959
Intangible assets	<u>1,123</u>	<u>295</u>
	<u><u>\$ 30,710</u></u>	<u><u>\$ 19,903</u></u>

Depreciation expenses by function

Operating costs	\$ 11,204	\$ 2,281
Operating expenses	17,428	16,368
Other gains and losses	<u>955</u>	<u>959</u>
	<u><u>\$ 29,587</u></u>	<u><u>\$ 19,608</u></u>

Amortization expenses by function

Operating costs	\$ 32	\$ 3
Operating expenses	<u>1,091</u>	<u>292</u>
	<u><u>\$ 1,123</u></u>	<u><u>\$ 295</u></u>

(V) Employee benefits expenses

	2022	2021
Short-term employee benefits	\$ 460,321	\$ 496,097
Post-employment benefits		
Defined contribution plan	17,765	17,604
Defined benefit plans (Note XVIII)	245	311
Termination benefits	<u>518</u>	<u>1,939</u>
Total employee benefits expenses	<u><u>\$ 478,849</u></u>	<u><u>\$ 515,951</u></u>

By function

Operating costs	\$ 251,019	\$ 272,507
Operating expenses	<u>227,830</u>	<u>243,444</u>
	<u><u>\$ 478,849</u></u>	<u><u>\$ 515,951</u></u>

(VI) Remuneration for employees and directors

According to the Articles of Incorporation, the Company appropriates 0.1% to 3% of its income before tax, remuneration for employees and directors as employee remuneration, and no more than 3% of such income as directors' remuneration. Remuneration to employees and remuneration to directors for 2022 and 2021 were resolved by the Board of Directors on March 15, 2023 and March 24, 2022 respectively as follows:

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

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

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

## XXII. Income Tax

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

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

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

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

(II) Income tax recognized in other comprehensive income

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

(III) Deferred Income Tax Assets and Liabilities

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

2022

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

2021

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

(IV) Income tax approval status

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

**XXIII. Earnings Per Share**

	Unit: NT\$	
	2022	2021
Basic earnings per share	\$ 0.72	\$ 1.57
Diluted earnings per share	\$ 0.72	\$ 1.57

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

	2022	2021
Net income	\$ 184,115	\$ 405,150

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

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

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

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

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

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

**XXV. Capital Risk Management**

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

**XXVI. Financial Instruments**

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

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

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

1. Fair value level

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit or loss</u>				
Listed stocks	\$ 2,716	\$ -	\$ -	\$ 2,716
Unlisted stocks	-	-	29,100	29,100
Total	<u>\$ 2,716</u>	<u>\$ -</u>	<u>\$ 29,100</u>	<u>\$ 31,816</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Listed stocks	<u>\$ 367,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 367,780</u>
<u>December 31, 2021</u>				
	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit or loss</u>				
Listed stocks	\$ 256,717	\$ -	\$ -	\$ 256,717
Unlisted stocks	-	-	26,100	26,100
Fund beneficiary certificates	<u>46,394</u>	<u>-</u>	<u>-</u>	<u>46,394</u>
Total	<u>\$ 303,111</u>	<u>\$ -</u>	<u>\$ 26,100</u>	<u>\$ 329,211</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Listed stocks	<u>\$ 548,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 548,679</u>

There was no transfer between Level 1 and Level 2 fair value measurement for 2022 and 2021.

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

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

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

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

(III) Types of financial instruments

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

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

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

(IV) Financial risk management objectives and policies

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

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

1. Market risk

(1) Foreign exchange rate risk

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

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

Sensitivity analysis

The Company is exposed mainly to USD fluctuations.

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

	Effect on Profit or Loss	
	2022	2021
USD	\$ 2,145	\$ 216

(2) Interest rate risk

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

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

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

Sensitivity analysis

The sensitivity analysis below is prepared based on the risk exposure of derivative and non-derivative instruments to the interest rates at the balance sheet date.

If interest rate increases/decreases by 100 basis points, other variables held constant, the Company's income before tax will increase/decrease by \$238 thousand and \$2,382 thousand for 2022 and 2021, respectively.

(3) Other price risks

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

Sensitivity analysis

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

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

If the equity price had increased/decreased by 10%, other comprehensive income in 2022 and 2021 would have increased/decreased by NT\$36,778 thousand and NT\$54,868 thousand, respectively, due to a change in the fair value of financial assets measured at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk of financial loss of the Company arising from default by clients or counter parties of financial instruments on the contractual obligations. The policy of the Company in response to credit risk is as follows:

Customers

The Company's established internal credit policy requires that all entities within the Company manage and conduct credit analysis on every new client before stipulating the terms and conditions of payment and delivery. The internal risk control assesses clients' credit quality by taking into account their financial position, past experience, and other factors. Individual risk limits are set by the management based on internal or external ratings. The utilization of credit limits is regularly monitored.

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

3. Liquidity risk

(1) The cash flow forecast is performed by each operating entity of the Company and compiled by the Company's finance department. The finance department monitors the forecast of circulating capital needs of the Company to ensure that the Company's funds are adequate to finance its operations.

(2) The following tables detail the Company's non-derivative financial liabilities grouped by the maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flows disclosed below, including those of interest and principals, are undiscounted.

December 31, 2022

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

December 31, 2021

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

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

(3) Financing facilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Credit line of unsecured bank loan		
- Amount used	\$ 500,000	\$ 350,000
- Amount unused	<u>1,521,209</u>	<u>1,563,584</u>
	<u>\$ 2,021,209</u>	<u>\$ 1,913,584</u>
Credit line of secured bank loan		
- Amount used	\$ 350,000	\$ 350,000
- Amount unused	<u>100,000</u>	<u>100,000</u>
	<u>\$ 450,000</u>	<u>\$ 450,000</u>

## XXVII. Related Party Transactions

In addition to those disclosed in other notes, material transactions between the Company and other related parties are as follows.

### (I) Names and relationships of related parties

Name of Related Party	Relationship with the Company
Shun Long International Electrical Engineering Co., Ltd. (Shun Long)	Subsidiary
Chien Kuo Building Co., Ltd.	Subsidiary
Chien Bang Real Estate Development Co., Ltd. (Chien Bang Building)	Subsidiary
Chien Hwei Investment Co., Ltd. (Chien Hwei Investment)	The chairman of Chien Hwei Investment is the vice chairman of the Company.
Chien Kuo Foundation For Arts and Culture	The chairman of the foundation is the vice chairman of the Company.
Tzu-chiang YANG	Director of the Company
Pang-yen YANG	Director of the Company

### (II) Construction projects undertaken

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

The contract price and payment terms of the construction contract between the Company and the related parties are equivalent to those of the non-related person

(III) Business transaction

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

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

(IV) Other related party transactions

1. Lease agreements

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

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

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

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

2. Lease agreements (operating lease)

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

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

3. Donation

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

The Company donated funds for broadcast production to related parties.

4. Loans from related parties

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

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

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

(V) Endorsements/guarantees

Endorsements/Guarantees Provided for Others

Category/ Name of Related Party	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Shun Long	<u>\$ 50,000</u>	<u>\$ 100,000</u>
Chien Bang Building	<u>\$ 24,600</u>	<u>\$ -</u>

(VI) Remuneration to key management

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	<u>\$ 75,333</u>	<u>\$ 74,318</u>
Post-employment benefits	<u>1,907</u>	<u>1,882</u>
	<u>\$ 77,240</u>	<u>\$ 76,200</u>

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

**XXVIII. Pledged Assets**

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

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

XXIX. Significant Contingent Liabilities and Unrecognized Contract Commitments

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

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

In addition, Shing Tzung claimed that it had suffered loss from the incident and should have demanded compensation from the subcontractor responsible for constructing the diaphragm wall. However, Shing Tzung turned to the Company for compensation for the incident because the subcontractor had insufficient capital. The Company also had suffered loss from the incident and, consequently, filed a claim against Shing Tzung for compensation (including expenses incurred by the Company's participation in the repair work) and demanded that Shing Tzung return the promissory notes of performance guarantee to the Company. The two lawsuits were ruled by the Kaohsiung Ciaotou District Court, and both parties filed appeals within the legal period. The Taiwan High Court Kaohsiung Branch Court ruled that the Company is not required to pay the amount to Shing Tzung after offsetting part of its debts; Shing Tzung is required to pay the Company NT\$16,784 thousand and interest at 5% per annum from October 28, 2015 to the date of settlement after deducting the Company's debts offset in the previous case. As of the date of publication of the financial statements, the third trial appeal period of the two lawsuits has expired and neither party has appealed. The cases have been finalized. The Company will record the amount in the first quarter of 2023 based on the outcome of the litigation.

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

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

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

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

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

Unit: Foreign currency/NT\$ thousand

December 31, 2022

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

December 31, 2021

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

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

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

#### XXXI. Supplementary Disclosures

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

1. Loaning Provided to Others: (Appendix 1)
2. Endorsements/Guarantees Provided for Others: (Appendix 2)
3. Marketable Securities Held at the End of the Period (Excluding investment in Subsidiaries, Associates and Joint Ventures): (Appendix 3)
4. Marketable Securities Acquired and Disposed of Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: (Appendix 4)
5. Acquisition of Real Estate Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: None.
6. Disposal of Real Estate Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: None.
7. Purchases from or Sales to Related Parties Amounting to NT\$100 million or 20% of the Paid-in Capital or More. (Appendix 5)
8. Receivables from Related Parties Amounting to NT\$100 Million or 20% of the Paid-in Capital or More. (Appendix 6)
9. Engaging in Derivatives Trading: None.
10. Information on Invested Companies: (Appendix 7)

(III) Information on investments in Mainland China:

1. Information on invested companies in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, gain or loss on investments, carrying amount of investment at the end of the period, gain or loss on repatriated investment and limits on investments in mainland China: (Appendix 8)
2. Any of the following significant transactions with invested companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms and unrealized gain or loss: (None)

- (1) Purchase amount and percentage, and the ending balance and percentage of the related payables.
- (2) Sales amount and percentage, and the ending balance and percentage of the related receivables.
- (3) Property transaction amount and the resulting gain or loss.
- (4) Ending balances and purposes of endorsements/guarantees or collateral provided.
- (5) The maximum balance, ending balance, interest rate range and the total amount of current-period interest of financing facilities.
- (6) Other transactions with significant impact on profit or loss or financial position for the period, such as provision or receipt of service.

(IV) Information on major shareholders: names of shareholders with a holding ratio of 5% or more, the amount and proportion of shares held: (Appendix 9)

## Chien Kuo Construction Co., Ltd.

## Loans Provided to Others

January 1 to December 31, 2022

Appendix 1

Unit: NT\$ Thousands

No.	Financing Company	Counterparty	Financial Statement Account	Whether a Related Party	Maximum Balance	Balance - end of year	Amount Actually Withdrawn	Interest Rate Range	Nature of Financing (Note 1)	Amount of Transaction	Reason for short-term Financing	Allowance for Doubtful Debts	Collateral		Limit on Loans Granted to a Single Party	Total Loan Limit	Note
													Name	Value			
1	Chien Kuo Building Co., Ltd.	Chien Kuo Construction Co., Ltd.	Other receivables	Yes	\$ 20,000	\$ 20,000	\$ 20,000	1.70%	(1)	\$ -	Operating capital	\$ -	-	\$ -	20% of the company's net worth \$ 22,019	40% of the company's net worth \$ 44,037	

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

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

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

Appendix 2

Unit: NT\$ Thousands

No.	Endorsements/Guarantees Provider Company Name	Parties Being Endorsed/Guaranteed		Limit of Endorsements/G uarantees for a Single Entity (Note 1)	Highest Balance as of the Current Month	Outstanding Endorsements/G uarantees - Ending	Amount Actually Withdrawn	Endorsements/G uarantees Secured with Collateral	Ratio of Cumulative Endorsements/G uarantees to the Net Equity Stated in the Latest Financial Statements	Limit of Endorsements/G uarantees (Note 2)	Endorsements/G uarantees Provided by Parent for Subsidiary	Endorsements/G uarantees Provided by Subsidiary for Parent	Endorsements/G uarantees for Entities in China	Note
		Company name	Relationship											
0	Chien Kuo Construction Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Subsidiary	\$ 2,373,913	\$ 100,000	\$ 50,000	\$ -	\$ -	1.05%	\$ 4,747,826	Y	N	N	Financing endorsements/guarantees
0	Chien Kuo Construction Co., Ltd.	Chien Bang Real Estate Development Co., Ltd.	Subsidiary	2,373,913	24,600	24,600	24,600	-	0.52%	4,747,826	Y	N	N	Project performance guarantee

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

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

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

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

Chien Kuo Construction Co., Ltd.

Marketable Securities Held at the End of the Period

December 31, 2022

Appendix 3

Unit: NT\$ Thousands

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

(Continued on next page)

(Continued from the previous page)

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

Note 1. The chief decision makers of the fund are the directors of the Company.

Note 2. Among them, 2,338 shares are pledged to the Court as collateral against the litigation between the Company and Shing Tzung.

Note 3. Among them, 2,000 thousand shares are pledged to the bank as collateral for the performance of construction contracts.

Note 4. For information regarding investment of subsidiaries, please refer to Appendix 7 and Appendix 8.

Chien Kuo Construction Co., Ltd.

Marketable Securities Acquired and Disposed of Amounting to NT\$300 Million or 20% of the Paid-in Capital or More

January 1 to December 31, 2022

Appendix 4

Unit: NT\$ thousands, unless otherwise specified

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

Chien Kuo Construction Co., Ltd.

Purchases from or Sales to Related Parties Amounting to NT\$100 million or 20% of the Paid-in Capital or More

January 1 to December 31, 2022

Appendix 5

Unit: NT\$ Thousands

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

Chien Kuo Construction Co., Ltd.

Receivables from Related Parties Amounting to NT\$100 Million or 20% of the Paid in Capital or More

January 1 to December 31, 2022

Appendix 6

Unit: NT\$ thousands, unless otherwise specified

Company to Which the Accounts Receivable Is Due	Counter-party	Relationship	Balance Dues from Related Parties	Turnover Rate	Overdue Receivables from Related Party		Subsequently Recovered Amount from Related Party(Note 1)	Loss Allowance Provided
					Amount	Action Taken		
Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Construction Co., Ltd.	Parent company	Accounts receivable \$ 117,059	0.63	\$ -	-	\$ 25,238	\$ -

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

Chien Kuo Construction Co., Ltd.

Information on Invested Companies and Their Locations, etc.

January 1 to December 31, 2022

Appendix 7

Unit: NT\$ Thousands

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

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

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

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

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

Appendix 8

Unit: NT\$ Thousands, unless otherwise specified

Investee in Mainland China	Principal Business Activities	Paid-in Capital	Manner of Investment	Cumulative Investment Amount Remitted from Taiwan - Beginning of the Period	Investment Amount Remitted or Received for the Current Period		Ending Balance of Accumulated Outflow of Investment from Taiwan	Profit or Loss of Invested Company in the Current Period	Percentage of Ownership (Direct or Indirect)	Investment Gains (Losses) Recognized for the Current Period (Note 1)	Carrying Amount as of December 31, 2022 (Note 1)	Investment Gains Repatriated by the End of the Current Period	Note
					Remitted	Received							
CK Asia (Shanghai) Information Technology Co., Ltd.	Computer software technology development and consultation	\$ 3,071	Investment through a company founded in a third region	\$ 68,326	\$ -	\$ -	\$ 68,326	\$ 22,758	100%	\$ 22,758	\$ 12,043	\$ 41,113	
Yangzhou Chien Yung Concrete Co., Ltd.	Production and sale of concrete and concrete products	61,420	Investment through a company founded in a third region	197,041	-	-	197,041	8,978	-	8,978	-	168,105	Note 4

Accumulated Investment Remitted from Taiwan to Mainland China at the End of the Period	Investment Amount Approved by the Investment Commission of the Ministry of Economic Affairs (MOEAIC)	Upper Limit on Investment Authorized by MOEAIC
\$868,785 (Note 3)	\$ 1,046,278 (Note 2)	\$ 2,844,509

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

Note 2. The amount authorized by the Investment Commission, MOEA was NT\$1,600,467 thousand, of which NT\$554,189 thousand was the earnings of invested companies in mainland China remitted to the third regions, and was not included in the calculation of the limit on investment.

Note 3. The amount remitted from Taiwan was NT\$868,785 thousand, including the following expenses:

(1) Loss on investment:

Investee in Mainland China	Original Investment Amount	Repatriated Investment Amount	Loss on Investment
Shanghai Chien Chung Concrete Co., Ltd.	\$ 33,553	\$ 14,058	\$ 19,495
Shanghai Ruihui Trading Co., Ltd.	9,210	916	8,294
Nanjing Jianxing Concrete Co., Ltd.	25,728	25,618	110
Jianxiang Management Consultant (Shanghai) Co., Ltd.	1,779	-	1,779

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

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

Chien Kuo Construction Co., Ltd. and Subsidiaries

Information on Major Shareholders

December 31, 2022

Appendix 9

Unit: In thousand shares

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

Note: Information on major shareholders in this table is provided by Taiwan Depository & Clearing Corporation according to information on shareholders holding at least 5% or greater of common stocks and preferred shares (including treasury shares) that have been issued and delivered without physical registration by the Company on the last business day at the end of the current quarter. The number of shares recorded in the Company's consolidated financial statements and the number of shares that have completed delivery of non-physical registration may differ due to the different calculation bases.

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Chien Kuo Construction Co., Ltd.

Statements of Financial Assets Measured at Fair Value through Profit or Loss

December 31, 2022

Form of Statement I

Unit: Shares in 1,000 Shares, Amount in NT\$ thousand

Name of Financial Instruments	Summary	Shares or Units	Face Value	Total Amount	Acquisition Cost	Fair Value	
						Unit Price (NT\$)	Total Amount
<b>Financial assets measured at FVTPL - current</b>							
Stock	Asustek Computer Inc.	6	\$ 10	\$ 60	\$ 1,625	268.50	\$ 1,611
	CTBC Financial Holding Co., Ltd.	50	10	500	1,133	22.10	1,105
					<u>\$ 2,758</u>		<u>\$ 2,716</u>
<b>Financial assets measured at FVTPL - non-current</b>							
Stock	BMC Venture Capital Investment Corporation	3,000	10	30,000	<u>\$ 30,000</u>	0.97	<u>\$ 29,100</u>

Chien Kuo Construction Co., Ltd.

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

January 1 to December 31, 2022

Form of Statement II

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

Name of Investee	Balance - beginning of year		Increase for this year		Decrease for this year		Change in unrealized gain or loss on financial asset	Balance - end of year	
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount
<b>Current</b>									
Domestic listed Companies									
Chia Hsin Cement Corporation	1,114	<u>\$ 23,126</u>	-	<u>\$ -</u>	-	<u>\$ -</u>	<u>(\$ 3,734)</u>	1,114	<u>\$ 19,392</u>
<b>Non-current</b>									
Domestic listed Companies									
Taiwan Cement Corporation	6,191	\$ 297,170	619	\$ -	-	\$ -	<u>(\$ 68,024)</u>	6,810	<u>\$ 229,146</u>
Chia Hsin Cement Corporation	6,853	142,200	-	-	-	-	<u>( 22,958)</u>	6,853	<u>119,242</u>
Chunghwa Telecom Co., Ltd.	189	22,018	-	-	189	21,971	<u>( 47)</u>	-	-
Mega Financial Holding Company Ltd.	860	30,573	-	-	860	28,371	<u>( 2,202)</u>	-	-
SinoPac Financial Holdings Company Ltd.	2,080	<u>33,592</u>	-	<u>\$ -</u>	2,080	<u>29,453</u>	<u>( 4,139)</u>	-	<u>\$ 348,388</u>
		<u><u>\$ 525,553</u></u>		<u><u>\$ -</u></u>		<u><u>\$ 79,795</u></u>	<u><u>(\$ 97,370)</u></u>		

Note 1. Par value of \$10 per share.

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

Note 3. 2,338 thousand shares of Taiwan Cement Corporation are pledged to the Court as collateral against the litigation between the Company and Shing Tzung.

## Chien Kuo Construction Co., Ltd.

## Statements of Changes in Contract Assets and Contract Liabilities

January 1 to December 31, 2022

Form of Statement III

Unit: NT\$ Thousands

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

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

Form of Statement IV

Unit: NT\$ Thousands

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

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

Chien Kuo Construction Co., Ltd.

Statement of Prepayments

December 31, 2022

Form of Statement V

Unit: NT\$ Thousands

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

Chien Kuo Construction Co., Ltd.

Statements of Changes in Investments Accounted for Using the Equity Method

January 1 to December 31, 2022

Form of Statement VI

Unit: NT\$ thousands, unless otherwise specified

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

Note 1. Except that the par values of Golden Canyon Limited and Silver Shadow Holding Limited is US\$1 per share, and that Shun Long International Electrical Engineering Co., Ltd. has no par value, the par values of the remaining companies are NT\$10 per share.

Note 2. Including the balance of other equity using equity method.

Note 3. The decrease for the current year is due to the allotment of dividend

Note 4. Increase for the year was due to the establishment of a joint venture by the Company and Chien Kuo Building on September 16, 2022.

Chien Kuo Construction Co., Ltd.

Statement of Short-term Loans

December 31, 2022

Form of Statement VII

Unit: NT\$ Thousands

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

Chien Kuo Construction Co., Ltd.

Statement of Accounts Payable

December 31, 2022

Form of Statement VIII

Unit: NT\$ Thousands

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

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

Chien Kuo Construction Co., Ltd.

Statements of Other Payables

December 31, 2022

Form of Statement IX

Unit: NT\$ Thousands

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

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

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

Form of Statement X

Unit: NT\$ Thousands

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

Chien Kuo Construction Co., Ltd.  
Statement of Operating Revenue and Cost  
2022

Form of Statement XI

Unit: NT\$ Thousands

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

Chien Kuo Construction Co., Ltd.

Statement of General and Administrative Expenses

2022

Form of Statement XII

Unit: NT\$ Thousands

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

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

Chien Kuo Construction Co., Ltd.

Summary Table of Employee Benefits, Depreciation and Amortization Expenses Incurred During the Current Period  
For the Year Ended December 31, 2022 and 2021

Form of Statement XIII

Unit: NT\$ Thousands

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

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

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

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

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

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

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

Note 7. The remuneration of the Company's directors is handled in accordance with Article 23 of the Company's Articles of Incorporation. The procedures for determining remuneration are based on the results of the performance evaluation by the Board of Directors of the Company and the "Regulations Governing Allocation and Payment of Remuneration to Directors". In addition to the Company's overall operating performance, future business risks and development trends, the Company also makes reference to the individual's performance achievement rate and contribution to the Company's performance

to provide reasonable remuneration. The performance evaluation and the reasonableness of the remuneration are reviewed by the Remuneration Committee and the Board of Directors. The remuneration system is reviewed as appropriate in accordance with the actual operating conditions and laws and regulations in order to make a balance between sustainable operation and risk control of the Company.