

# Chien Kuo Construction Co., Ltd.

## Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2021 and 2020

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## **Independent Auditors' Report**

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

### **Audit Opinions**

We have reviewed the Balance Sheets of Chien Kuo Construction Co., Ltd. as of March 31, 2021 and 2020, 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, 2021 and 2020.

We have reviewed the Balance Sheets of Chien Kuo Construction Co., Ltd. as of December 31, 2021 and 2020, 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, 2021 and 2020.

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2021 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 2021 are stated as follows:

#### Construction contracts

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

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

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

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

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

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

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

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

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

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

1. Identified and assessed the risks of a material misstatement(s) due to fraud or errors in the Financial Statements; designed and carried out appropriate countermeasures against the assessed risks; and obtained sufficient and appropriate audit evidence to provide the basis for audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or overrides of internal controls, the risk of an undetected material misstatement due to fraud is greater than that due to errors.
2. Acquired necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal controls of Chien Kuo Construction Co., Ltd.
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 2021. 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 28, 2022

## Chien Kuo Construction Co., Ltd.

## Balance Sheets

December 31, 2021 and 2020

Unit: NT\$ Thousands

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
1100	Cash (Note VI)	\$ 623,118	7	\$ 329,047	4
1110	Financial assets at fair value through profit or loss (Note VII)	303,111	4	605,589	7
1120	Financial assets at fair value through other comprehensive income (Note VIII)	23,126	-	21,231	-
1136	Financial assets measured at amortized cost (Note IX)	148,902	2	292,741	3
1140	Contract assets (Note XIX)	1,622,095	19	1,586,371	19
1150	Notes receivable (Note X)	34,536	-	7,500	-
1170	Accounts receivable (Notes X and XIX)	236,691	3	389,456	5
1200	Other receivables	235	-	51,305	1
1323	Inventories (for construction business) (Notes XI and XXVII)	465,926	6	465,926	6
1410	Prepayments	129,722	2	64,921	1
1470	Other current assets	11,498	-	6,371	-
11XX	Total current assets	<u>3,598,960</u>	<u>43</u>	<u>3,820,458</u>	<u>46</u>
Non-current assets					
1510	Financial assets at fair value through profit or loss (Note VII)	26,100	-	17,100	-
1520	Financial assets at fair value through other comprehensive income (Notes VIII and XXVII)	525,553	6	398,003	5
1550	Investments accounted for using equity method (Note XII)	4,018,205	48	3,839,350	46
1600	Property, Plant, and Equipment	32,357	1	31,262	1
1755	Right-of-use assets (Note XIII)	22,123	-	25,049	-
1760	Investment properties (Notes XIV and XXVII)	77,644	1	97,761	1
1840	Deferred tax assets (Note XXI)	24,069	-	29,616	1
1990	Other non-current assets (Note XXVII)	32,284	1	23,635	-
15XX	Total non-current assets	<u>4,758,335</u>	<u>57</u>	<u>4,461,776</u>	<u>54</u>
1XXX	Total assets	<u>\$ 8,357,295</u>	<u>100</u>	<u>\$ 8,282,234</u>	<u>100</u>
Code	Liabilities and Equity				
Current liabilities					
2100	Short-term loans (Note XV)	\$ 200,000	2	\$ -	-
2130	Contract Liabilities (Note XIX)	287,695	3	86,448	1
2170	Accounts receivable (Notes XVI and XXVI)	1,733,212	21	1,966,847	24
2200	Other payables	270,324	3	209,576	3
2230	Current tax liabilities	37,924	1	20,092	-
2320	Current portion of long-term loans (Note XV)	499,862	6	449,292	5
2399	Other current liabilities (Note XIII)	61,202	1	60,982	1
21XX	Total current liabilities	<u>3,090,219</u>	<u>37</u>	<u>2,793,237</u>	<u>34</u>
Non-current liabilities					
2540	Long-term loans (Note XV)	-	-	499,850	6
2570	Deferred tax Liabilities (Note XXI)	486,280	6	457,330	6
2600	Other non-current liabilities (Notes XIII and XVII)	78,218	1	103,166	1
25XX	Total non-current liabilities	<u>564,498</u>	<u>7</u>	<u>1,060,346</u>	<u>13</u>
2XXX	Total liabilities	<u>3,654,717</u>	<u>44</u>	<u>3,853,583</u>	<u>47</u>
Equity (Note XVIII)					
Capital					
3110	Common stock	<u>2,574,401</u>	<u>31</u>	<u>2,574,401</u>	<u>31</u>
3200	Additional paid-in capital	<u>204,852</u>	<u>2</u>	<u>204,852</u>	<u>2</u>
Retained Earnings					
3310	Legal reserve	682,772	8	645,464	8
3320	Special reserve	46,790	1	23,412	-
3350	Unappropriated earnings	1,181,539	14	1,038,788	13
3300	Total retained earnings	<u>1,911,101</u>	<u>23</u>	<u>1,707,664</u>	<u>21</u>
3400	Other equity	<u>12,224</u>	<u>-</u>	<u>( 58,266 )</u>	<u>( 1 )</u>
3XXX	Total equity	<u>4,702,578</u>	<u>56</u>	<u>4,428,651</u>	<u>53</u>
Total liabilities and equity					
		<u>\$ 8,357,295</u>	<u>100</u>	<u>\$ 8,282,234</u>	<u>100</u>

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

Chairman: Chang-shiou WU

Manager: Shih-ning TUNG

Accounting Manager: Lin-Ju LIN

Chien Kuo Construction Co., Ltd.

Statements of Comprehensive Income

From January 1 to December 31, 2021 and 2020

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

Code		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Note XIX)	\$ 5,318,630	100	\$ 6,753,748	100
5000	Operating costs (Notes XX and XXVI)	4,748,454	89	6,300,283	93
5900	Gross profit	570,176	11	453,465	7
6000	Operating expenses (Notes XX and XXVI)	299,484	6	272,776	4
6900	Net operating income	270,692	5	180,689	3
	Non-operating income and expenses				
7010	Other revenue (Notes XX and XXVI)	66,079	1	44,882	1
7020	Other gains and losses (Note XX)	8,198	-	( 25,523 )	-
7050	Finance costs (Notes XX and XXVI)	( 9,089 )	-	( 11,081 )	-
7060	Shares of profits or loss of associates accounted for using equity method (Note XII)	151,791	3	239,891	3
7000	Total non-operating income and expenses	216,979	4	248,169	4
7900	Income before income tax	487,671	9	428,858	7
7950	Income tax expense (Note XXI)	82,521	1	54,953	1
8200	Net income	405,150	8	373,905	6

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Code	Description	2021		2020	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note XVII)	\$ 2,318	-	(\$ 936)	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	49,650	1	( 16,501 )	-
8330	Shares of other comprehensive income from subsidiaries accounted for using equity method	1,309	-	( 3,351 )	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss (Note XXI)	( 463 )	-	187	-
8360	Items that may be reclassified subsequently to profit or loss:				
8380	Shares of other comprehensive income from subsidiaries accounted for using equity method	27,394	-	( 53,363 )	( 1 )
8399	Income tax related to items that will be reclassified subsequently to profit or loss (Note XXI)	( 5,479 )	-	10,465	-
8300	Other comprehensive income (after tax)	74,729	1	( 63,499 )	( 1 )
8500	Total comprehensive income	\$ 479,879	9	\$ 310,406	5
	Earnings per share (Note XXII)				
9750	Basic	\$ 1.57		\$ 1.43	
9850	Diluted	\$ 1.57		\$ 1.43	

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

Chairman: Chang-shiou WU Manager: Shih-ning TUNG Accounting Manager: Lin-Ju LIN

## Chien Kuo Construction Co., Ltd.

## Statements of Changes in Equity

From January 1 to December 31, 2021 and 2020

Unit: NT\$ Thousands

Code		Retained Earnings						Other equity			
		Capital	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of financial statements of foreign operations	Financial Assets at Fair Value through Other Comprehensive Income	Gain or loss on hedging instrument	Treasury stock	Total equity
A1	Balance as of January 1, 2020	\$ 2,674,401	\$ 201,627	\$ 626,554	\$ 50,001	\$ 800,246	(\$ 187,662 )	\$ 182,531	\$ 1,042	\$ -	\$ 4,348,740
	Appropriation and distribution of retained earnings for 2019			18,910	-	( 18,910 )	-	-	-	-	-
B1	Legal reserve	-	-	-	-	-	-	-	-	-	-
B17	Reversal of special reserve	-	-	-	( 18,090 )	18,090	-	-	-	-	-
B5	Cash dividends appropriated to shareholders - NT\$0.50 per share	-	-	-	-	( 133,720 )	-	-	-	-	( 133,720 )
B17	Reversal of special reserve due to disposal of subsidiaries	-	-	-	( 8,499 )	8,499	-	-	-	-	-
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income by associates	-	-	-	-	( 8,573 )	-	8,573	-	-	-
M5	Acquired part of the equity of subsidiary	-	993	-	-	-	-	-	-	-	993
L1	Purchase of treasury stock	-	-	-	-	-	-	-	-	( 97,768 )	( 97,768 )
L3	Retirement of treasury stock	( 100,000 )	2,232	-	-	-	-	-	-	97,768	-
D1	Net income for 2020	-	-	-	-	373,905	-	-	-	-	373,905
D3	Other comprehensive income (net of tax) for 2020	—	—	—	—	( 749 )	( 41,856 )	( 19,852 )	( 1,042 )	—	( 63,499 )
D5	Total comprehensive income in 2020	—	—	—	—	373,156	( 41,856 )	( 19,852 )	( 1,042 )	—	310,406
Z1	Balance as of December 31, 2020	2,574,401	204,852	645,464	23,412	1,038,788	( 229,518 )	171,252	-	-	4,428,651
	Appropriation and distribution of retained earnings for 2020			37,308	-	( 37,308 )	-	-	-	-	-
B1	Legal reserve	-	-	-	-	-	-	-	-	-	-
B17	Special reserve	-	-	-	34,854	( 34,854 )	-	-	-	-	-
B5	Cash dividends - NT\$0.80 per share	-	-	-	-	( 205,952 )	-	-	-	-	( 205,952 )
B17	Reversal of special reserve due to disposal of subsidiaries	-	-	-	( 11,476 )	11,476	-	-	-	-	-
Q1	Disposal of equity instruments measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	2,384	-	( 2,384 )	-	-	-
D1	Net income for 2021	-	-	-	-	405,150	-	-	-	-	405,150
D3	Other comprehensive income (net of tax) for 2021	—	—	—	—	1,855	21,915	50,959	—	—	74,729
D5	Total comprehensive income in 2021	—	—	—	—	407,005	21,915	50,959	—	—	479,879
Z1	Balance as of December 31, 2021	\$ 2,574,401	\$ 204,852	\$ 682,772	\$ 46,790	\$ 1,181,539	(\$ 207,603 )	\$ 219,827	\$ -	\$ -	\$ 4,702,578

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

Chairman: Chang-shiou WU

Manager: Shih-ning TUNG

Accounting Manager: Lin-Ju Lin

Chien Kuo Construction Co., Ltd.  
Statements of Cash Flows  
From January 1 to December 31, 2021 and 2020

Unit: NT\$ Thousands

Code		2021	2020
	Cash flows from operating activities		
A10000	Income before income tax	\$ 487,671	\$ 428,858
A20010	Adjustments to reconcile income (loss):		
A22400	Shares of profits or loss of subsidiaries and associates accounted for using equity method	( 151,791)	( 239,891)
A21300	Dividend income	( 38,807)	( 22,755)
A20100	Depreciation expense	19,608	17,322
A20400	Net gain on financial assets at fair value through profit or loss	( 17,223)	( 14,617)
A20900	Finance costs	9,089	11,081
A23200	Gain on disposal of associates accounted for using equity method	-	( 3,510)
A24600	Impairment loss on investment properties	-	2,252
A22700	Loss (gain) on disposal of investment properties	( 62)	1,838
A21200	Interest income	( 4,435)	( 1,197)
A20200	Amortization expenses	295	1,011
A29900	Profit from lease modification	-	( 96)
A22500	Loss on disposal of property, plant and equipment, net	-	3
A30000	Changes in operating assets and liabilities, net		
A31125	Contract assets	( 35,724)	( 287,491)
A31130	Notes receivable	( 27,036)	5,625
A31150	Accounts receivable	152,765	188,590
A31180	Other receivables	6,523	( 22)
A31200	Construction in Progress	-	( 2,349)
A31230	Prepayments	( 64,801)	31,653
A31240	Other current assets	( 5,127)	( 1,092)
A32125	Contract liability	201,247	( 159,248)
A32150	Accounts payable	( 233,635)	417,124
A32180	Other payables	( 10,536)	56,237
A32230	Other current liabilities	( 1,119)	4,348
A32990	Other non-current liabilities	( 372)	( 335)
A33000	Cash inflow generated from operations	286,530	433,339
A33100	Interest received	4,477	1,174
A33300	Interest paid	( 7,133)	( 10,206)
A33500	Income taxes paid	( 36,134)	( 94,057)
AAAA	Net cash inflow from operating activities	<u>247,740</u>	<u>330,250</u>

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Code		2021	2020
	Cash flows from investment activities		
B00100	Acquisition of financial assets at fair value through profit or loss	(\$ 915,464)	(\$ 725,964)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	1,341,336	89,371
B00050	Disposal of financial assets at amortized cost	143,839	-
B00010	Acquisition of financial assets at fair value through other comprehensive income	( 79,795)	-
B00040	Acquisition of financial assets at amortized cost	-	( 292,741)
B01900	Net cash inflow from disposal of associates	-	12,250
B02200	Net cash outflow from disposal of subsidiaries	( 200,000)	( 407,858)
B02300	Net cash flows from disposal of subsidiaries	-	5,767
B02400	Capital reduction of subsidiaries and refund of shares	176,829	120,000
B02700	Acquisition of property, plant and equipment	( 6,940)	( 3,429)
B03800	Increase in refundable deposits	( 183)	( 4,190)
B04500	Acquisition of intangible assets	( 1,600)	-
B05500	Proceeds from disposal of investment properties	19,221	47,618
B06700	Increase in pledged certificate of deposit	-	16,500
B07600	Dividend received	<u>56,456</u>	<u>991,513</u>
BBBB	Net cash inflows (outflows) from investing activities	<u>533,699</u>	( <u>151,163</u> )
	Cash flows from financing activities:		
C00100	Increase in short-term loans	200,000	-
C00500	Increase in short-term bills payable	-	50,000
C00600	Decrease in short-term bills payable	-	( 50,000)
C01700	Repayment of long-term loans	( 450,000)	-
C03000	Increase (decrease) in guarantee deposits received	( 18,654)	11,695
C04020	Repayment of lease principal	( 12,762)	( 10,934)
C04500	Cash dividends distributed	( 205,952)	( 133,720)
C04900	Purchase of treasury stock	-	( 97,768)
CCCC	Net cash outflows from financing activities	( <u>487,368</u> )	( <u>230,727</u> )
EEEE	Net increase (decrease) in cash	294,071	( 51,640)
E00100	Cash at the beginning of year	<u>329,047</u>	<u>380,687</u>
E00200	Cash at the end of year	<u>\$ 623,118</u>	<u>\$ 329,047</u>

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

Chairman: Chang-shiou WU Manager: Shih-ning TUNG Accounting Manager: Lin-Ju LIN

Chien Kuo Construction Co., Ltd.  
Notes to Financial Statements  
From January 1 to December 31, 2021 and 2020  
(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 24, 2022.

**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 2022 onward

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
"Annual Improvements to IFRSs 2018-2020"	January 1, 2022 (Note 1)
Amendment to IFRS 3 "References to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendment to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendment to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

Note 1. The amendments to IFRS 9 apply to the exchange of financial liabilities or modification of terms incurred in the annual reporting period beginning on and after January 1, 2022; the amendments to IAS 41 "Agriculture" apply to the fair value measurement in the annual reporting period beginning on and after January 1, 2022; the amendments to IFRS 1 "First-time Adoption of IFRSs" retrospectively apply to the annual reporting period beginning on and after January 1, 2022.

Note 2. The amendments apply to business combinations whose acquisition date falls within the annual reporting period beginning on and after January 1, 2022.

Note 3. The amendments apply to plant, property and equipment that meet the locations and conditions required for the management's expected operation on and after January 1, 2021.

Note 4. This amendment shall apply to contracts for which not all obligations have been fulfilled as of January 1, 2022.

**Amendment to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"**

The amendments provide that in assessing whether a contract is impaired, "cost of fulfilling a contract" should include an incremental cost of fulfilling the contract (e.g., direct labor and raw materials) and an allocation of other costs directly associated with the fulfillment of the contract (e.g., an allocation of depreciation expenses on property, plant and equipment used to fulfill the contract).

Besides the effects mentioned above, 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.

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

New/Revised/Amended Standards and Interpretations	Effective Date Issued by the IASB (Note 1)
Amendments to IFRS10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information"	January 1, 2023
Amendments to IAS1 "Classify Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendment to IAS 8 "Definition of Accounting Estimation"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 3. 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 4. 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 IAS1 "Classify Liabilities as Current or Non-current"

The amendment was made to clarify that when liabilities are classified as non-current, the Company's right for deferred repayment of at least 12 months after the reporting period at the end of the reporting period must be evaluated. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right. The amendment also clarifies that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendment specifies that to achieve the purpose of debt classification, the aforementioned full repayment refers to the transfer of cash, other economic resources or equity instruments of the Company to the transaction counterparty to eliminate the liabilities. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

2. 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.

3. 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 used 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 is continuously assessing the effects on its financial position and financial performance of amendments to the other standards and interpretations. Any relevant effect will be disclosed when the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The 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) Investment in associates

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

The combined company uses the equity method to account for its investments in associates and joint ventures.

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

(VII) Property, Plant, and Equipment

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

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

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

(VIII) Investment Property

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

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

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

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

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

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

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

**(X) Financial Instruments**

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

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

**1. Financial assets**

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

**(1) Types of measurement**

Financial assets held by the 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 XXV for the determination of fair value.

## B. Financial Assets 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.

#### (XI) Revenue Recognition

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

##### Revenue from construction contracts

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

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

#### (XII) Leases

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

##### 1. The Company as lessor

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

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

##### 2. The Company as lessee

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

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

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

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

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

### (XIII) Employee benefits

#### 1. Short-term employee benefits

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

#### 2. Post-employment benefits

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

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

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

#### 3. Termination benefits

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

## (XIV) Income Tax

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

### 1. Current-period income tax

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

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

### 2. Deferred income tax

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

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

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deductible temporary differences associated with such investment and equity, when it is probable that sufficient taxable income will be available to realize such temporary difference, a deferred tax asset is recognized, but only to the extent of the amount that is expected to be reversed in the foreseeable future.

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

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

### 3. Current and deferred taxes for the year

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

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

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

The Company has taken into consideration the recent development of the COVID-19 pandemic in Taiwan and its possible impact on the economic environment, and has taken into account the significant accounting estimates. The management will continue to review the estimates and basic assumptions. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

Construction contracts

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, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 2,542	\$ 2,422
Bank checks and demand deposits	<u>620,576</u>	<u>326,625</u>
	<u><u>\$ 623,118</u></u>	<u><u>\$ 329,047</u></u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
<u>Current</u>		
- Domestic listed stocks	\$ 256,717	\$ 75,770
- Fund beneficiary certificates	<u>46,394</u>	<u>529,819</u>
	<u><u>303,111</u></u>	<u><u>605,589</u></u>
<u>Non-current</u>		
- Private equity funds	<u>26,100</u>	<u>17,100</u>
	<u><u>\$ 329,211</u></u>	<u><u>\$ 622,689</u></u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Investment in equity instruments		
Domestic listed stocks		
- Current	\$ 23,126	\$ 21,231
- Non-current	<u>525,553</u>	<u>398,003</u>
	<u><u>\$ 548,679</u></u>	<u><u>\$ 419,234</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 XXVII.

IX. Financial Assets at Amortized Cost

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Restricted bank deposits	\$ 117,446	\$ 63,364
Restricted bank term deposits	21,446	199,360
Restricted bills with repurchase agreement	<u>10,010</u>	<u>30,017</u>
	<u><u>\$ 148,902</u></u>	<u><u>\$ 292,741</u></u>

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, 2021</u>	<u>December 31, 2020</u>
Restricted bank term deposits	0.18%~0.25%	0.35%
Restricted bills with repurchase agreement	0.19%	0.63%~0.75%

**X. Notes Receivable and Accounts Receivable**

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	<u>\$ 34,536</u>	<u>\$ 7,500</u>
<b><u>Accounts receivable</u></b>		
Measured at amortized cost		
Total carrying amount	\$ 245,777	\$ 398,542
Less: Allowance losses	( 9,086)	( 9,086)
	<u>\$ 236,691</u>	<u>\$ 389,456</u>

**Accounts receivable**

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

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

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

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Not overdue	<u>\$ 34,536</u>	<u>\$ 7,500</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Not overdue	\$ 205,591	\$ 360,417
Less than 180 days	7,340	18,605
181~360 days	14,148	8,460
More than 361 days	<u>18,698</u>	<u>11,060</u>
Total	<u><u>\$ 245,777</u></u>	<u><u>\$ 398,542</u></u>

Loss allowance for accounts receivable did not change for the year ended December 31, 2021 and 2020.

**XI. Inventories (for construction business)**

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Xinzhi Section, Xinzhuang District	<u><u>\$ 465,926</u></u>	<u><u>\$ 465,926</u></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 XV and XXVII.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Investments in subsidiaries	<u><u>\$ 4,018,205</u></u>	<u><u>\$ 3,839,350</u></u>

**(I) Investments on Subsidiaries**

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Golden Canyon Limited	\$ 1,447,815	\$ 1,446,600
Silver Shadow Holding Limited	1,779,332	1,812,134
Chien Kuo Building Co., Ltd.	110,093	100,855
Shun Long International Electrical Engineering Co., Ltd.	82,825	79,430
Golden Canyon Venture Capital Investment Co., Ltd.	398,353	400,331
Golden Canyon II Venture Capital Investment Co., Ltd.	<u>199,787</u>	<u>-</u>
	<u><u>\$ 4,018,205</u></u>	<u><u>\$ 3,839,350</u></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, 2021</u>	<u>December 31, 2020</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%	-

The recognition of shares of profits and shares of other comprehensive income from subsidiaries accounted for using the equity method in 2021 and 2020 was based on the financial statements audited by certified public accountants of subsidiaries for the same periods

(II) Investments in associates

Associates not individually significant

	<u>2021</u>	<u>2020</u>
Shares attributable to the Company		
Net income (loss) from continuing operations	\$ _____ -	(\$ 426)
Total comprehensive income	\$ _____ -	(\$ 426)

The remaining equity of WeBIM Services was disposed of on August 17, 2020 with a gain on disposal of NT\$3,510 thousand recognized

XIII. Lease Agreement

(I) Right-of-use assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of right-of-use assets		
Buildings	\$ 18,840	\$ 23,543
Transportation equipment	3,283	1,506
	<u>\$ 22,123</u>	<u>\$ 25,049</u>

	2021	2020
Additions to right-of-use assets	<u>\$ 9,877</u>	<u>\$ 13,318</u>
Depreciation expense of right-of-use assets		
Buildings	\$ 10,992	\$ 9,120
Transportation equipment	<u>1,812</u>	<u>1,947</u>
	<u>\$ 12,804</u>	<u>\$ 11,067</u>

(II) Lease liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of lease liabilities		
Current (listed as other current liabilities)	<u>\$ 13,140</u>	<u>\$ 9,408</u>
Non-current (listed as other non-current liabilities)	<u>\$ 9,339</u>	<u>\$ 15,955</u>

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

	2021	2020
Buildings	1.65%	1.65%
Transportation equipment	3.00%	3.00%

(III) Other lease information

	2021	2020
Short-term lease expense	<u>\$ 9,695</u>	<u>\$ 5,480</u>
Total cash outflow on lease	<u>\$ 22,457</u>	<u>\$ 16,414</u>

XIV. Investment Property

	2021	2020
<u>Cost</u>		
Balance - beginning of year	\$ 120,050	\$ 182,312
Disposal	( 24,479)	( 62,262)
Balance - end of year	<u>\$ 95,571</u>	<u>\$ 120,050</u>
<u>Accumulated depreciation and impairment</u>		
Balance - beginning of year	\$ 22,289	\$ 31,805
Depreciation expense	959	1,038
Impairment loss	-	2,252
Disposal	( 5,321)	( 12,806)
Balance - end of year	<u>\$ 17,927</u>	<u>\$ 22,289</u>
Net amount - end of year	<u>\$ 77,644</u>	<u>\$ 97,761</u>
Fair Value	<u>\$ 97,775</u>	<u>\$ 118,405</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 XXVII.

XV. Loans

(I) Short-term loans

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Unsecured loans</u>		
Credit line loans	<u>\$ 200,000</u>	<u>\$ _____ -</u>
Annual interest rate (%) (Effective interest rate)	0.94%~0.99%	—

(II) Long-term loans

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<b><u>Secured loans (Note XXVII)</u></b>		
Bank loans (1)	\$ 350,000	\$ 350,000
Less: Current portion	( <u>350,000</u> )	_____ -
Subtotal	_____ -	<u>\$350,000</u>
<b><u>Unsecured loans</u></b>		
Long-term commercial paper payables (2)	150,000	600,000
Less: Discount on long-term commercial papers payable	( <u>138</u> )	( <u>858</u> )
	149,862	599,142
Less: Current portion	( <u>149,862</u> )	( <u>449,292</u> )
Subtotal	_____ -	<u>149,850</u>
Long-term loans	<u>\$ -</u>	<u>\$499,850</u>
Annual interest rate (%) (Effective interest rate)	1.35%~1.36%	1.35%~1.68%

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 is July 12, 2022. Interest is being paid monthly, and the principal should be repaid in full upon maturity. The land is pledged as collateral.
2. The long-term commercial 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>	( <u>\$ 138</u> )	<u>\$ 149,862</u>	1.36%	None

December 31, 2020

Guarantor/Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Effective Interest Rate Interval	Collateral
Shanghai Commercial and Savings Bank	\$ 300,000	(\$ 466)	\$ 299,534	1.65%	None
Entie Commercial Bank	150,000	( 242 )	149,758	1.68%	None
Mega International Commercial Bank	<u>150,000</u>	( <u>150</u> )	<u>149,850</u>	1.36%	None
	<u><u>\$ 600,000</u></u>	<u><u>(\$ 858)</u></u>	<u><u>\$ 599,142</u></u>		

**XVI. Accounts payable**

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

**XVII. Post-retirement Benefit Plans**

(I) **Defined Contribution Plan**

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

(II) **Defined Benefit Plans**

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	\$ 33,358	\$ 38,752
Fair value of plan assets	( <u>33,101</u> )	( <u>35,806</u> )
Net defined benefit liabilities (listed as other non-current liabilities)	<u>\$ 257</u>	<u>\$ 2,946</u>

Changes in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair Value of plan assets	Net defined benefit liabilities
January 1, 2020	\$ 36,027	(\$ 33,681)	\$ 2,346
Service costs			
Current service cost	333	-	333
Interest expense (income)	250	( 236)	14
Recognized in profit and loss	583	( 236)	347
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	( 1,206)	( 1,206)
Actuarial loss - Experience adjustments	852	-	852
Actuarial gain - Change in demographic and financial assumptions	\$ 1,290	\$ -	\$ 1,290
Recognized in other comprehensive income	2,142	( 1,206)	936
Contribution from employer	-	( 683)	( 683)
December 31, 2020	38,752	( 35,806)	2,946
Service costs			
Current service cost	303	-	303
Interest expense (income)	115	( 107)	8
Recognized in profit and loss	418	( 107)	311
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	\$ 33,358	(\$ 33,101)	\$ 257

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

	2021	2020
By function		
Operating costs	\$ 298	\$ 202
Operating expenses	<u>13</u>	<u>145</u>
	<u><u>\$ 311</u></u>	<u><u>\$ 347</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, December 31, 2021	2020
Discount rate	0.67%	0.30%
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, 2021	December 31, 2020
Discount rate		
Increase by 0.25%	(\$ 648)	(\$ 813)
Decrease by 0.25%	<u>\$ 667</u>	<u>\$ 838</u>
Expected growth rate of salary		
Increase by 0.25%	<u>\$ 656</u>	<u>\$ 822</u>
Decrease by 0.25%	(\$ 641)	(\$ 802)

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Expected contribution amounts within 1 year	<u>\$ 621</u>	<u>\$ 680</u>
Average maturity period of defined benefit obligations	7 years	8 years

## XVIII. Equity

### (I) Capital

#### Common stock

	<u>December 31, 2021</u>	<u>December 31, 2020</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>257,440</u>	<u>257,440</u>
Issued capital	<u>\$ 2,574,401</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 credit and shareholder equity, the Board resolved on March 27, 2020 to repurchase the treasury stock and set the record date for capital reduction on August 14, 2020. The paid-in capital is 257,440 thousand shares after the retirement of 10,000 thousand shares of treasury stock.

### (II) Additional paid-in capital

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>May be used to offset deficits, appropriated as cash dividends or transferred to capital (1)</u>		
Stock issuance premium	\$ 190,053	\$ 190,053
Treasury stock transactions	13,528	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>\$ 204,852</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 XX (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. 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 July 22, 2021, and June 23, 2020, and respectively resolved the 2020 and 2019 earnings distribution proposals as follows:

	Proposal of Earnings Appropriation		Dividends per Share (NT\$)	
	2020	2019	2020	2019
Legal reserve	\$ 37,308	\$ 18,910		
Appropriation (reversal) of special reserve	34,854	( 18,090)		
Cash dividends	205,952	133,720	\$ 0.80	\$ 0.50

The appropriation of earnings and dividends per share for 2021 proposed by the Board of Directors on March 24, 2022 are as follows:

	Proposal of Earnings Appropriation	Dividends per Share (NT\$)
Legal reserve	\$ 42,086	
Reversal of special reserve	( 34,566)	
Cash dividends	257,440	\$ 1.0

The distribution of earnings for 2021 is subject to the resolution of the Stockholders' meeting to be held on June 21, 2022.

(IV) Treasury stock

<u>Accounting subject</u>	<u>Repurchase for Cancellation (In 1,000 Shares)</u>
Number of shares as of January 1, 2020	-
Increase for the year	10,000
Cancellation for the year	( 10,000)
Number of shares as of December 31, 2020	-

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

**XIX. Revenue**

(I) Revenue from contracts with customers

	<u>2021</u>	<u>2020</u>
Revenue from construction contracts	<u>\$ 5,318,630</u>	<u>\$ 6,753,748</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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable (Note X)	<u>\$ 236,691</u>	<u>\$ 389,456</u>
Contract assets		
Real estate construction	\$ 783,730	\$ 819,682
Construction retainage receivable	839,879	768,203
Less: Allowance losses	( 1,514)	( 1,514)
	<u>\$ 1,622,095</u>	<u>\$ 1,586,371</u>
Contract liability		
Real estate construction	<u>\$ 287,695</u>	<u>\$ 86,448</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, 2021 are as follows:

Anticipated years to recognize revenue	<u>December 31, 2021</u>
2022~2027	<u>\$ 15,357,210</u>

XX. Net income

Net income for the current year comprises the following items:

(I) Other income

	<u>2021</u>	<u>2020</u>
Dividend income	\$ 38,807	\$ 22,755
Revenue from manpower support	16,800	18,000
Interest income	4,435	1,197
Others	<u>6,037</u>	<u>2,930</u>
	<u>\$ 66,079</u>	<u>\$ 44,882</u>

(II) Other gains and losses

	2021	2020
Loss on foreign currency exchange, net	(\$ 2,532)	(\$ 30,663)
Gain on valuation of financial assets at fair value through profit or loss	17,223	14,617
Gain on disposal of associates accounted for using equity method	-	3,510
Litigation compensation loss	-	( 2,394)
Impairment loss on investment properties	-	( 2,252)
Loss on disposal of investment properties, net	62	( 1,838)
Others	( 6,555)	( 6,503)
	<u>\$ 8,198</u>	<u>(\$ 25,523)</u>

(III) Finance costs

	2021	2020
Interest expenses		
Interest on bank loans	\$ 8,630	\$ 10,565
Lease liabilities	<u>459</u>	<u>516</u>
	<u>\$ 9,089</u>	<u>\$ 11,081</u>

(IV) Depreciation and amortization expenses

	2021	2020
Property, Plant, and Equipment	\$ 5,845	\$ 5,217
Right-of-use assets	12,804	11,067
Investment Property	959	1,038
Intangible assets	<u>295</u>	<u>1,011</u>
	<u>\$ 19,903</u>	<u>\$ 18,333</u>

Depreciation expenses by function

Operating costs	\$ 2,281	\$ 1,649
Operating expenses	16,368	14,635
Other gains and losses	<u>959</u>	<u>1,038</u>
	<u>\$ 19,608</u>	<u>\$ 17,322</u>

Amortization expenses by function

Operating costs	\$ 3	\$ -
Operating expenses	<u>292</u>	<u>1,011</u>
	<u>\$ 295</u>	<u>\$ 1,011</u>

(V) Employee benefits expenses

	2021	2020
Short-term employee benefits	\$ 496,097	\$ 445,513
Post-employment benefits		
Defined Contribution Plan	17,604	16,177
Defined benefit plans (Note XVII)	311	347
Termination benefits	<u>1,939</u>	<u>1,329</u>
Total employee benefits expenses	<u><u>\$ 515,951</u></u>	<u><u>\$ 463,366</u></u>
By function		
Operating costs	\$ 272,507	\$ 245,749
Operating expenses	<u>243,444</u>	<u>217,617</u>
	<u><u>\$ 515,951</u></u>	<u><u>\$ 463,366</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 2021 and 2020 were resolved by the Board of Directors on March 24, 2022 and March 25, 2021 respectively as follows:

	2021		2020	
	Cash	Percentage (%)	Cash	Percentage (%)
Employee remuneration	\$ 15,563	3%	\$ 13,686	3%
Director remuneration	<u>15,563</u>	3%	<u>13,686</u>	3%
	<u><u>\$ 31,126</u></u>		<u><u>\$ 27,372</u></u>	

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

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

**XXI. Income Tax**

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

	2021	2020
Current-period income tax		
Income tax expenses recognized in the current period	\$ 52,840	\$ 40,522
Additional tax on unappropriated earnings	4,323	2,728
Adjustments for previous years	( 3,197)	( 1,156)
Tax levied separately by the Repatriated Offshore Funds Act	-	77,550
	<u>53,966</u>	<u>119,644</u>
Deferred income tax		
Income tax expenses recognized in the current period	<u>28,555</u>	( 64,691)
Income tax expenses recognized in profit or loss	<u>\$ 82,521</u>	<u>\$ 54,953</u>

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

	2021	2020
Income before income tax	<u>\$ 487,671</u>	<u>\$ 428,858</u>
Income tax expenses calculated based on income before income tax and the statutory tax rate	\$ 97,534	\$ 85,772
Effects on the deferred income tax of subsidiaries' earnings	-	( 93,618)
Permanent difference	80	221
Exemptions	( 18,256)	( 12,631)
Additional tax on unappropriated earnings	4,323	2,728
Adjustments on income tax expenses of prior years	( 3,197)	( 1,156)
Realized loss from domestic investment using equity method	-	( 3,913)
Tax levied separately by the Repatriated Offshore Funds Act	-	77,550
Others	<u>2,037</u>	<u>-</u>
Income tax expenses recognized in profit or loss	<u>\$ 82,521</u>	<u>\$ 54,953</u>

(II) Income tax recognized in other comprehensive income

	2021	2020
<b><u>Deferred income tax</u></b>		
- Translation of foreign operations	(\$ 5,479)	\$ 10,465
- Remeasurement of defined benefit plans	( 463)	187
Income tax recognized in other comprehensive income	(\$ 5,942)	\$ 10,652

(III) Deferred Income Tax Assets and Liabilities

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

2021

	Balance - beginning of year	Recognized in profit and loss	Recognized in other comprehensive income	Balance - end of year
<b><u>Deferred tax assets</u></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>

Deferred tax liabilities

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>

2020

	Balance - beginning of year	Recognized in profit and loss	Recognized in other comprehensive income	Balance - end of year
<u>Deferred tax assets</u>				
Warranty Cost	\$ 4,533	\$ 694	\$ -	\$ 5,227
Construction proceeds temporarily estimated	5,084	12,668	-	17,752
Unrealized construction loss	2,287	957	-	3,244
Defined benefit pension plan	469	( 67)	187	589
Impairment loss	2,679	( 1,783)	-	896
Unrealized exchange losses	2	1,426	-	1,428
Expected credit losses	<u>480</u>	<u>-</u>	<u>-</u>	<u>480</u>
	<u>\$ 15,534</u>	<u>\$ 13,895</u>	<u>\$ 187</u>	<u>\$ 29,616</u>

Deferred tax liabilities

Gains or losses from investment accounted for using equity method	\$ 491,035	(\$ 50,796)	\$ -	\$ 440,239
Exchange differences on translation of foreign operations	15,827	-	( 10,465)	5,362
Reserve for land value increment tax	10,814	-	-	10,814
Others	<u>915</u>	<u>-</u>	<u>-</u>	<u>915</u>
	<u>\$ 518,591</u>	<u>(\$ 50,796)</u>	<u>(\$ 10,465)</u>	<u>\$ 457,330</u>

(IV) Income tax approval status

The tax authorities have approved the profit-seeking enterprise income tax returns of the Company through 2019.

XXII. Earnings Per Share

	Unit: NT\$	
	2021	2020
Basic earnings per share	<u>\$ 1.57</u>	<u>\$ 1.43</u>
Diluted earnings per share	<u>\$ 1.57</u>	<u>\$ 1.43</u>

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

	2021	2020
Net income	<u>\$ 405,150</u>	<u>\$ 373,905</u>

Shares

Unit: In thousand shares

	2021	2020
Weighted average number of shares of common stock used for the calculation of basic earnings per share	257,440	260,603
Effect of potentially dilutive shares of common stocks:		
Employee remuneration	<u>1,321</u>	<u>1,296</u>
Weighted average number of shares of common stock used for the calculation of diluted earnings per share	<u>258,761</u>	<u>261,899</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.

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

By the end of 2021 and 2020, financial assets measured at fair value through profit and loss that the Company purchased and disposed of for NT\$78,551 thousand and NT\$7,884 thousand that the Company purchased and disposed of are recognized as other payables and other receivables, respectively, at the year-end due to settlement-date lag.

**XXIV. Capital Risk Management**

The objective of the Company's capital management is to ensure that the 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.

**XXV. Financial Instruments**

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

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

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

1. Fair value level

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit or loss</u>				
Domestic listed stocks	\$ 256,717	\$ -	\$ -	\$ 256,717
Fund beneficiary certificates	46,394	-	-	46,394
Private equity funds	<u>-</u>	<u>-</u>	<u>26,100</u>	<u>26,100</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>				
Domestic listed stocks	<u>\$ 548,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 548,679</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit or loss</u>				
Domestic listed stocks	\$ 75,770	\$ -	\$ -	\$ 75,770
Fund beneficiary certificates	529,819	-	-	529,819
Private equity funds	<u>-</u>	<u>-</u>	<u>17,100</u>	<u>17,100</u>
Total	<u>\$ 605,589</u>	<u>\$ -</u>	<u>\$ 17,100</u>	<u>\$ 622,689</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Domestic listed stocks	<u>\$ 419,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 419,234</u>

There was no transfer between Level 1 and Level 2 fair value measurement for 2021 and 2020.

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 unobservable inputs applied by the Company were a 10% discount for lack of liquidity and a 10% discount for minority interest on December 31, 2021 and December 31, 2020. When other inputs are held constant, a 1% discount would decrease the fair value by NT\$2,070 thousand and NT\$1,080 thousand, respectively.

(III) Types of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<b><u>Financial assets</u></b>		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$ 329,211	\$ 622,689
Financial assets at amortized cost (Note 1)	1,043,482	1,070,049
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments	548,679	419,234
<b><u>Financial liabilities</u></b>		
Measured at amortized cost (Note 2)	2,703,398	3,125,565

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

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

(IV) Financial risk management objectives and policies

The daily operations of the Company are subject to a number of financial risks, including market risk (including foreign exchange rate risk, interest rate risk and other price 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 XXIX 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	
	2021	2020
USD	\$ 216	\$ 2,004

#### (2) Interest rate risk

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

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

	December 31, 2021	December 31, 2020
With fair value interest rate risk		
- Financial assets	\$ 31,456	\$ 229,377
- Financial liabilities	223,662	474,655
With cash flow interest rate risk		
- Financial assets	738,022	389,989
- Financial liabilities	499,862	499,850

#### 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 \$2,382 thousand and \$1,099 thousand for 2021 and 2020, 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 2021 and 2020 would have increased/decreased by NT\$32,921 thousand and NT\$62,269 thousand due to a change in the fair value of financial assets at fair value through profit or loss.

If the price increased/decreased by 10%, other comprehensive income in 2021 and 2020 would have increased/decreased by NT\$54,868 thousand or NT\$41,923 thousand, respectively, due to a change in the fair value of financial assets at fair value through other comprehensive income.

2. Credit risk

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

Customers

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

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, 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-rate instruments	200,000	-	-
Floating interest rate instruments	<u>499,862</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 2,651,745</u></u>	<u><u>\$ 47,749</u></u>	<u><u>\$ 26,747</u></u>

December 31, 2020

	Less than 1 Year	1~2 Year(s)	2~5 Years
Non-interest-bearing liabilities	\$ 2,099,176	\$ 60,271	\$ 16,976
Lease liabilities	10,557	9,628	5,724
Fixed-rate instruments	449,292	-	-
Floating interest rate instruments	<u>-</u>	<u>499,850</u>	<u>-</u>
	<u><u>\$ 2,559,025</u></u>	<u><u>\$ 569,749</u></u>	<u><u>\$ 22,700</u></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, 2021</u>	<u>December 31, 2020</u>
Credit line of unsecured bank loan		
- Amount used	\$ 350,000	\$ 600,000
- Amount unused	<u>1,563,584</u>	<u>1,616,429</u>
	<u><u>\$ 1,913,584</u></u>	<u><u>\$ 2,216,429</u></u>
Credit line of secured bank loan		
- Amount used	\$ 350,000	\$ 350,000
- Amount unused	<u>100,000</u>	<u>100,000</u>
	<u><u>\$ 450,000</u></u>	<u><u>\$ 450,000</u></u>

## XXVI. Related Party Transactions

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

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

Name of Related Party	Relationship with the Company
Shun Long International Electrical Engineering Co., Ltd. (Shun Long)	Subsidiary
WeBIM Services Co., Ltd. (WeBIM Services)	Has been an affiliated company of the Company since January 22, 2019, and the remaining equity of the company has been disposed of on August 17, 2020
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.
Meng-chung LEE	Chairman of WeBIM Services
Tzu-chiang YANG	Director of the Company
Pang-yen YANG	Director of the Company

### (II) Construction projects undertaken

Category/ Name of Related Party	No. of Contract	Total amount of contract	Construction costs recognized in the current year	Accumulated construction costs recognized	Accounts payable
<u>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>
<u>2020</u>					
Shun Long	101C1502	\$ 419,685	\$ 15,222	\$ 419,685	\$ 44,311
	101C1504	234,813	34,716	226,814	24,522
	101C1603	77,098	2,078	74,282	7,836
	101C1605	264,576	31,816	262,876	24,704
	101C1702	299,708	177,142	274,967	78,672

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
101C1703	558,431	264,545	509,675	70,669	
101C1707	420,584	266,198	319,104	60,652	
101C1701	115,510	51,568	101,976	16,379	
101C1802	426,440	141,252	147,410	38,910	
101C1803	198,302	29,869	34,834	7,525	
101C1901	3,136	1,430	3,136	-	
101C1902	294	228	294	-	
101C1903	196	130	196	-	
Other sporadic construction projects	8,304	1,052	7,167	-	
	<u>\$ 3,027,077</u>	<u>\$ 1,017,246</u>	<u>\$ 2,382,416</u>	<u>\$ 374,180</u>	

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

Accounting subject	Category of Related Parties	2021	2020
Construction costs	Associates	<u>\$ -</u>	<u>\$ 1,124</u>
Other income	Subsidiary	<u>\$ 16,874</u>	<u>\$ 18,000</u>

They are the costs paid for entrusting associates to provide services such as architectural model drawing or the revenues from manpower supply to the subsidiaries, and are handled in accordance with general terms and conditions

(IV) Other related party transactions

1. Lease agreements

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

Accounting subject	Category of Related Parties	2021	2020
Acquisition of right-of-use assets	Other related parties	<u>\$ 5,811</u>	<u>\$ 12,532</u>
Lease liabilities	Other related parties	<u>\$ 11,033</u>	<u>\$ 10,088</u>

<u>Accounting subject</u>	<u>Category of Related Parties</u>	<u>2021</u>	<u>2020</u>
	<u>Other related parties</u>		
Interest expenses		<u>\$ 198</u>	<u>\$ 178</u>

2. Lease agreements (operating lease)

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

<u>Accounting subject</u>	<u>Category of Related Parties</u>	<u>2021</u>	<u>2020</u>
	<u>Other related parties</u>		
Rent income		<u>\$ 1,143</u>	<u>\$ 1,143</u>

3. Equity transaction

The Company sold 49% of the equity of WeBIM Services to the chairman of WeBIM Services on August 17, 2020, at a disposal price of NT\$12,250 thousand.

4. Donation

<u>Category of Related Parties</u>	<u>2021</u>	<u>2020</u>
Other related parties	<u>\$ 1,800</u>	<u>\$ 1,800</u>

The Company donated funds for broadcast production to related parties.

(V) Endorsements/guarantees

Endorsements/Guarantees Provided for Others

<u>Category/ Name of Related Party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Shun Long	<u>\$ 100,000</u>	<u>\$ 100,000</u>

(VI) Remuneration to key management

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	<u>\$ 74,318</u>	<u>\$ 56,756</u>
Post-employment benefits	<u>1,882</u>	<u>1,237</u>
	<u>\$ 76,200</u>	<u>\$ 57,993</u>

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

## XXVII. Pledged Assets

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Inventories (for construction business)	\$ 463,577	\$ 463,577
Financial assets measured at FVTOCI		
- non-current	143,544	129,939
Investment Property	30,401	30,974
Other restricted assets (classified as other non-current assets)	<u>21,057</u>	<u>13,897</u>
	<u><u>\$ 658,579</u></u>	<u><u>\$ 638,387</u></u>

## XXVIII. Significant Contingent Liabilities and Unrecognized Contract Commitments

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

- (I) The construction project of the National Kaohsiung Center for the Arts (Weiwuying) (hereinafter referred to as "the Project") undertaken by the Company was completed on December 16, 2016, and the Ministry of Culture of the Republic of China (hereinafter referred to as "the Ministry") began the initial acceptance inspection on February 20, 2017. Per instructions of the Ministry during the acceptance inspection process, work completed in phases was delivered for use, while other interface projects were still undergoing construction within the same space. The Ministry even allowed public access to some facilities without turning on related equipment to maintain appropriate temperature and humidity, which resulted in unexpected damage and deficiencies to the Project. The Ministry required the Company to repair the damaged part, which caused the Project's failure to conform to the acceptance procedures within the time limit. As a result, the Ministry proposed to impose a default penalty on the Company for the delay. The Company deemed such application of law was wrong and in violation of the principles of fairness and reasonableness. Therefore, it filed a request for mediation to the Complaint Review Board for Government Procurement under the Public Construction Commission of the Executive Yuan (the "Commission") on October 9, 2018. Since no consensus was reached during the mediation of the Commission, the Company submitted a request for arbitration on August 6, 2020. According to the arbitration result on September 15, 2021, the remaining project payment and the refund of the paid default penalty due by the Ministry to the Company amounted to NT\$80,726 thousand, and the amount was booked by the Company.
- (II) 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. Regarding the two lawsuits, the Kaohsiung Qiaotou District Court ruled that the Company shall pay Shing Tzung NT\$10,477 thousand plus interest calculated at 5% per annum from July 8, 2015 to the settlement date and that Shing Tzung shall pay the Company NT\$27,382 thousand plus interest calculated at 5% per annum from October 30, 2015 to the settlement date. The two parties appealed to the Kaohsiung Branch of the Taiwan High Court during the legal period, and the first court session was held on January 4, 2021. The lawyers of Shing Tzung stated that it would take a little more time to prepare the relevant documents because of the change of lawyers. Therefore, the court scheduled the second verbal debate for April 22, 2021. The judge instructed that the disputed items of Shing Tzung should be sent to supplementary appraisal. The appraisal unit held a preliminary appraisal meeting on initial inspection on September 1, 2021, and the appraisal report is currently pending so that the outcome of the judgment cannot be assessed.

- (III) On March 15, 2013, the Company and Kingland Property Corporation Ltd. (formerly known as DSG Technology Inc., hereinafter referred to as "Kingland") signed a construction contract, under which two parties covenanted to contract the Company for the construction project named "Fu-yi River Residential Construction Project" on Land No. 440, Zhuangjing Section, Xindian District, New Taipei City. The Company had completed the various stages of work as specified by the contract and, together with Kingland, completed the acceptance of the residential units and inspection of communal facilities. Due to a large portion of the residential units being unsold and thus the condominium management committee failed to be established, Kingland, by putting up various excuses, refused to make progress with any follow-up inspections or acceptance, and furthermore refused to make the remaining contract payments and additional payments due to the Company. The Company then submitted a request for arbitration on October 22, 2019, demanding Fuyi Company to pay the remaining balance and the amount for additional works by the Company NT\$57,370 thousand. The arbitration conference ended on March 5, 2021, and the arbitration judgment was received in early April, 2021. After the two parties settled based on the arbitration judgment, the Fuyi Company should pay the Company approximately NT\$45,000 thousand for the remaining balance of construction contracts, and the Company has booked the settlement according to the arbitration result.
- (IV) As of December 31, 2021, the performance guarantee letters issued by the bank for construction projects of the Company amounted to NT\$1,538,975 thousand.
- (V) As of December 31, 2021, the guaranteed bills issued by the Company for business needs amounted to NT\$155,851 thousand.

## XXIX. 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, 2021

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

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 7,036	28.48(USD:NTD)	\$ <u>200,385</u>
<u>Non-monetary items</u>			
USD	114,422	28.48(USD:NTD)	\$ <u>3,258,734</u>

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

	2021		2020	
	Exchange Rate	Net Exchange Loss	Exchange Rate	Net Exchange Loss
<u>Financial assets</u>				
USD	28.01 (USD:NTD)	(\$ <u>587</u> )	29.55 (USD:NTD)	(\$ <u>7,130</u> )

## XXX. Supplementary Disclosures

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

1. Loaning Provided to Others: None.
2. Endorsements/Guarantees Provided for Others: (Appendix 1)
3. Marketable Securities Held at the End of the Period (Excluding investment in Subsidiaries, Associates and Joint Ventures): (Appendix 2)

4. Marketable Securities Acquired and Disposed of Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: None.
5. Acquisition of Real Estate Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: None.
6. Disposal of Real Estate Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: None.
7. Purchases from or Sales to Related Parties Amounting to NT\$100 million or 20% of the Paid-in Capital or More. (Appendix 3)
8. Receivables from Related Parties Amounting to NT\$100 Million or 20% of the Paid-in Capital or More. (Appendix 4)
9. Engaging in Derivatives Trading: None.
10. Information on Invested Companies: (Appendix 5)

(III) Information on investments in Mainland China:

1. Information on invested companies in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, gain or loss on investments, carrying amount of investment at the end of the period, gain or loss on repatriated investment and limits on investments in mainland China: (Appendix 6)
2. Any of the following significant transactions with invested companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms and unrealized gain or loss: (None)
  - (1) Purchase amount and percentage, and the ending balance and percentage of the related payables.
  - (2) Sales amount and percentage, and the ending balance and percentage of the related receivables.
  - (3) Property transaction amount and the resulting gain or loss.
  - (4) Ending balances and purposes of endorsements/guarantees or collateral provided.
  - (5) The maximum balance, ending balance, interest rate range and the total amount of current-period interest of financing facilities.
  - (6) Other transactions with significant impact on profit or loss or financial position for the period, such as provision or receipt of service.

(IV) Information on major shareholders: names of shareholders with a holding ratio of 5% or more, the amount and proportion of shares held: (Appendix 7)

Chien Kuo Construction Co., Ltd.  
Endorsements/Guarantees Provided for Others  
January 1 to December 31, 2021

Appendix 1

Unit: NT\$ Thousands

No.	Endorsements/Guarantees Provider Company Name	Parties Being Endorsed/Guaranteed		Limit of Endorsements/Guarantees for a Single Entity (Note 1)	Highest Balance as of the Current Month	Outstanding Endorsements/Guarantees - Ending	Amount Actually Withdrawn	Endorsements/Guarantees Secured with Collateral	Ratio of Cumulative Endorsements/Guarantees to the Net Equity Stated in the Latest Financial Statements	Limit of Endorsements/Guarantees (Note 2)	Endorsements/Guarantees Provided by Parent for Subsidiary	Endorsements/Guarantees Provided by Subsidiary for Parent	Endorsements/Guarantees for Entities in China	Note
		Company name	Relationship											
0	Chien Kuo Construction Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Subsidiary	\$ 2,341,787	\$ 100,000	\$ 100,000	\$ 9,730	\$ -	2.14%	\$ 4,683,574	Y	N	N	Financing endorsements/guarantees

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

1. The limit on endorsements/guarantees made to companies in the same industry should be 200% of net worth of 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, 2021

Appendix 2

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>Fund</u>		<p>Financial assets at FVTPL - current</p> <p>                  "</p> <p>Financial assets at FVTPL - non-current</p> <p>                  "</p> <p>Financial assets at FVTPL - current</p> <p>                  "</p>	202	\$ 29,880	-	\$ 29,880	—
	Allianz Global Investors Taiwan Technology Fund			933	16,514	-	16,514	—
	CTBC Leading Semiconductor ETF			2,700	26,100	-	26,100	—
	Wanchang Venture Capital Private Equity Funds							
	<u>Stock</u>							
	China Steel Corporation			308	10,888	-	10,888	—
	Hon Hai Precision Ind. Co., Ltd.			23	2,392	-	2,392	—
	Taiwan Semiconductor Manufacturing Co., Ltd.			124	76,260	-	76,260	—
	Realtek Semiconductor Corp.			14	8,120	-	8,120	—
	Evergreen Marine Corporation			27	3,848	-	3,848	—
	Fubon Financial Holding Co., Ltd.			84	6,409	-	6,409	—
	Forcecon Tech Co., Ltd.			55	4,999	0.08%	4,999	—
	Advanced Semiconductor Engineering, Inc.			51	5,431	-	5,431	—
	Coremax Corporation			12	1,776	0.01%	1,776	—
	Richwave Technology Corp.			29	7,830	0.05%	7,830	—
	GlobalWafers Co., Ltd			48	42,624	0.01%	42,624	—
	United Microelectronics Corp.			154	10,010	-	10,010	—
	Taiwan Mask Corporation			30	3,240	0.01%	3,240	—
	MediaTek Inc.			5	5,950	-	5,950	—
	Faraday Technology Corporation			14	3,346	0.01%	3,346	—
	Unimicron Technology Corporation			26	6,006	-	6,006	—
	Ultra Chip, Inc.			8	2,040	0.01%	2,040	—
	Kinsus Interconnect Technology Corp.			12	2,796	-	2,796	—
	Global Unichip Corp.			2	1,172	-	1,172	—
	Lotes Co., Ltd.			2	1,595	-	1,595	—
	Alchip Technologies, Limited.			3	3,060	-	3,060	—
	Parade Technologies, Ltd.			1	2,115	-	2,115	—
	ASMedia Technology Inc.			2	3,640	-	3,640	—
	NETRONIX Technology Co., Ltd.			20	1,138	0.02%	1,138	—

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Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
ITEQ Corporation	—	Financial assets at FVTPL - current	10	\$ 1,420	-	\$ 1,420	—	
	Taiwan Union Technology Corporation		13	1,326	-	1,326	—	
	Wiwynn Corporation		1	1,115	-	1,115	—	
	Nan Ya PCB Co., Ltd.		18	10,296	-	10,296	—	
	E Ink Holdings Inc.		50	7,550	-	7,550	—	
	Merida Industry Co., Ltd.		5	1,638	-	1,638	—	
	Formosa Plastics Corp.		28	2,912	-	2,912	—	
	Makalot Industrial Co., Ltd.		10	2,470	-	2,470	—	
	GIGABYTE Technology Co., Ltd.		11	1,711	-	1,711	—	
	PANJIT International Inc.		10	1,070	-	1,070	—	
	Fitipower Integrated Technology Inc.		4	1,128	-	1,128	—	
	Sino-American Silicon Products Inc.		12	2,832	-	2,832	—	
	TONG HSING ELECTRONIC INDUSTRIES, LTD.		8	2,380	-	2,380	—	
	Co-Tech Development Corp.		14	1,079	0.01%	1,079	—	
	Century Iron & Steel Industrial Co. Ltd.		10	1,105	-	1,105	—	
	Chia Hsin Cement Corporation	Financial assets measured at FVTOCI - current	1,114	23,126	0.14%	23,126	—	
	Taiwan Cement Corporation		6,191	297,170	0.10%	297,170	(Note 2)	
	Chia Hsin Cement Corporation	Financial assets measured at FVTOCI - non-current	6,853	142,200	0.88%	142,200	(Note 3)	
	Chunghwa Telecom Co., Ltd.		189	22,018	-	22,018	—	
Chien Kuo Building Co., Ltd.	Mega Financial Holding Company Ltd.		860	30,573	0.01%	30,573	—	
	SinoPac Financial Holdings Company Ltd.		2,080	33,592	0.02%	33,592	—	
	<u>Stock</u>	Financial assets at FVTPL - current	130	4,043	0.06%	4,043	—	
	G-Tech Optoelectronics Corp.		36	17,064	0.05%	17,064	—	
	RDC Semiconductor Co., LTD	Financial assets at FVTOCI - current	11	5,819	0.01%	5,819	—	
	Genius Electronic Optical Co., Ltd		20	7,950	0.06%	7,950	—	
	M31 Technology Corp.		10	9,230	0.01%	9,230	—	
	UPI Semiconductor Corp.		70	4,984	-	4,984	—	
	Powerchip Semiconductor Manufacturing Corp.		1,000	10,000	-	10,000	—	
Golden Canyon Venture Capital Investment Co., Ltd.	<u>Stock</u>	Financial assets at FVTPL - non-current	1,000	10,000	-	10,000	—	
	Locus Cell Co., Ltd.		1,000	10,000	-	10,000	—	

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Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
Golden Canyon Limited Company	<u>Fund</u> CSOP S&P New China Sectors HKD Inc ETF	—	Financial assets at fair value through profit or loss - current	204	\$ 56,222	-	\$ 56,222	—
	iShares FTSE China A50 ETF	—	"	323	21,020	-	21,020	—
	Citi Taiwan-92A4USD Liquidity Fund	—	"	71	207,812	-	207,812	—
	Citi Taiwan-92A3USD Liquidity Fund	—	"	29	83,047	-	83,047	—
	PVG GCN VENTURES, L.P.	—	Financial assets at FVTPL - non-current	-	13,523	5.00%	13,523	—
	CSVI VENTURES,L.P.	(Note 1)	"	-	38,419	6.45%	38,419	—
	<u>Stock</u> Alibaba (9988)	—	Financial assets at FVTPL - current	31	12,695	-	13,275	—
	<u>Bonds</u> Cash Plus Bonds	—	Financial assets at FVTPL - current	300	8,323	-	8,323	—
Silver Shadow Holding Limited	<u>Fund</u> SinoPac Securities - Capital Chinese Golden Age Equity Fund (RMB)	—	Financial assets at FVTPL - current	314	23,318	-	23,318	—
	SinoPac Securities - Fuh Hwa China New Economy A Shares Equity Fund (RMB)	—	"	367	22,326	-	22,326	—
	Citi Taiwan-92A4USD Liquidity Fund	—	"	85	249,408	-	249,408	—
	Citi Taiwan-92A3USD Liquidity Fund	—	"	29	83,047	-	83,047	—
	iShares MSCI Brazil ETF (EWZ)	—	"	36	27,971	-	27,971	—
	iShares MSCI India ETF (INDA)	—	"	7	8,882	-	8,882	—
	iShares Global Clean Energy ETF (ICLN)	—	"	63	36,917	-	36,917	—
	Vanguard Value ETF	—	"	6	25,979	-	25,979	—
	<u>Bonds</u> Cash Plus Bonds	—	Financial assets at FVTPL - current	340	9,433	-	9,433	—
	<u>Stock</u> Abbott Laboratories	—	Financial assets at FVTPL - current	-	1,387	-	1,387	—
	AECOM	—	"	1	1,165	-	1,165	—
	AeroVironment, Inc.	—	"	-	683	-	683	—
	AIA Group Limited	—	"	1	327	-	327	—

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Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
Alibaba Group Holding Limited	—	Financial assets at FVTPL - current	4	\$ 1,608	-	\$ 1,608	—	—
Alphabet Inc.	—	”	-	3,284	-	3,284	—	—
Aluminum Corp of China Limited	—	”	24	366	-	366	—	—
Amazon.com, Inc.	—	”	-	3,138	-	3,138	—	—
American Tower Corporation (REIT)	—	”	-	1,020	-	1,020	—	—
Apple Inc.	—	”	1	3,745	-	3,745	—	—
Aptiv PLC	—	”	-	968	-	968	—	—
AstraZeneca PLC	—	”	-	1,402	-	1,402	—	—
Baidu, Inc.	—	”	1	565	-	565	—	—
Baker Hughes Company	—	”	2	1,215	-	1,215	—	—
BlackRock, Inc.	—	”	-	1,090	-	1,090	—	—
BNY Mellon Strategic Municipal Bond Fund, Inc.	—	”	-	682	-	682	—	—
Brookfield Asset Management Inc.	—	”	1	1,013	-	1,013	—	—
BYD Company Limited	—	”	1	832	-	832	—	—
CanSino Biologics Inc.	—	”	1	341	-	341	—	—
China Merchants Bank Co., Ltd.	—	”	3	594	-	594	—	—
China Merchants Energy Shipping Co., Ltd.	—	”	9	156	-	156	—	—
China Tourism Group Duty Free Corporation Limited	—	”	-	286	-	286	—	—
China Yangtze Power Co., Ltd.	—	”	5	444	-	444	—	—
CITIC Securities Company Limited	—	”	6	723	-	723	—	—
Clean Harbors, Inc.	—	”	-	936	-	936	—	—
Compagnie de Saint-Gobain S.A.	—	”	3	998	-	998	—	—
Contemporary Amperex Technology Co., Limited	—	”	1	1,278	-	1,278	—	—
Corteva, Inc. (CTVA)	—	”	1	1,166	-	1,166	—	—
Darling Ingredients Inc.	—	”	1	978	-	978	—	—
DBS Group Holdings Ltd	—	”	2	1,117	-	1,117	—	—
Deere & Company	—	”	-	959	-	959	—	—
DraftKings Inc.	—	”	1	665	-	665	—	—

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Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
Elanco Animal Health Incorporated	—	Financial assets at FVTPL - current	1	\$ 1,084	-	\$ 1,084	—	—
ENN Energy Holdings Limited	—	”	-	108	-	108	—	—
Equinix, Inc. (REIT)	—	”	-	796	-	796	—	—
EssilorLuxottica Société anonyme	—	”	-	775	-	775	—	—
Fanuc Corporation	—	”	-	873	-	873	—	—
Fidelity National Information Services, Inc.	—	”	-	1,100	-	1,100	—	—
Fuyao Glass Industry Group Co., Ltd.	—	”	1	143	-	143	—	—
Graphic Packaging Holding Company	—	”	2	1,129	-	1,129	—	—
Hangzhou Oxygen Plant Group Co., Ltd.	—	”	2	248	-	248	—	—
Hannon Armstrong Sustainable Infrastructure Capital, Inc.	—	”	-	718	-	718	—	—
Honeywell International Inc.	—	”	-	820	-	820	—	—
Hong Kong Exchanges and Clearing Limited	—	”	1	1,289	-	1,289	—	—
Hubei Xingfa Chemicals Group Co., Ltd.	—	”	3	560	-	560	—	—
iFLYTEK CO., LTD	—	”	2	479	-	479	—	—
Inner Mongolia Yili Industrial Group Co., Ltd.	—	”	4	721	-	721	—	—
Intuitive Surgical, Inc.	—	”	-	716	-	716	—	—
Keyence Corporation	—	”	-	1,164	-	1,164	—	—
KION GROUP AG	—	”	-	1,131	-	1,131	—	—
Linde plc	—	”	-	805	-	805	—	—
LONGi Green Energy Technology Co., Ltd.	—	”	1	465	-	465	—	—
LVMH Moët Hennessy - Louis Vuitton, Société Européenne	—	”	-	1,168	-	1,168	—	—
Maravai LifeSciences Holdings, Inc.	—	”	1	1,030	-	1,030	—	—
MercadoLibre, Inc.	—	”	-	858	-	858	—	—
MicroPort Scientific Corporation	—	”	2	167	-	167	—	—

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Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
Microsoft Corporation	—	Financial assets at FVTPL - current	—	-	\$ 4,086	-	\$ 4,086	—
Mondelez International, Inc.	—	”	—	1	1,333	-	1,333	—
MP Materials Corp.	—	”	—	1	958	-	958	—
NARI Technology Co., Ltd.	—	”	—	3	539	-	539	—
Nestlé S.A.	—	”	—	-	1,494	-	1,494	—
NextEra Energy, Inc.	—	”	—	-	1,013	-	1,013	—
NIKE, Inc.	—	”	—	-	1,070	-	1,070	—
NVIDIA Corporation	—	”	—	-	1,563	-	1,563	—
NXP Semiconductors N.V.	—	”	—	-	990	-	990	—
Palo Alto Networks, Inc.	—	”	—	-	1,279	-	1,279	—
PayPal Holdings, Inc.	—	”	—	-	913	-	913	—
PetroChina Company Limited	—	”	—	57	701	-	701	—
Ping An Insurance (Group) Company of China, Ltd.	—	”	—	3	671	-	671	—
Power Construction Corporation of China, Ltd	—	”	—	12	418	-	418	—
Prosus N.V.	—	”	—	2	1,078	-	1,078	—
Roblox Corporation	—	”	—	-	642	-	642	—
Rogers Corporation	—	”	—	-	1,482	-	1,482	—
S&P Global Inc.	—	”	—	-	967	-	967	—
salesforce.com, inc.	—	”	—	-	1,252	-	1,252	—
Samsung SDI Co., Ltd.	—	”	—	-	1,068	-	1,068	—
Schneider Electric S.E.	—	”	—	1	1,142	-	1,142	—
Shenzhen Sunlord Electronics Co., Ltd.	—	”	—	2	398	-	398	—
Signet International Holdings, Inc.	—	”	—	1	529	-	529	—
Singapore Technologies Engineering Ltd	—	”	—	12	943	-	943	—
SolarEdge Technologies, Inc.	—	”	—	-	753	-	753	—
Sony Group Corporation	—	”	—	-	1,504	-	1,504	—
Taiwan Semiconductor Manufacturing Company Limited	—	”	—	-	1,532	-	1,532	—
Take-Two Interactive Software, Inc.	—	”	—	-	1,313	-	1,313	—

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Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
Teledyne Technologies Incorporated	—	Financial assets at FVTPL - current	-	\$ 847	-	\$ 847	—	—
Tencent Holdings Limited	—	"	1	2,230	-	2,230	—	—
The Charles Schwab Corporation	—	"	1	1,304	-	1,304	—	—
The Coca-Cola Company	—	"	1	1,165	-	1,165	—	—
The Estée Lauder Companies Inc.	—	"	-	902	-	902	—	—
The Middleby Corporation	—	"	-	1,247	-	1,247	—	—
The Walt Disney Company	—	"	-	1,162	-	1,162	—	—
Thermo Fisher Scientific Inc.	—	"	-	1,385	-	1,385	—	—
Trip.com Group Limited	—	"	1	776	-	776	—	—
UnitedHealth Group Incorporated	—	"	-	1,821	-	1,821	—	—
Vertex Pharmaceuticals Incorporated	—	"	-	1,240	-	1,240	—	—
Visa Inc.	—	"	-	1,644	-	1,644	—	—
Volkswagen AG	—	"	-	1,091	-	1,091	—	—
Wanhua Chemical Group Co., Ltd.	—	"	-	176	-	176	—	—
Weichai Power Co., Ltd.	—	"	3	218	-	218	—	—
WuXi AppTec Co., Ltd.	—	"	1	258	-	258	—	—
WuXi Biologics (Cayman) Inc.	—	"	1	250	-	250	—	—
Zhuzhou CRRC Times Electric Co., Ltd.	—	"	3	553	-	553	—	—
Haier Smart Home Co., Ltd.	—	"	1	156	-	156	—	—
JD.com, Inc.	—	"	-	473	-	473	—	—
Jiangsu Hengrui Medicine Co., Ltd.	—	"	1	154	-	154	—	—
Li Ning Company Limited	—	"	1	152	-	152	—	—
LianChuang Electronic Technology Co., Ltd	—	"	2	158	-	158	—	—
Advantest Corporation	—	"	-	889	-	889	—	—
Nintendo Co., Ltd.	—	"	-	780	-	780	—	—

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

Note 2. Among them, 2,126 thousand shares are pledged to the Court as collateral against the litigation between the Company and Shing Tzung.

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

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

Chien Kuo Construction Co., Ltd.

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

January 1 to December 31, 2021

Appendix 3

Unit: NT\$ Thousands

Purchaser/ Seller	Counter-party	Relationship	Transaction Situation				Situations and Reasons of Transaction Terms Different from General Transaction Terms (Note 1)		Notes and Accounts Receivable (Payable)		Note (Note 2)
			Purchases (Sales)	Amount	Ratio to Total 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	\$ 505,065	10.64%	Subject to the agreement	-	-	(\$ 249,670)	( 14.41%)	
Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Construction Co., Ltd.	Parent company	Sales	( 505,065)	( 98.54%)	Subject to the agreement	-	-	249,670	100.00%	

Note 1. If related party transaction terms are different from general transaction terms, situations and reasons for the differences should be specified in the unit price and the credit period columns.

Note 2. In case of advance receipts (prepayments), reasons, the terms of the agreement, the amount and differences from the general transaction type shall be specified in the Note column.

Note 3. Paid-in capital refers to the parent's paid-in capital. When the issuer's stock has no par value, or the par value is not NT\$10 per share, the maximum transaction amount related to 20% of the paid-in capital is calculated based on 10% of equity attributable to owners of the parent in the balance sheet.

Chien Kuo Construction Co., Ltd.

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

January 1 to December 31, 2021

Appendix 4

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 \$ 249,670	1.62	\$ -	\$ -	\$ 249,670	\$ -

Note 1. Amount received as of March 24, 2022.

Chien Kuo Construction Co., Ltd.

Information on Invested Companies and Their Locations, etc.

January 1 to December 31, 2021

Appendix 5

Unit: NT\$ Thousands

Name of Investor	Name of Investee	Location	Principal Business Activities	Original Investment Amount		Ending Balance			Profit or Loss of Invested Company in the Current Period	Investment Profit/Loss Recognized in the Current Period	Note
				End of the Period	End of Last Year	Shares	Ratio (%)	Carrying Amount			
Chien Kuo Construction Co., Ltd.	Golden Canyon Limited	British Virgin Islands	Reinvestment	\$ 183,751	\$ 272,267	5,881	100.00	\$ 1,447,816	\$ 66,895	\$ 66,895	Subsidiary
	Silver Shadow Holding Limited	British Virgin Islands	Reinvestment	704,069	815,907	21,606	100.00	1,779,332	49,644	49,644	Subsidiary
	Chien Kuo Building Co., Ltd.	Taiwan	Building construction commission; public housing lease and sale	144,065	144,065	10,000	100.00	110,094	9,758	9,758	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	82,823	27,685	27,685	Subsidiary
	Golden Canyon Venture Capital Investment Co., Ltd.	Taiwan	Venture capital business	401,000	401,000	40,100	100.00	398,353	( 1,978 )	( 1,978 )	Subsidiary
	Golden Canyon II Venture Capital Investment Co., Ltd.	Taiwan	Venture capital business	200,000	-	20,000	100.00	199,787	( 213 )	( 213 )	Subsidiary
	CK Asia Co., Ltd.	British Virgin Islands	Reinvestment	118,002	878,510	226	54.78	131,933	63,563	Note 3	Sub-subsidiary
Golden Canyon Limited	CK Asia Co., Ltd.	British Virgin Islands	Reinvestment	104,987	782,106	187	45.22	108,918	63,563	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, 2021 (US\$1=NT\$28.01), except for profit or loss items, which are translated into New Taiwan Dollars by using the average exchange rate over January 1 - December 31, 2021 (US\$1=NT\$27.68).

Note 2. Please refer to Appendix 6 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, 2021

Appendix 6

Unit: NT\$ Thousands, unless otherwise specified

Investee in Mainland China	Principal Business Activities	Paid-in Capital	Manner of Investment	Cumulative Investment Amount Remitted from Taiwan - Beginning of the Period	Investment Amount Remitted or Received for the Current Period		Ending Balance of Accumulated Outflow of Investment from Taiwan	Profit or Loss of Invested Company in the Current Period	Percentage of Ownership (Direct or Indirect)	Investment Gains (Losses) Recognized for the Current Period (Note 1)	Carrying Amount as of September 30, 2021 (Note 1)	Investment Gains Repatriated by the End of the Current Period	Note
					Remitted	Received							
Shanghai Chien Kuo Concrete Co., Ltd.	Production and sale of concrete and concrete products	\$ 138,732	Investment through a company founded in a third region	\$ 16,145	\$ -	\$ -	\$ 16,145	\$ -	-	\$ -	\$ -	\$ 4,416	Note 4
CK Asia (Shanghai) Information Technology Co., Ltd.	Computer software technology development and consultation	119,421	Investment through a company founded in a third region	68,326	-	-	68,326	( 52,847 )	100%	( 52,847 )	122,331	41,113	
Suzhou Chien Hua Concrete Co., Ltd.	Production and sale of concrete and concrete products	110,720	Investment through a company founded in a third region	182,036	-	-	182,036	-	-	-	-	-	Note 4
Chien Ya (Suzhou) Information Technology Consultant Co., Ltd.	Computer software technology development and consultation	269,188	Investment through a company founded in a third region	-	-	-	-	32,697	-	32,697	-	-	Note 4
Wuxi Chien Bang Concrete Co., Ltd.	Production and sale of concrete and concrete products	138,400	Investment through a company founded in a third region	214,059	-	-	214,059	-	-	-	-	32,445	Note 4
Chien Ya (Wuxi) Information Technology Consultant Co., Ltd.	Computer software technology development and consultation	256,732	Investment through a company founded in a third region	-	-	-	-	1,310	-	1,310	-	-	Note 4
Chien Ya (Nantong) Information Technology Consultant Co., Ltd.	Computer software technology development and consultation	138,400	Investment through a company founded in a third region	161,500	-	-	161,500	-	-	-	-	4,405	Note 4
Yangzhou Chien Yung Concrete Co., Ltd.	Production and sale of concrete and concrete products	55,360	Investment through a company founded in a third region	197,041	-	-	197,041	( 10,126 )	100%	( 10,126 )	91,381	168,105	
Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	Computer software technology development and consultation	224,208	Investment through a company founded in a third region	-	-	-	-	1,183	-	1,183	-	-	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)	\$ 940,123 (Note 2)	\$ 2,821,547

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

Note 2. The amount authorized by the Investment Commission, MOEA was NT\$1,494,312 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. Shanghai Chien Kuo Concrete Co., Ltd. has completed the liquidation on December 9, 2016; Suzhou Chien Hua Concrete Co., Ltd. was disposed of and has completed the equity transaction on February 11, 2020; Wuxi Chien Bang Concrete Co., Ltd. was disposed of and has completed the equity transaction on February 5, 2021; Chien Ya (Nantong) Information Technology Consultant Co., Ltd. has completed the liquidation on December 6, 2019; Chien Ya (Wuxi) Information Technology Consultant Co., Ltd. has completed the liquidation on August 11, 2021; Chien Ya (Yangzhou) Technology Consultant Co., Ltd. has completed the liquidation on September 27, 2021; Chien Ya (Suzhou) Technology Consultant Co., Ltd. has completed the liquidation on November 16, 2021.

Chien Kuo Construction Co., Ltd. and Subsidiaries

Information on Major Shareholders

December 31, 2021

Appendix 7

Unit: In thousand shares

List of Major Shareholders	Shareholding	
	Number of Shares Held	Percentage (%)
Chien Hwei Investment Co., Ltd.	46,012	17.87%
Chi-te CHEN	18,844	7.31%
Chen-ching CHEN	13,586	5.27%

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

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Statement of Accounts receivables	Form of Statement I
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Chien Kuo Construction Co., Ltd.  
Statement of Accounts receivables  
December 31, 2021

Form of Statement I

Unit: NT\$ Thousands

Customers' Name	Amount
Customer A	\$ 69,485
Customer B	54,320
Customer C	29,300
Customer D	23,893
Customer E	22,536
Customer F	15,000
Customer G	12,808
Other (Note)	<u>9,349</u>
	<u><u>\$ 236,691</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 Changes in Contract Assets and Contract Liabilities

January 1 to December 31, 2021

Form of Statement II

Unit: NT\$ Thousands

Project	Amount paid for this year				Amount received for this year					Contract assets	Contract liability
	Balance - beginning of year	Construction costs	Project completed and transferred	Balance - end of year	Balance - beginning of year	Increase for the year	Amount carried down upon completion	Balance - end of year			
101C1504	\$ 1,113,163	\$ 20,532	\$ 1,133,695	\$ -	\$ 1,106,000	\$ 27,695	\$ 1,133,695	\$ -	\$ -	\$ -	\$ -
101C1603	466,694	2,892	-	469,586	444,688	36,412	-	481,100	-	-	11,514
101C1604	698,402	15,103	713,505	-	696,781	16,724	713,505	-	-	-	-
101C1605	1,106,359	5,390	1,111,749	-	1,108,821	2,928	1,111,749	-	-	-	-
101C1701	712,231	82,438	-	794,669	718,589	91,055	-	809,644	-	-	14,975
101C1702	1,303,517	212,903	-	1,516,420	1,297,755	219,984	-	1,517,739	-	-	1,319
101C1703	2,690,945	155,726	-	2,846,671	2,570,135	283,975	-	2,854,110	-	-	7,439
101C1705	2,087,130	987,901	-	3,075,031	2,049,463	1,140,132	-	3,189,595	-	-	114,564
101C1707	2,215,447	215,864	-	2,431,311	1,885,807	593,822	-	2,479,629	-	-	48,318
101C1802	879,725	684,093	-	1,563,818	794,354	684,920	-	1,479,274	84,544	-	-
101C1803	387,025	509,842	-	896,867	393,900	358,550	-	752,450	144,417	-	-
101C1901	259,164	290,505	-	549,669	329,917	69,818	-	399,735	149,934	-	-
101C1902	112,702	345,135	-	457,837	-	261,129	-	261,129	196,708	-	-
101C1903	47,268	128,779	-	176,047	-	108,790	-	108,790	67,257	-	-
101C1904	186,833	191,006	-	377,839	160,452	306,953	-	467,405	-	-	89,566
101C2001	735,555	832,239	-	1,567,794	723,327	834,182	-	1,557,509	10,285	-	-
101C2002	13	1,653	1,666	-	-	1,666	1,666	-	-	-	-
101C2003	22,136	345,679	-	367,815	11,086	336,172	-	347,258	20,557	-	-
101C2101	-	82,098	-	82,098	-	80,039	-	80,039	2,059	-	-
101C2102	-	94,450	-	94,450	-	4,134	-	4,134	90,316	-	-
101C2103	-	9,080	-	9,080	-	-	-	-	9,080	-	-
101C2104	-	4,536	-	4,536	-	-	-	-	4,536	-	-
101C2105	-	111	-	111	-	-	-	-	111	-	-
101C2151	-	28,302	-	28,302	-	24,376	-	24,376	3,926	-	-
	<u>\$ 15,024,309</u>	<u>\$ 5,246,257</u>	<u>\$ 2,960,615</u>	<u>\$ 17,309,951</u>	<u>\$ 14,291,075</u>	<u>\$ 5,483,456</u>	<u>\$ 2,960,615</u>	<u>\$ 16,813,916</u>	<u>\$ 783,730</u>	<u>\$ 287,695</u>	

## Chien Kuo Construction Co., Ltd.

## Statement of Financial Assets at Fair Value through Profit or Loss - Current

December 31, 2021

Form of Statement III

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

Name of Financial Instruments	Summary	Shares or Units	Face Value	Total Amount	Fair Value		
					Acquisition Cost	Unit Price (NT\$)	Total Amount
<b>Financial assets measured at fair value through profit or loss</b>							
Stock	China Steel Corporation	308	\$ 10	\$ 3,080	\$ 10,794	\$ 35.35	\$ 10,888
	Hon Hai Precision Ind. Co., Ltd.	23	10	230	2,503	104.00	2,392
	Taiwan Semiconductor Manufacturing Co., Ltd.	124	10	1,240	74,558	615.00	76,260
	Realtek Semiconductor Corp.	14	10	140	7,627	580.00	8,120
	Evergreen Marine Corporation	27	10	270	3,369	142.50	3,848
	Fubon Financial Holding Co., Ltd.	84	10	840	6,277	76.30	6,409
	Forcecon Tech Co., Ltd.	55	10	550	5,010	90.90	4,999
	Advanced Semiconductor Engineering, Inc.	51	10	510	4,965	106.50	5,431
	Coremax Corporation	12	10	120	1,887	148.00	1,776
	Richwave Technology Corp.	29	10	288	8,342	273.00	7,830
	GlobalWafers Co., Ltd	48	10	480	42,251	888.00	42,624
	United Microelectronics Corp.	154	10	1,540	8,640	65.00	10,010
	Taiwan Mask Corporation	30	10	300	3,097	108.00	3,240
	MediaTek Inc.	5	10	50	5,125	1,190.00	5,950
	Faraday Technology Corporation	14	10	140	2,154	239.00	3,346
	Unimicron Technology Corporation	26	10	260	4,378	231.00	6,006
	Ultra Chip, Inc.	8	10	80	1,973	255.00	2,040
	Kinsus Interconnect Technology Corp.	12	10	120	2,618	233.00	2,796
	Global Unichip Corp.	2	10	20	1,173	586.00	1,172
	Lotes Co., Ltd.	2	10	21	1,205	761.00	1,595
	Alchip Technologies, Limited.	3	10	30	2,849	1,020.00	3,060
	Parade Technologies, Ltd.	1	10	10	1,711	2,115.00	2,115
	ASMedia Technology Inc.	2	10	20	3,613	1,820.00	3,640
	NETRONIX Technology Co., Ltd.	20	10	200	1,200	56.90	1,138
	ITEQ Corporation	10	10	100	1,287	142.00	1,420
	Taiwan Union Technology Corporation	13	10	130	1,253	102.00	1,326
	Wiwynn Corporation	1	10	10	807	1,115.00	1,115
	Nan Ya PCB Co., Ltd.	18	10	180	8,161	572.00	10,296
	E Ink Holdings Inc.	50	10	500	4,121	151.00	7,550
	Merida Industry Co., Ltd.	5	10	50	1,454	327.50	1,638
	Formosa Plastics Corp.	28	10	280	3,034	104.00	2,912

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Name of Financial Instruments	Summary	Shares or Units	Face Value	Total Amount	Acquisition Cost	Fair Value	
						Unit Price (NT\$)	Total Amount
Fund beneficiary certificates	Makalot Industrial Co., Ltd.	10	\$ 10	\$ 100	\$ 2,624	\$ 247.00	\$ 2,470
	GIGABYTE Technology Co., Ltd.	11	10	110	1,189	155.50	1,711
	PANJIT International Inc.	10	10	100	987	107.00	1,070
	Fitipower Integrated Technology Inc.	4	10	40	1,125	282.00	1,128
	Sino-American Silicon Products Inc.	12	10	120	2,245	236.00	2,832
	TONG HSING ELECTRONIC INDUSTRIES, LTD.	8	10	80	1,749	297.50	2,380
	Co-Tech Development Corp.	14	10	140	1,194	77.10	1,079
	Century Iron & Steel Industrial Co. Ltd.	10	10	100	1,184	110.50	1,105
	CTBC Leading Semiconductor ETF	933			16,466	17.70	16,514
Allianz Global Investors Taiwan Technology Fund					30,000	147.67	<u>29,880</u>
						<u>\$ 303,111</u>	

Chien Kuo Construction Co., Ltd.

Statement of Changes in Financial Assets at Fair Value through Other Comprehensive Income - Non-Current

January 1 to December 31, 2021

Form of Statement IV

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	\$ 21,231	-	\$ -	-	\$ -	\$ 1,895	1,114	\$ 23,126	
<b>Non-current</b>										
Domestic listed Companies										
Taiwan Cement Corporation	6,191	\$ 267,453	-	\$ -	-	\$ -	\$ 29,717	6,191	\$ 297,170	
Chia Hsin Cement Corporation	6,853	130,550	-	-	-	-	11,650	6,853	142,200	
Chunghwa Telecom Co., Ltd.	-	-	189	21,971	-	-	47	189	22,018	
Mega Financial Holding Company Ltd.	-	-	860	28,371	-	-	2,202	860	30,573	
SinoPac Financial Holdings Company Ltd.	-	\$ 398,003	2,080	\$ 29,453	-	\$ -	\$ 4,139	2,080	\$ 33,592	
				\$ 79,795		\$ -	\$ 47,755		\$ 525,553	

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

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

Note 3. 2,126 thousand shares of Taiwan Cement Corporation are pledged to the Court as collateral against the litigation between the Company and Shing Tzun.

## Chien Kuo Construction Co., Ltd.

## Statement of Changes in Investments Accounted for Using the Equity Method

January 1 to December 31, 2021

Form of Statement V

Unit: NT\$ thousands, unless otherwise specified

Name of Investee	Balance - beginning of year		Increase for the year		Decrease for this year		Gain (loss) on investment	Exchange differences on translation of financial statements of foreign operations (Note 2)	Unrealized loss of financial asset (Note 2)	Balance - end of year			Endorsements and guarantees
	Number of Shares (in Thousands)	Amount	Number of Shares (in Thousands)	Amount	Number of Shares (in Thousands)	Amount				Percentage (%)			
Subsidiary													
Unlisted Companies													
Golden Canyon Limited	8,714	\$ 1,446,600	-	\$ -	-	\$ 79,962	\$ 66,895	\$ 12,973	\$ 1,309	8,714	100	\$ 1,447,815	None Note 3
Silver Shadow Holding Limited	25,038	1,812,134	-	-	-	96,867	49,644	14,421	-	25,038	100	1,779,332	None Note 3
Chien Kuo Building Co., Ltd.	10,000	100,855	-	-	-	520	9,758	-	-	10,000	100	110,093	None Note 4
Shun Long International Electrical Engineering Co., Ltd.	7,000	79,430	-	-	-	24,290	27,685	-	-	7,000	100	82,825	None Note 4
Golden Canyon Venture Capital Investment Co., Ltd.	40,100	400,331	-	-	-	-	( 1,978 )	-	-	40,100	100	398,353	None
Golden Canyon II Venture Capital Investment Co., Ltd.	-	-	20,000	<u>200,000</u>	-	-	( 213 )	-	-	20,000	100	<u>199,787</u>	None Note 5
		<u>\$ 3,839,350</u>		<u>\$ 200,000</u>		<u>\$ 201,639</u>	<u>\$ 151,791</u>	<u>\$ 27,394</u>	<u>\$ 1,309</u>			<u>\$ 4,018,205</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 capital reduction.

Note 4. The decrease for the current year is due to the allotment of dividend

Note 5. The increase in the current year is due to the establishment of 100% investment by the Company on June 3, 2021.

Chien Kuo Construction Co., Ltd.

Statement of Long-term Loans

December 31, 2021

Form of Statement VI

Unit: NT\$ Thousands

Creditor	Repayment method	Mature within one year	Mature after one year	Total	Term of the agreement	Effective Interest Rate	Collaterals or guarantees
Secured loans from banks Land Bank of Taiwan	Interest should be paid monthly, and the principal should be repaid in full upon maturity	\$ 350,000	\$ -	\$ 350,000	106/07/13~111/07/12	1.35%	Land held for construction
Long-term commercial paper payable Mega International Commercial Bank	Interest is paid in the beginning of the period, and the principal should be repaid in full upon maturity (90 days) with revolving credit limit within the term of contract.	<u>149,862</u>	<u>-</u>	<u>149,862</u>	110/12/7~111/3/7	1.36%	None
		<u>\$ 499,862</u>	<u>\$ -</u>	<u>\$ 499,862</u>			

Chien Kuo Construction Co., Ltd.

Statement of Accounts Payable

December 31, 2021

Form of Statement VII

Unit: NT\$ Thousands

Customers' Name	Amount
Customer A	\$ 258,834
Customer B	127,291
Other (Note)	<u>1,347,087</u>
	<u>\$ 1,733,212</u>

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

Chien Kuo Construction Co., Ltd.  
 Statement of Operating Revenue and Cost  
 January 1 to December 31, 2021

Form of Statement VIII

Unit: NT\$ Thousands

Construction item	Operating revenue	Operating costs	Gross profit
Residential construction	\$ 982,074	\$ 900,178	\$ 81,896
Public construction	1,761,369	1,532,687	228,682
Commercial office, factory office	2,502,815	2,313,888	188,927
Others	<u>72,372</u>	<u>1,701</u>	<u>70,671</u>
	<u><u>\$ 5,318,630</u></u>	<u><u>\$ 4,748,454</u></u>	<u><u>\$ 570,176</u></u>

Chien Kuo Construction Co., Ltd.  
Statement of General and Administrative Expenses  
January 1 to December 31, 2021

Form of Statement IX

Unit: NT\$ Thousands

Item	Amount
Salary and bonus	\$ 217,049
Depreciation expense	16,368
Other expense (Note)	<u>66,067</u>
	<u>\$ 299,484</u>

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

Chien Kuo Construction Co., Ltd.

Summary Table of Employee Benefits, Depreciation and Amortization Expenses Incurred During the Current Period  
For the Years Ended December 31, 2021 and 2020

Form of Statement X

Unit: NT\$ Thousands

	2021				2020			
	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	\$ 225,803	\$ 196,084	\$ -	\$ 421,887	\$ 203,585	\$ 176,001	\$ -	\$ 379,586
Labor Insurance and National Health Insurance expense	22,578	12,116	-	34,694	19,273	9,746	-	29,019
Pension expense	11,791	6,124	-	17,915	10,823	5,701	-	16,524
Remuneration to Directors	-	21,205	-	21,205	-	19,304	-	19,304
Others employee benefits expenses	12,335	7,915	-	20,250	12,068	6,865	-	18,933
	<u>\$ 272,507</u>	<u>\$ 243,444</u>	<u>\$ -</u>	<u>\$ 515,951</u>	<u>\$ 245,749</u>	<u>\$ 217,617</u>	<u>\$ -</u>	<u>\$ 463,366</u>
Depreciation expense	<u>\$ 2,281</u>	<u>\$ 16,368</u>	<u>\$ 959</u>	<u>\$ 19,608</u>	<u>\$ 1,649</u>	<u>\$ 14,635</u>	<u>\$ 1,038</u>	<u>\$ 17,322</u>
Amortization expenses	<u>\$ 3</u>	<u>\$ 292</u>	<u>\$ -</u>	<u>\$ 295</u>	<u>\$ -</u>	<u>\$ 1,011</u>	<u>\$ -</u>	<u>\$ 1,011</u>

Note 1. As of December 31, 2021 and 2020, the number of employees of the Company was 459 and 409, respectively, and the number of directors who are not the employees is 11 for both years

Note 2. The average employee benefit expenses were \$1,104 thousand and \$1,116 thousand for the year ended December 31, 2021 and 2020, respectively.

Note 3. The average salary expenses were \$942 thousand and \$954 thousand for the year ended December 31, 2021 and 2020, respectively