

# Chien Kuo Construction Co., Ltd. and Subsidiaries

## Consolidated Financial Statements and Independent Auditors' Review Report

For the Three Months

Ended March 31, 2021 and 2020

Address: 20F, No. 67, Sec. 2, Dunhua S. Rd.,  
Da'an District, Taipei City  
Tel: +886-2-2784-9730

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

# Table of Contents

Item	Pages	Number of Notes to Financial Statements
I. Cover Page	1	-
II. Table of Contents	2	-
III. Independent Auditors' Review Report	3	-
IV. Consolidated Balance Sheets	4	-
V. Consolidated Statements of Comprehensive Income	5 ~ 7	-
VI. Consolidated Statements of Changes in Equity	8	-
VII. Consolidated Statements of Cash Flows	9 ~ 11	-
VIII. Notes to Consolidated Financial Statements		
(I) Company History	12	I
(II) Date of Authorization for Issuance of the Parent Company Only Financial Statements and Procedures for Authorization	12	II
(III) Application of New and Amended Standards and Interpretations	12 ~ 15	III
(IV) Summary of Significant Accounting Policies	15 ~ 17	IV
(V) Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions	17	V
(VI) Details of Significant Accounts	18 ~ 46	VI ~ XXVIII
(VII) Related Party Transactions	46 ~ 47	XXIX
(VIII) Pledged Assets	48	XXX
(IX) Significant Contingent Liabilities and Unrecognized Contract Commitments	48 ~ 50	XXXI
(X) Significant Disaster Loss	-	-
(XI) Significant Subsequent Events	-	-
(XII) Others	50 ~ 51	XXXII~XXXIII
(XIII) Supplementary Disclosures		
1. Related information of significant transactions	52 ~ 65	XXXIV
2. Information on invested companies	52, 66	XXXIV
3. Information on investments in mainland China	52, 67	XXXIV
4. Information on major stockholders	53, 68	XXXIV
(XIV) Segment Information	53	XXXV

## Independent Auditors' Review Report

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

### Introduction

We have reviewed the Consolidated Balance Sheets of Chien Kuo Construction Co., Ltd. and its subsidiaries as of March 31, 2021 and 2020, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to Consolidated Financial Statements (including Summary of Significant Accounting Policies) for the three months period from January 1 to March 31, 2021 and 2020. Management is responsible for the preparation of a set of fairly presented financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material aspects the financial position of the entity as of March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, "Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte Taiwan  
CPA: Wen-chin Lin

CPA: Chun-hung Chen

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

Financial Supervisory Commission Approval  
Document No.:  
FSC Approval Document No. 0990031652

May 13, 2021

Chien Kuo Construction Co., Ltd. and Subsidiaries  
Consolidated Balance Sheets  
March 31, 2021, December 31, 2020, and March 31, 2020

Unit: NTS Thousands

Code	Assets	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Reviewed)	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note VI)	\$ 2,778,540	34	\$ 2,607,033	30	\$ 2,948,282	37
1110	Financial assets at fair value through profit or loss (Note VII)	1,591,502	20	1,745,016	20	155,837	2
1120	Financial assets at fair value through other comprehensive income (Note VIII)	26,891	-	24,569	-	38,027	-
1136	Financial assets at amortized cost (Notes IX and XXX)	350,997	4	292,741	3	76,960	-
1139	Financial assets for hedging (Note XXVIII)	-	-	-	-	5,184	-
1140	Contract assets (Note XX)	1,384,907	17	1,586,371	18	1,375,171	17
1150	Notes receivable (Note X)	142,258	2	89,256	1	237,755	3
1170	Accounts receivable (Notes X and XX)	367,851	5	584,381	7	1,501,686	19
1200	Other receivables	31,189	1	155,105	2	11,546	-
1220	Current tax assets	110,844	1	110,592	1	8,403	-
1310	Inventories	-	-	-	-	12,494	-
1323	Inventories (for construction business) (Notes XI and XXX)	465,926	6	465,926	5	463,577	6
1410	Prepayments (Note XII)	72,469	1	53,591	1	330,205	4
1460	Non-current assets classified as held for sale (Note XIV)	-	-	353,954	4	-	-
1470	Other current assets	28,738	-	6,376	-	43,672	2
11XX	Total current assets	<u>7,352,112</u>	<u>91</u>	<u>8,074,911</u>	<u>92</u>	<u>7,208,799</u>	<u>90</u>
	Non-current assets						
1510	Financial assets at fair value through profit or loss (Note VII)	78,877	1	67,355	1	67,832	1
1517	Financial assets at fair value through other comprehensive income (Notes VIII and 30)	432,626	5	398,003	5	336,720	4
1535	Financial assets at amortized cost (Notes IX and XXX)	4,281	-	5,696	-	6,046	-
1550	Investments accounted for using equity method (Note XIII)	-	-	-	-	10,439	-
1600	Property, plant and equipment (Note XXX)	33,734	1	33,577	-	123,208	2
1755	Right-of-use assets (Notes XV and XXX)	24,301	-	25,049	-	43,309	1
1760	Investment properties (Notes XVI and XXX)	103,232	1	122,643	2	152,284	2
1840	Deferred tax assets	30,004	1	30,965	-	22,085	-
1990	Other non-current assets (Note XXX)	24,555	-	23,653	-	18,864	-
15XX	Total noncurrent assets	<u>731,610</u>	<u>9</u>	<u>706,941</u>	<u>8</u>	<u>780,787</u>	<u>10</u>
1XXX	Total assets	<u>\$ 8,083,722</u>	<u>100</u>	<u>\$ 8,781,852</u>	<u>100</u>	<u>\$ 7,989,586</u>	<u>100</u>
Code	Liabilities and Equity						
	Current liabilities						
2100	Short-term loans(Notes XVII and XXX)	\$ 10,000	-	\$ 15,000	-	\$ 81,451	1
2130	Contract liabilities (Note XX)	156,771	2	93,909	1	103,281	1
2150	Notes payable	-	-	10,120	-	21,653	-
2170	Accounts payable (Note XVIII)	1,471,524	18	1,810,129	21	1,553,698	19
2200	Other payables	142,348	2	242,799	3	139,216	2
2230	Current tax liabilities	36,903	-	29,520	-	12,696	-
2260	Liabilities related to non-current assets classified as held for sale (Note XIV)	-	-	30,274	1	-	-
2310	Advanced received due to disposal of investments (XIV)	-	-	531,083	6	-	-
2320	Current portion of long-term loans (Note XVII)	449,382	6	449,292	5	149,740	2
2399	Other current liabilities (Note XV)	61,447	1	72,710	1	62,306	1
21XX	Total current liabilities	<u>2,328,375</u>	<u>29</u>	<u>3,284,836</u>	<u>38</u>	<u>2,124,041</u>	<u>26</u>
	Non-current liabilities						
2540	Long-term loans(Notes XVII and XXX)	499,851	6	499,850	6	799,266	10
2570	Deferred tax liabilities	489,300	6	457,330	5	544,782	7
2600	Other non-current liabilities (Note XV)	97,278	1	111,185	1	110,988	1
25XX	Total non-current liabilities	<u>1,086,429</u>	<u>13</u>	<u>1,068,365</u>	<u>12</u>	<u>1,455,036</u>	<u>18</u>
2XXX	Total liabilities	<u>3,414,804</u>	<u>42</u>	<u>4,353,201</u>	<u>50</u>	<u>3,579,077</u>	<u>44</u>
	Equity attributable to owners of the parent (Note XIX)						
	Capital						
3110	Common stock	2,574,401	32	2,574,401	29	2,674,401	33
3200	Additional paid-in capital	204,852	2	204,852	2	202,620	3
	Retained Earnings						
3310	Legal reserve	645,464	8	645,464	8	626,554	8
3320	Special reserve	23,412	-	23,412	-	41,720	1
3350	Unappropriated earnings	1,177,196	15	1,038,788	12	928,435	12
3300	Total retained earnings	1,846,072	23	1,707,664	20	1,596,709	21
3400	Other equity	43,593	1	( 58,266 )	( 1 )	( 63,221 )	( 1 )
3XXX	Total equity	<u>4,668,918</u>	<u>58</u>	<u>4,428,651</u>	<u>50</u>	<u>4,410,509</u>	<u>56</u>
	Total liabilities and equity	<u>\$ 8,083,722</u>	<u>100</u>	<u>\$ 8,781,852</u>	<u>100</u>	<u>\$ 7,989,586</u>	<u>100</u>

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

Chairman: Chang-shiou WU

Manager: Chang-shiou WU

Accounting Manager: Shu-fen YANG

Chien Kuo Construction Co., Ltd. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
For the Three Months Ended March 31, 2021 and 2020  
(Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the Republic of China)

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

Code		January 1 to March 31, 2021		January 1 to March 31, 2020	
		Amount	%	Amount	%
4000	Operating revenue (Note XX)	\$ 1,192,248	100	\$ 1,385,010	100
5000	Operating costs (Notes XI and XXIX)	<u>1,070,028</u>	<u>90</u>	<u>1,275,608</u>	<u>92</u>
5900	Gross profit	122,220	10	109,402	8
6000	Operating expenses (Notes XI and XXIX)	<u>68,958</u>	<u>6</u>	<u>57,419</u>	<u>4</u>
6900	Net operating Income	<u>53,262</u>	<u>4</u>	<u>51,983</u>	<u>4</u>
	Non-operating income and expenses (Notes XI and XXIX)				
7010	Other income	16,182	1	16,257	1
7020	Other gains and losses	139,207	12	85,929	6
7050	Finance costs	( 2,446 )	-	( 2,918 )	-
7060	Share of profit or loss of associates accounted for using equity method	<u>-</u>	<u>-</u>	<u>787</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>152,943</u>	<u>13</u>	<u>100,055</u>	<u>7</u>
7900	Income before income tax from continuing operations	206,205	17	152,038	11
7950	Income tax expense (Note XXII)	<u>67,797</u>	<u>5</u>	<u>45,083</u>	<u>4</u>
8000	Net income from continuing operations	138,408	12	106,955	7
8100	Profits from discontinued operations (Notes XIV, XXI, and XXII)	<u>-</u>	<u>-</u>	<u>13,792</u>	<u>1</u>
8200	Net income	<u>138,408</u>	<u>12</u>	<u>120,747</u>	<u>8</u>

(Continued on next page)

(Continued from the previous page)

Code		January 1 to March 31, 2021		January 1 to March 31, 2020	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss:				
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ 36,936	3	( \$ 85,549 )	( 6 )
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of financial statements of foreign operations	81,154	7	27,835	2
8368	Gain or loss of hedging instruments (Note XXVII)	-	-	4,149	-
8399	Income tax related to items of other comprehensive income that may be reclassified subsequently to profit or loss (Note XXII)	( 16,231 )	( 2 )	( 5,567 )	-
8300	Other comprehensive income (after tax)	101,859	8	( 59,132 )	( 4 )
8500	Total comprehensive income	<u>\$ 240,267</u>	<u>20</u>	<u>\$ 61,615</u>	<u>4</u>
	Net income (loss) attributable to:				
8610	Owners of the parent	\$ 138,408	12	\$ 119,908	8
8620	Non-controlling interests	-	-	839	-
8600		<u>\$ 138,408</u>	<u>12</u>	<u>\$ 120,747</u>	<u>8</u>
	Comprehensive income attributable to:				
8710	Owners of the parent	\$ 240,267	20	\$ 60,776	4
8720	Non-controlling interests	-	-	839	-
8700		<u>\$ 240,267</u>	<u>20</u>	<u>\$ 61,615</u>	<u>4</u>
	Earnings per share (Note XXIII)				
	From continuing and discontinued operations				
9750	Basic	<u>\$ 0.54</u>		<u>\$ 0.45</u>	
9850	Diluted	<u>\$ 0.54</u>		<u>\$ 0.45</u>	

(Continued on next page)

(Continued from the previous page)

Code		January 1 to March 31, 2021		January 1 to March 31, 2020	
		Amount	%	Amount	%
	From continuing operations				
9710	Basic	<u>\$ 0.54</u>		<u>\$ 0.40</u>	
9810	Diluted	<u>\$ 0.54</u>		<u>\$ 0.40</u>	

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

Chairman: Chang-shiou WU

Manager: Chang-shiou WU

Accounting Manager: Shu-fen YANG

Chien Kuo Construction Co., Ltd. and Subsidiaries  
Consolidated Statements of Changes in Equity  
For the Three Months Ended March 31, 2021 and 2020  
(Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the Republic of China)

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

		Equity Attributable to Owners of the Parent										
		Retained Earnings					Exchange differences on translation of financial statements of foreign operations	Other equity Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Gain or loss on hedging instrument	Total	Non-controlling interests	Total Equity
Code		Capital	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings						
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	\$ 7,012	\$4,355,752
B17	Reversal of special reserve due to disposal of subsidiaries	-	-	-	( 8,281 )	8,281	-	-	-	-	-	-
M5	Acquired part of the equity of the subsidiary	-	993	-	-	-	-	-	-	993	( 7,851 )	( 6,858 )
D1	Net income for the three months ended March 31, 2020	-	-	-	-	119,908	-	-	-	119,908	839	120,747
D3	Other comprehensive income for the three months ended March 31, 2020 (after-tax)	-	-	-	-	-	22,268	( 85,549 )	4,149	( 59,132 )	-	( 59,132 )
D5	Total comprehensive income for the three months ended March 31, 2020	-	-	-	-	119,908	22,268	( 85,549 )	4,149	60,776	839	61,615
Z1	Balance as of March 31, 2020	<u>\$2,674,401</u>	<u>\$ 202,620</u>	<u>\$ 626,554</u>	<u>\$ 41,720</u>	<u>\$ 928,435</u>	<u>( \$ 165,394 )</u>	<u>\$ 96,982</u>	<u>\$ 5,191</u>	<u>\$4,410,509</u>	<u>\$ -</u>	<u>\$4,410,509</u>
A1	Balance as of January 1, 2021	\$2,574,401	\$ 204,852	\$ 645,464	\$ 23,412	\$1,038,788	( \$ 229,518 )	\$ 171,252	\$ -	\$4,428,651	\$ -	\$4,428,651
D1	Net income for the three months ended March 31, 2021	-	-	-	-	138,408	-	-	-	138,408	-	138,408
D3	Other comprehensive income after tax for the three months ended March 31, 2021	-	-	-	-	-	64,923	36,936	-	101,859	-	101,859
D5	Total comprehensive income for the three months ended March 31, 2021	-	-	-	-	138,408	64,923	36,936	-	240,267	-	240,267
Z1	Balance as of March 31, 2021	<u>\$2,574,401</u>	<u>\$ 204,852</u>	<u>\$ 645,464</u>	<u>\$ 23,412</u>	<u>\$1,177,196</u>	<u>( \$ 164,595 )</u>	<u>\$ 208,188</u>	<u>\$ -</u>	<u>\$4,668,918</u>	<u>\$ -</u>	<u>\$4,668,918</u>

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

Chairman: Chang-shiou WU

Manager: Chang-shiou WU

Accounting Manager: Shu-fen YANG



Chien Kuo Construction Co., Ltd. and Subsidiaries  
Consolidated Statements of Cash Flows  
For the Three Months Ended March 31, 2021 and 2020  
(Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the Republic of China)

Unit: NT\$ Thousands

Code		January 1 to March 31, 2021	January 1 to March 31, 2020
	Cash flows from operating activities		
A00010	Income before income tax from continuing operations	\$ 206,205	\$ 152,038
A00020	Income before income tax from discontinued operations	-	14,624
A10000	Income before income tax	206,205	166,662
A20010	Adjustments to reconcile income (loss):		
A29900	Net gain on disposal of subsidiaries	( 147,863 )	( 101,188 )
A21200	Interest income	( 15,373 )	( 12,000 )
A20100	Depreciation expense	4,527	7,096
A20300	Reversal of expected credit loss	( 4,266 )	( 7,275 )
A20900	Finance costs	2,446	3,402
A24100	Foreign exchange losses	2,310	545
A20400	Net loss on financial assets at fair value through profit or loss	1,310	8,413
A21300	Dividend income	( 268 )	-
A22700	Profit and loss on disposal of investment property	( 62 )	1,431
A20200	Amortization expenses	27	334
A24600	Impairment loss of investment property	-	2,252
A22300	Shares of profits of associates accounted for using equity method	-	( 787 )
A29900	Profit from lease modification	-	( 208 )
A30000	Changes in operating assets and liabilities, net		
A31125	Contract assets	201,464	( 76,291 )
A31130	Notes receivable	( 53,608 )	( 43,323 )
A31150	Accounts receivables	218,905	490,963
A31180	Other receivables	( 3,110 )	( 65,347 )
A31200	Inventories	-	4,822
A31230	Prepayments	( 18,887 )	86,268
A31240	Other current assets	( 22,282 )	( 21,944 )
A32125	Contract liability	62,944	( 157,641 )
A32130	Notes payable	( 10,120 )	( 110,609 )
A32150	Accounts payable	( 338,518 )	( 8,724 )

(Continued on next page)

(Continued from the previous page)

Code		January 1 to March 31, 2021	January 1 to March 31, 2020
A32180	Other payables	( \$ 99,819 )	( \$ 102,444 )
A32230	Other current liabilities	( 6,654 )	4,780
A33000	Cash (out)inflow generated from operations	( 20,692 )	69,187
A33100	Interest received	25,184	17,990
A33300	Interest paid	( 2,403 )	( 3,373 )
A33500	Income taxes paid	( 43,966 )	( 23,555 )
AAAA	Net cash (out)inflows from operating activities	( 41,877 )	60,249
Cash flows from investment activities			
B00040	Acquisition of financial assets at amortized cost	( 58,256 )	-
B00100	Acquisition of financial assets at fair value through profit or loss	( 1,968,272 )	( 157,597 )
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	2,223,362	120,225
B02300	Net cash generated from disposal of subsidiaries	13,859	125,279
B02700	Acquisition of property, plant and equipment	( 1,701 )	( 1,192 )
B02800	Proceeds from disposal of property, plant, and equipment	-	19
B03800	Increase in refundable deposits	( 118 )	( 3,737 )
B04500	Acquisition of intangible assets	( 811 )	-
B05500	Proceeds from disposal of investment properties	19,221	19,162
B06700	Decrease in pledged certificate of deposit	1,415	63,912
B07600	Dividend received	268	-
BBBB	Net cash flows from investing activities	228,967	166,071
Cash flows from financing activities:			
C00100	Increase (decrease) in short-term loans	( 5,000 )	28,000
C03000	Increase (decrease) in guarantee deposits received	( 15,345 )	2,347
C04020	Repayment of lease principal	( 2,731 )	( 3,279 )
CCCC	Net cash (out)inflows from financing activities	( 23,076 )	27,068
DDDD	Effect of exchange rate changes on cash and cash equivalents	( 3,811 )	4,729
EEEE	Net increase in cash and cash equivalents	160,203	258,117
E00100	Cash and cash equivalents at beginning of period	2,618,337	2,690,165
E00200	Cash and cash equivalents at end of period	\$ 2,778,540	\$ 2,948,282

(Continued on next page)

(Continued from the previous page)

Reconciliation of cash and cash equivalents at beginning of period

<u>Code</u>		<u>March 31, 2021</u>	<u>March 31, 2020</u>
E00210	Cash and cash equivalents reported in the balance sheet	\$ 2,607,033	\$ 2,602,762
E00240	Cash and cash equivalents included in disposal groups classified as held for sale	<u>11,304</u>	<u>87,403</u>
E00200	Cash and cash equivalents at beginning of period	<u>\$ 2,618,337</u>	<u>\$ 2,690,165</u>

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

Chairman: Chang-shiou WU

Manager: Chang-shiou WU

Accounting Manager: Shu-fen YANG

Chien Kuo Construction Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

For the Three Months Ended March 31, 2021 and 2020

(Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing

Standards in the Republic of China)

(Amount in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company History

Chien Kuo Construction Co., Ltd. (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 size, as well as trading of construction materials. The Company's stocks, which had been traded on Taipei Exchange since February 1, 1999, were transferred to be listed on Taiwan Stock Exchange in October 2003.

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

II. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements were published upon approval by the Board of Directors on May 13, 2021.

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 on the accounting policies of the combined company.

(II) IFRSs issued by the International Accounting Standards Board (IASB) 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)
"Annual Improvements to IFRSs 2018-2020 Cycle"	January 1, 2022 (Note 2)
Amendment to IFRS 3 "References to the Conceptual Framework"	January 1, 2022 (Note 3)
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
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 4)
Amendment to IAS 8 - "Definition of Accounting Estimation"	January 1, 2023 (Note 5)

(Continued on next page)

(Continued from the previous page)

New/Revised/Amended Standards and Interpretations	Effective Date Issued by the IASB (Note 1)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 6)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 7)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 8)

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

Note 2. 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 3. The amendments apply to business combinations whose acquisition date falls within the annual reporting period beginning on and after January 1, 2022.

Note 4. These amendments shall be applied prospectively for the annual reporting period beginning on or after January 1, 2023.

Note 5. This amendment shall apply to changes in accounting estimation and changes in accounting policies that occur during the annual reporting period beginning on January 1, 2023.

Note 6. 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.

Note 7. The amendments shall 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 8. This amendment shall apply to contracts for which not all obligations have been fulfilled as of January 1, 2022.

1. 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).

The combined company will recognize the cumulative effect as retained earnings at the date of first-time adoption of the amendments.

2. 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 merged 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 consolidated company will exercise that right. The amendment also clarifies that, if the right to defer settlement is subject to compliance with specified conditions, the consolidated 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 merged company to the transaction counterparty to eliminate of 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 consolidated 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.

3. Amendment to IAS 1 "Disclosure of Accounting Policies"

The amendments expressly stipulate that the Consolidated 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 consolidated 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 consolidated company, and this change results in a significant change on the information of the financial statements
- (2) Was chosen properly by the consolidated 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 consolidated company is required to make significant judgments and assumptions
- (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

4. 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 consolidated financial statements were authorized for issue, the combined 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 consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs.

(II) Basis of preparation

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

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

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

(III) Basis of consolidation

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

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

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

The combined company takes the fair value of the residual investment in the former subsidiary at the date of loss of control to be the initial investment in an associate recognized.

Please refer to Note XIII and Appendixes 7 and 8 for details, shareholding ratios, and operations of subsidiaries.





(IV) Other significant accounting policies

Except for the following explanations, please refer to the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2020.

1. Post-employment benefits under defined benefit plan

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

2. Income tax

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

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

When the combined 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 management shall 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 and Cash Equivalents

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand and revolving funds	\$ 2,618	\$ 2,670	\$ 2,542
Bank checks and demand deposits	963,002	1,155,328	1,266,975
Cash equivalents (time deposits with original maturity date within 6 months)	<u>1,812,920</u>	<u>1,449,035</u>	<u>1,678,765</u>
	<u>\$ 2,778,540</u>	<u>\$ 2,607,033</u>	<u>\$ 2,948,282</u>

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

	March 31, 2021	December 31, 2020	March 31, 2020
Time deposits	0.15%~3.00%	0.40%~3.40%	0.15%~2.40%

VII. Financial assets at fair value through profit or loss

	March 31, 2021	December 31, 2020	March 31, 2020
Mandatorily measured at FVTPL			
<u>Current</u>			
Derivative financial assets			
- Structured note (I)	\$ 279,035	\$ 399,851	\$ -
- Structured deposits	212,482	465,688	155,837
Non-derivative financial assets			
- Domestic listed stocks	191,063	75,770	-
- Foreign listed stocks	130,252	-	-
- Beneficiary certificates	<u>778,670</u>	<u>803,707</u>	<u>-</u>
	<u>1,591,502</u>	<u>1,745,016</u>	<u>155,837</u>
<u>Non-current</u>			
- Private equity funds	<u>78,877</u>	<u>67,355</u>	<u>67,832</u>
	<u>\$ 1,670,379</u>	<u>\$ 1,812,371</u>	<u>\$ 223,669</u>

- (I) Structured notes not yet matured as of the balance sheet date are notes linking up with the stock prices of underlying securities which pay a fixed interest before their maturity dates no matter what the stock prices are. If a price trigger was set up and the stock price is higher than the early exercise price, the note will mature earlier to redeem the principal plus the fixed interest; if the stock price on the maturity date is less than the exercise price, in addition to the fixed interest, the note will be converted into stocks holding the underlying securities at the exercise price. Contracts not yet maturing are as follows:

### March 31, 2021

Subject Securities	Amount (NT\$ Thousands)	Maturity Date	Interest rate	Exercise Price	
ADVANCED MICRO DEVICES, INC. (AMD)	USD1,000	June 2, 2021	12%	USD	72.372
Alibaba Group Holding Limited (BABA)	USD1,000	June 3, 2021	12%	HKD	213.62
D.R. Horton, Inc. (DHI)	USD1,000	June 1, 2021	10%	USD	58.066
General Motors Company (GM)	USD1,000	June 1, 2021	10%	USD	41.070
SEA LIMITED (SE)	USD1,000	June 28, 2021	12%	USD	199.540
Square, Inc. (SQ)	USD1,000	June 1, 2021	10%	USD	178.873
TESLA, INC. (TSLA)	USD1,000	June 1, 2021	10%	USD	543.008
TESLA, INC. (TSLA)	USD1,000	June 11, 2021	12%	USD	555.228
TESLA, INC. (TSLA)	USD1,000	June 28, 2021	12%	USD	514.990
The Boeing Company (BA)	USD1,000	June 1, 2021	10%	USD	171.408

### December 31, 2020

Subject Securities	Amount (NT\$ Thousands)	Maturity Date	Dividend Yield	Exercise Price	
ADOBE INC. (ADBE)	USD1,000	April 9, 2021	10%	USD	396.1580
ADVANCED MICRO DEVICES, INC. (AMD)	USD1,000	March 18, 2021	12%	USD	72.7982
SALESFORCE.COM INC (CRM)	USD1,000	February 5, 2021	8%	USD	206.2025
NETFLIX, INC. (NFLX)	USD1,000	March 31, 2021	12%	USD	456.2408
NETFLIX, INC. (NFLX)	USD1,000	April 9, 2021	10%	USD	401.5073
PAYPAL HOLDINGS, INC. (PYPL)	USD1,000	April 9, 2021	10%	USD	172.0163
QUALCOMM INCORPORATED (QCOM)	USD1,000	April 9, 2021	10%	USD	121.1840
SEA LIMITED (SE)	USD1,000	March 18, 2021	10%	USD	146.5504
SHOPIFY INC (SHOP)	USD1,000	March 18, 2021	10%	USD	841.6549
ISHARES SILVER TRUST (SLV)	USD1,000	March 3, 2021	8%	USD	18.9654
SQUARE, INC. (SQ)	USD1,000	March 18, 2021	12%	USD	173.1476
TESLA, INC. (TSLA)	USD1,000	April 9, 2021	10%	USD	341.2078
TESLA, INC. (TSLA)	USD1,000	March 18, 2021	10%	USD	390.5603
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD (TSM)	USD1,000	March 18, 2021	10%	USD	87.1565

VIII. Financial Assets at Fair Value through Other Comprehensive Income

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Investment in equity instruments</u>			
Domestic listed stocks			
Current	\$ 26,891	\$ 24,569	\$ 38,027
Non-current	<u>432,626</u>	<u>398,003</u>	<u>336,720</u>
	<u>\$ 459,517</u>	<u>\$ 422,572</u>	<u>\$ 374,747</u>

The combined 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 Note XXX.

IX. Financial assets at amortized cost

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Current</u>			
Restricted bank deposits (1)	\$ 142,609	\$ 63,364	\$ -
Restricted bank term deposits (1)	188,364	199,360	-
Restricted bills with repurchase agreement (1)	20,024	30,017	-
Pledged certificate of deposit	<u>-</u>	<u>-</u>	<u>76,960</u>
	<u>\$ 350,997</u>	<u>\$ 292,741</u>	<u>\$ 76,960</u>
<u>Non-current</u>			
Pledged certificate of deposit	<u>\$ 4,281</u>	<u>\$ 5,696</u>	<u>\$ 6,046</u>

(I) The above restricted financial assets are held by the combined 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 time deposits and repurchase agreement as of the balance sheet dates are as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Restricted bank term deposits	0.23%~ 0.26%	0.35%	-
Restricted bills with repurchase agreement	0.15%~ 0.16%	0.17%	-
Pledged certificate of deposit	0.15%	0.50%	1.05%

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

X. Notes receivable and accounts receivable

	March 31, 2021	December 31, 2020	March 31, 2020
Notes receivable	<u>\$ 142,258</u>	<u>\$ 89,256</u>	<u>\$ 237,755</u>

Accounts receivables

Measured at amortized cost

Total Carrying Amount	\$ 438,131	\$ 659,220	\$ 1,597,030
Less: Allowance losses	( <u>70,280</u> )	( <u>74,839</u> )	( <u>95,344</u> )
	<u>\$ 367,851</u>	<u>\$ 584,381</u>	<u>\$ 1,501,686</u>

Accounts receivables

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

The combined company recognizes allowance for uncollectible accounts for accounts receivable as lifetime ECL for the duration of contract. The lifetime ECL is determined by reference to the past default records and the current financial position of different groups of customers, as well as by taking into consideration the projected GDP and related indicators of such industries.

The combined 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 combined 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 combined company is as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Not overdue	<u>\$ 142,258</u>	<u>\$ 89,256</u>	<u>\$ 237,755</u>

Aging analysis of accounts receivable of the combined company is as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Not overdue	\$ 336,402	\$ 518,103	\$ 1,121,835
Less than 180 days	38,712	64,019	277,169
181~360 days	4,901	16,134	96,915
More than 361 days	<u>58,116</u>	<u>60,964</u>	<u>101,111</u>
Total	<u>\$ 438,131</u>	<u>\$ 659,220</u>	<u>\$ 1,597,030</u>

Changes in allowance for uncollectible accounts for accounts receivable are as follows:

	January 1 to March 31, 2021	January 1 to March 31, 2020
Beginning balance	\$ 74,839	\$ 103,207
Less: Reversal of impairment loss for the period	( 4,266)	( 7,275)
Exchange difference	( 293)	( 588)
Ending Balance	<u>\$ 70,280</u>	<u>\$ 95,344</u>

XI. Inventories (for construction business)

	March 31, 2021	December 31, 2020	March 31, 2020
Xinzhi Section, Xinzhuang District	<u>\$ 465,926</u>	<u>\$ 465,926</u>	<u>\$ 463,577</u>

The combined company acquired the land sitting at Xinzhuang Xinzhi Section of Xinzhuang in July 2017, and it is expected to be sold after the building is built. The land is also pledged to financial institutions for loans. Please refer to Notes XVII and XXX.

XII. Prepayments

	March 31, 2021	December 31, 2020	March 31, 2020
Prepayments for construction contracts	\$ 49,923	\$ 37,210	\$ 86,060
Tax overpaid retained	11,811	7,926	18,237
Prepaid insurance	3,505	4,122	5,648
Prepayments for purchases	-	-	212,972
Others	<u>7,230</u>	<u>4,333</u>	<u>7,288</u>
	<u>\$ 72,469</u>	<u>\$ 53,591</u>	<u>\$ 330,205</u>



### XIII. Subsidiaries

#### (I) Subsidiaries included in the consolidated financial statements

The entities of the consolidated financial statements are as follows:

Name of Investor	Subsidiary Company Name	Business Activities	Shareholding percentage			Explanation
			March 31, 2021	December 31, 2020	March 31, 2020	
The Company	Golden Canyon Limited (Golden Canyon)	Reinvestment	100%	100%	100%	
	Silver Shadow Holding Limited (Silver Shadow)	Reinvestment	100%	100%	100%	
	Shun Long International Electrical Engineering Co., Ltd. (Shun Long)	Undertaking mechanical, electrical and plumbing/refrigeration/air conditioning engineering; wholesale and retail of equipment	100%	100%	100%	Please refer to Note XXV.
	Chien Kuo Building Co., Ltd. (Chien Kuo Building)	Building construction commission; public housing lease and sale	100%	100%	100%	
	Anping Property Co., Ltd. (Anping Property)	Housing and building development and lease	-	-	100%	(Note 1)
	Golden Canyon Venture Capital Investment Co., Ltd. (Golden Canyon Venture Capital)	Venture capital	100%	100%	-	(Note 2)
	Chien Kuo Construction Consultant (Kunshan) Co., Ltd. (Chien Kuo Construction Consultant)	Engineering technology; procurement planning; installation consultation	-	-	100%	(Note 3)
Subsidiaries of Golden Canyon and Silver Shadow	CK Asia Co., Ltd. (CK Asia)	Reinvestment	100%	100%	100%	
	CK Asia (Shanghai) Information Technology Co., Ltd. (Shanghai Information)	Computer software technology development and consultation	100%	100%	100%	
	Yangzhou Chien Yung Concrete Co., Ltd. (Yangzhou Chien Yung)	Production and sale of concrete and concrete products	100%	100%	100%	
	Suzhou Chien Hua Concrete Co., Ltd. (Suzhou Chien Hua)	Production and sale of concrete and concrete products	-	-	-	Please refer to Note XXIV.
	Wuxi Chien Bang Concrete Co., Ltd. (Wuxi Chien Bang)	Production and sale of concrete and concrete products	-	100%	100%	Please refer to Note XXIV.
	Chien Ya (Yangzhou) Technology Consultant Co., Ltd. (Chien Ya Yangzhou)	Computer software technology development and consultation	100%	100%	100%	
	Chien Ya (Suzhou) Information Technology Consultant Co., Ltd. (Chien Ya Suzhou)	Computer software technology development and consultation	100%	100%	100%	
	Chien Ya (Wuxi) Information Technology Consultant Co., Ltd. (Chien Ya Wuxi)	Computer software technology development and consultation	100%	100%	100%	

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

- (1) Anping Real Estate Co., Ltd. was liquidated in December 2020.
- (2) Golden Canyon Venture Capital was established on August 17, 2020 as a wholly-owned subsidiary of the Company.
- (3) The liquidation of Chien Kuo Construction Consultant was completed on May 20, 2020.

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

XIV. Non-current Assets Held for Sale and Disposal Group Held for Sale

(I) Discontinued Operations

On August 12, 2020, the combined company entered into a contract to dispose of Wuxi Chien Bang, a subsidiary responsible for concrete business of the combined company. No impairment loss was recognized in respect of the subsidiary classified as held for sale because the selling price exceeded the carrying amount of the related net assets. The transaction was completed in February 2021 (please refer to Note XXIV). The disposal of the subsidiary in charge of concrete business is consistent with the combined company's long-term business strategy with the focus on construction business. As the subsidiary meets the definition of a discontinued operation, it is expressed as a discontinued operation, and the related profit or loss from January 1 to March 31, 2020 is reclassified as discontinued operation profit or loss.

Information on the profit or loss and cash flows of the discontinued operation is as follows:

	January 1 to March 31, 2020
Sales revenue	\$ 131,370
Cost of sales	( 116,173 )
Gross profit	15,197
Selling expenses	( 1,401 )
Administrative expenses	( 824 )
Net operating Income	12,972
Other income	1,339
Other gains and losses	797
Finance costs	( 484 )
Income before income tax	14,624
Income tax expense	( 832 )
Profit from discontinued operations	<u>\$ 13,792</u>
Profit from discontinued operations <u>are</u> attributable to	
Owners of the parent	\$ 13,792
Non-controlling interests	<u>-</u>
	<u>\$ 13,792</u>

(Continued on next page)

(Continued from the previous page)

	January 1 to March 31, 2020
Cash flows	
Operating activities	\$ 498,132
Investing activities	( 129,531 )
Financing activities	-
Net cash flows	<u>\$ 368,601</u>

(II) Non-current assets held for sale

The board of directors of the combined company resolved on July 30, 2020 to sell all of the equity of Wuxi Chien Bang to Wuxi Dekai New Material Technology Co., Ltd. As of December 31, 2020, the transfer payment of NT\$531,083 thousand yuan (RMB 121,674 thousand) was received in advance and the equity was disposed of on February 5, 2021. For related information, please refer to Note XXIV.

Assets and liabilities classified in the held-for-sale disposal group are as follows:

	December 31, 2020
Cash	\$ 11,304
Notes receivable	16,923
Accounts receivables	223,095
Other receivables	11,054
Inventories	7,784
Prepayments	909
Other current assets	394
Property, plant, and equipment	78,098
Right-of-use assets	<u>4,393</u>
Total non-current assets held for sale	<u>\$ 353,954</u>
Accounts payable	\$ 9,693
Other payables	10,196
Contract liability	9,338
Other current liabilities	<u>1,047</u>
Liabilities directly associated with non-current assets held for sale	<u>\$ 30,274</u>
Equity directly associated with non-current assets held for sale	( <u>\$ 83,092</u> )

XV. Lease Agreement

(I) Right-of-use assets

	March 31, 2021	December 31, 2020	March 31, 2020
Carrying amount of right-of-use assets			
Land	\$ -	\$ -	\$ 10,588
Buildings	23,200	23,543	29,754
Transportation			
Equipment	<u>1,101</u>	<u>1,506</u>	<u>2,967</u>
	<u>\$ 24,301</u>	<u>\$ 25,049</u>	<u>\$ 43,309</u>

	January 1 to March 31, 2021	For the Year Ended March 31, 2020
Additions to right-of-use assets	<u>\$ 1,991</u>	<u>\$ 12,532</u>
Depreciation expense of right-of-use assets		
Land	\$ -	\$ 90
Buildings	2,333	2,851
Transportation Equipment	<u>406</u>	<u>487</u>
	<u>\$ 2,739</u>	<u>\$ 3,428</u>

Other than the increase and recognition of depreciation expenses above, the combined company's right-of-use assets did not undergo significant sublease and impairment for the three-month periods ended March 31, 2021 and 2020.

For the amount of the right-of-use asset set as a secured loan by the combined company, please refer to Notes XXX.

(II) Lease liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
Carrying amount of lease liabilities			
Current (listed as other current liabilities)	<u>\$ 10,242</u>	<u>\$ 9,408</u>	<u>\$ 7,187</u>
Non-current (listed as other current liabilities)	<u>\$ 14,381</u>	<u>\$ 15,955</u>	<u>\$ 25,756</u>

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

	March 31, 2021	December 31, 2020	March 31, 2020
Land	-	-	1.65%
Buildings	1.65%~4.57%	1.65%	1.65%
Transportation Equipment	3.00%	3.00%	3.00%

(III) Other lease information

	January 1 to March 31, 2021	For the Year Ended March 31, 2020
Short-term lease expense	<u>\$ 2,216</u>	<u>\$ 1,098</u>
Total cash outflow on lease	<u>\$ 4,947</u>	<u>\$ 4,377</u>

XVI. Investment Property

	March 31, 2021	December 31, 2020	March 31, 2020
Land	\$ 88,266	\$ 104,327	\$ 124,397
Buildings	14,315	16,585	25,581
Parking space	651	1,731	2,306
	<u>\$ 103,232</u>	<u>\$ 122,643</u>	<u>\$ 152,284</u>
Fair Value	<u>\$ 132,941</u>	<u>\$ 152,426</u>	<u>\$ 158,503</u>

Depreciation expenses of investment property are provided using the straight-line method over 3~50 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 combined company as collateral against its secured borrowings, please refer to Note XXX.

XVII. Loans

(I) Short-term loans

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Secured loans (Note XXX)</u>			
Credit line loans	\$ -	\$ -	\$ 41,451
Annual interest rate (%)			
(Effective interest rate)	-	-	4.57%
<u>Unsecured loans</u>			
Credit line loans	\$ 10,000	\$ 15,000	\$ 40,000
Annual interest rate (%)			
(Effective interest rate)	1.40%	1.45%	1.68%~1.7%

(II) Long-term loans

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Secured loans (Note XXX)</u>			
Bank loans (1)	\$ 350,000	\$ 350,000	\$ 350,000
<u>Unsecured loans</u>			
Long-term commercial paper payables (2)	600,000	600,000	600,000
Less: Discount on long-term commercial paper payable	( 767 )	( 858 )	( 994 )
	599,233	599,142	599,006
Less: Current portion	( 449,382 )	( 449,292 )	( 149,740 )
Subtotal	149,851	149,850	449,266
Long-term loans	<u>\$ 499,851</u>	<u>\$ 499,850</u>	<u>\$ 799,266</u>
Annual interest rate (%)			
(Effective interest rate)	1.35%~1.68%	1.35%~1.68%	1.48%~1.68%

1. To obtain land held for construction (classified as Inventories (for construction business)), the combined 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 promissory papers issued by the combined company are issued cyclically according to the contract. Since the original contract period is more than 12 months and the combined company intends to continue the long-term refinancing, it is classified as long-term commercial promissory note. The long-term commercial papers payable that have not matured on the balance sheet date are as follows:

March 31, 2021

Guarantor /Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Effective Interest Rate	Collateral
Shanghai Commercial and Savings Bank	\$ 100,000	(\$ 95)	\$ 99,905	1.648%	None
Entie Commercial Bank	150,000	( 242)	149,758	1.678%	None
Mega International Commercial Bank	150,000	( 149)	149,851	1.360%	None
KGI Commercial Bank	<u>200,000</u>	<u>( 281)</u>	<u>199,719</u>	1.448%	None
	<u>\$ 600,000</u>	<u>(\$ 767)</u>	<u>\$ 599,233</u>		

December 31, 2020

Guarantor /Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Effective Interest Rate	Collateral
Shanghai Commercial and Savings Bank	\$ 300,000	(\$ 466)	\$ 299,534	1.648%	None
Entie Commercial Bank	150,000	( 242)	149,758	1.678%	None
Mega International Commercial Bank	<u>150,000</u>	<u>( 150)</u>	<u>149,850</u>	1.360%	None
	<u>\$ 600,000</u>	<u>(\$ 858)</u>	<u>\$ 599,142</u>		

March 31, 2020

Guarantor /Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Effective Interest Rate	Collateral
Shanghai Commercial and Savings Bank	\$ 300,000	(\$ 520)	\$ 299,480	1.648%	None
Entie Commercial Bank	150,000	( 269)	149,731	1.678%	None
Mega International Commercial Bank	<u>150,000</u>	<u>( 205)</u>	<u>149,795</u>	1.479%	None
	<u>\$ 600,000</u>	<u>(\$ 994)</u>	<u>\$ 599,006</u>		

XVIII. Accounts Payable

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

XIX. Equity

(I) Capital

	March 31, 2021	December 31, 2020	March 31, 2020
Number of authorized shares (in 1,000 shares)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Authorized capital	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of issued and paid shares (in 1,000 shares)	<u>257,440</u>	<u>257,440</u>	<u>267,440</u>
Issued capital	<u>\$ 2,574,401</u>	<u>\$ 2,574,401</u>	<u>\$ 2,674,401</u>

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

To maintain the Company's credit and stockholder 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

	March 31, 2021	December 31, 2020	March 31, 2020
<u>May be used to offset deficits, appropriated as cash dividends or transferred to capital (1)</u>			
Stock issuance premium	\$ 190,053	\$ 190,053	\$ 197,435
Treasury stock transactions	13,528	13,528	3,914
Difference between prices of shares acquired from subsidiaries and book value	993	993	993

(Continued on next page)

(Continued from the previous page)

	March 31, 2021	December 31, 2020	March 31, 2020
<u>May only be used to offset</u> <u>deficits</u>			
Adjustment in additional paid-in capital of subsidiaries using equity method	\$ 73	\$ 73	\$ 73
<u>May not be used for any</u> <u>purpose</u>			
Employee stock options	205	205	205
	<u>\$ 204,852</u>	<u>\$ 204,852</u>	<u>\$ 202,620</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 as 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 Stockholders' Meeting.

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

The Company's dividend policy takes into account the environment and growth of the industry, long-term financial plans and optimization of stockholders' 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 stockholders' 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 board of directors on March 25, 2021 and will hold the regular shareholders' meeting on June 23, 2020, and respectively propose and resolve 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 distribution of earnings for 2020 is subject to the resolution of the Stockholders' meeting to be held on June 23, 2021.

## XX. Revenue

### (I) Revenue from contracts with customers

	January 1 to March 31, 2021	January 1 to March 31, 2020
Revenue from construction contracts	\$ 1,192,203	\$ 1,384,920
Others	45	90
	<u>\$ 1,192,248</u>	<u>\$ 1,385,010</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 combined company estimates the most possible amount for transaction price by reference to the past contracts of similar conditions and scale.

### (II) Contract balance

	March 31, 2021		December 31, 2020		March 31, 2020	
	Construction Segment	Discontinued Segment	Construction Segment	Discontinued Segment	Construction Segment	Discontinued Segment
Accounts receivable (Note X)	\$ 273,810	\$ 94,041	\$ 401,058	\$ 183,323	\$ 359,671	\$ 1,142,015
Contract assets						
Real estate construction	\$ 643,178	\$ -	\$ 819,682	\$ -	\$ 753,168	\$ -
Construction retainage receivable	741,729	-	766,689	-	622,003	-
	<u>\$ 1,384,907</u>	<u>\$ -</u>	<u>\$ 1,586,371</u>	<u>\$ -</u>	<u>\$ 1,375,171</u>	<u>\$ -</u>
Contract liability						
Real estate construction	\$ 156,771	\$ -	\$ 93,909	\$ -	\$ 90,515	\$ -
Receipts in advance	-	-	-	-	-	12,766
	<u>\$ 156,771</u>	<u>\$ -</u>	<u>\$ 93,909</u>	<u>\$ -</u>	<u>\$ 90,515</u>	<u>\$ 12,766</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 combined company as of March 31, 2021 are as follows:

Anticipated years to recognize revenue	March 31, 2021
<u>2021~2025</u>	<u>\$ 11,624,712</u>

XXI. Net Income from Continuing Operations

(I) Other income

	January 1 to March 31, 2021	January 1 to March 31, 2020
Interest revenue	\$ 15,373	\$ 12,000
Dividend income	268	-
Others	541	5,596
Less: Discontinued operations	<u>-</u>	<u>( 1,339 )</u>
	<u>\$ 16,182</u>	<u>\$ 16,257</u>

(II) Other gains and losses

	January 1 to March 31, 2021	January 1 to March 31, 2020
Gain from disposal of subsidiaries, net	\$ 147,863	\$ 101,188
Loss on foreign currency exchange, net	( 6,503 )	( 1,887 )
Loss on valuation of financial instrument at fair value through profit or loss	( 1,310 )	( 8,413 )
Gain (loss) on disposal of investment properties	62	( 1,431 )
Impairment loss on investment property	-	( 2,252 )
Others	( 905 )	( 479 )
Less: Discontinued operations	<u>-</u>	<u>( 797 )</u>
	<u>\$ 139,207</u>	<u>\$ 85,929</u>

(III) Finance costs

	January 1 to March 31, 2021	January 1 to March 31, 2020
Interest expenses		
Interest on bank loans	\$ 2,345	\$ 3,218
Interest on lease liabilities	101	184
Less: Discontinued operations	<u>-</u>	<u>( 484 )</u>
	<u>\$ 2,446</u>	<u>\$ 2,918</u>

(IV) Depreciation and Amortization Expenses

	January 1 to March 31, 2021	January 1 to March 31, 2020
Property, plant, and equipment	\$ 1,536	\$ 3,370
Right-of-use assets	2,739	3,428
Investment property	252	298
Intangible assets	27	334
Total	<u>\$ 4,554</u>	<u>\$ 7,430</u>
Depreciation expenses by function		
Operating costs	\$ 522	\$ 431
Operating Expenses	3,763	4,396
Other gains and losses	242	289
Discontinued operations	-	1,980
	<u>\$ 4,527</u>	<u>\$ 7,096</u>
Amortization expenses by function		
Operating Expenses	<u>\$ 27</u>	<u>\$ 334</u>

(V) Employee Benefits

	January 1 to March 31, 2021	January 1 to March 31, 2020
Short-term employee benefits	\$ 127,623	\$ 108,214
Post-employment benefits		
Defined contribution plans	4,762	5,083
Defined benefit plans	173	169
Termination benefits	90	66
	<u>\$ 132,648</u>	<u>\$ 113,532</u>
By function		
Operating costs	\$ 73,034	\$ 59,919
Operating Expenses	59,614	45,527
Discontinued operations	-	8,086
	<u>\$ 132,648</u>	<u>\$ 113,532</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 and remuneration for employees and directors as employee remuneration, and no more than 3% of such income as directors' remuneration. Compensation to employees and remuneration to directors for the three-month periods ended March 31, 2021 and 2020 are as follows:

	January 1 to March 31, 2021		January 1 to March 31, 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Employee remuneration	<u>\$ 5,192</u>	3%	<u>\$ 4,580</u>	3%
Director remuneration	<u>\$ 5,192</u>	3%	<u>\$ 4,558</u>	3%

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

Remunerations for employees and directors for 2020 and 2019 were resolved by the Board of Directors on March 25, 2021 and March 27, 2020 respectively.

	2020		2019	
	Cash	Percentage (%)	Cash	Percentage (%)
Employee remuneration	\$ 13,686	3%	\$ 7,799	3%
Director remuneration	<u>13,686</u>	3%	<u>7,799</u>	3%
	<u>\$ 27,372</u>		<u>\$ 15,598</u>	

The amounts of employee compensation distributed for the years ended December 31, 2020 and 2019 and those recognized in the consolidated financial statements are consistent.

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

## XXII. Income Tax

### (I) Income Tax Recognized in Profit or Loss

Major components of income tax expenses are as follows:

	January 1 to March 31, 2021	January 1 to March 31, 2020
Current period income tax		
Arise from current period	\$ 51,050	\$ 30,767
Adjustments for previous years	<u>-</u>	<u>20</u>
	<u>51,050</u>	<u>30,787</u>
Deferred income tax		
Income tax expenses recognized in the current period	16,747	15,128
Less: Income tax from discontinued operations	<u>-</u>	( <u>832</u> )
Income tax expenses recognized in profit or loss	<u>\$ 67,797</u>	<u>\$ 45,083</u>

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

	January 1 to March 31, 2021	January 1 to March 31, 2020
<u>Deferred income tax</u>		
Income tax expenses recognized in the current period		

	January 1 to March 31, 2021	January 1 to March 31, 2020
- Exchange differences on translation of foreign operations	<u>\$ 16,231</u>	<u>\$ 5,567</u>

(III) Income tax approval status

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

Company Name	Year Approved
The Company	2018
Chien Kuo Building Co., Ltd.	2019
Shun Long International Electrical Engineering Co., Ltd.	2018

XXIII. Earnings Per Share

	January 1 to March 31, 2021	January 1 to March 31, 2020
		Unit: NT\$
Basic earnings per share		
From continuing operations	\$ 0.54	\$ 0.40
From discontinued operations	-	0.05
Total basic earnings per share	<u>\$ 0.54</u>	<u>\$ 0.45</u>
Diluted earnings per share		
From continuing operations	\$ 0.54	\$ 0.40
From discontinued operations	-	0.05
Total diluted earnings per share	<u>\$ 0.54</u>	<u>\$ 0.45</u>

Net income and weighted average number of ordinary shares used for calculation of EPS are stated as follows:

Net income

	January 1 to March 31, 2021	January 1 to March 31, 2020
Net income attributable to owners of the Company	\$ 138,408	\$ 119,908
Less: Net income from discontinued operations used for calculation of basic earnings per share of discontinued operations	-	( 13,792 )
Net income from continuing operations used for calculation of basic/diluted earnings per share of continuing operations	<u>\$ 138,408</u>	<u>\$ 106,116</u>

Shares

	January 1 to March 31, 2021	January 1 to March 31, 2020
		Unit: In thousand shares
Weighted average number of shares of common stock used for the calculation of basic earnings per share	257,440	267,440
Effect of potentially dilutive shares of common stocks:		
Employee remuneration	<u>1,272</u>	<u>1,506</u>
Weighted average number of shares of common stock used for the calculation of diluted earnings per share	<u>258,712</u>	<u>268,946</u>

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

#### XXIV. Disposal of Subsidiaries

The combined company completed the disposal of all equity interests in Wuxi Chien Bang and Suzhou Chien Hua on February 5, 2021 and February 11, 2020, respectively. The disposal proceeds of Wuxi Chien Bang and Suzhou Chien Hua were NT\$556,378 thousand (RMB 126,000 thousand) and NT\$266,064 thousand (RMB 60,620 thousand), respectively.

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

	<u>Wuxi Chien Bang</u>	<u>Suzhou Chien Hua</u>
Current assets		
Cash and cash equivalents	\$ 11,436	\$ 14,402
Notes and accounts receivables	242,816	143,365
Other receivables	11,183	62,252
Inventories	7,875	12,075
Prepayments	920	2,293
Other current assets	399	-
Non-current assets		
Property, plant, and equipment	79,009	54,458
Right-of-use assets	4,445	4,626
	<u>Wuxi Chien Bang</u>	<u>Suzhou Chien Hua</u>
Current liabilities		
Notes payable	\$ -	(\$ 11,533)
Accounts payable	( 9,806)	-
Other payables	( 10,315)	( 149,601)
Contract liability	( 9,447)	-
Other current liabilities	( 1,059)	-
Net assets disposed of	<u>\$ 327,456</u>	<u>\$ 132,337</u>

##### (II) Gain on disposal of subsidiaries

	<u>Wuxi Chien Bang</u>	<u>Suzhou Chien Hua</u>
Consideration received	\$ 556,378	\$ 266,064
Net assets disposed of	( 327,456)	( 132,337)
Accumulated exchange difference on net assets of a subsidiary reclassified from equity to profit or loss as a result of losing control over the subsidiary	( 81,059)	( 32,539)
Profit on Disposal	<u>\$ 147,863</u>	<u>\$ 101,188</u>

(III) Net cash inflow on disposal of subsidiaries

	<u>Wuxi Chien Bang</u>	<u>Suzhou Chien Hua</u>
Consideration received in the form of cash and cash equivalents	\$ 556,378	\$ 266,064
Less: Receipts in advance - beginning of year	( 531,083 )	( 126,383 )
Less: Balance of cash and cash equivalents disposed of	( <u>11,436</u> )	( <u>14,402</u> )
	<u>\$ 13,859</u>	<u>\$ 125,279</u>

XXV. Equity Transactions with Non-controlling Interests

On March 12, 2020, the combined company acquired 13.39% of Shun Long's equity from the Company's employees and chairman. The shareholding ratio thus increased from 86.61% to 100%.

As the above-mentioned transactions did not change the combined company's control over such subsidiary, the combined company treated the transactions as equity transactions.

	<u>Shun Long</u>
Cash consideration paid	\$ 6,858
Carrying amount of the subsidiary's net assets that should be transferred out of non-controlling interest based on changes in equity	( <u>7,851</u> )
Difference in equity transactions	( <u>\$ 993</u> )

Equity transaction balance adjustment

Additional paid-in capital - difference between the share price and carrying amount of the acquired shares of the subsidiary	<u>\$ 993</u>
--	---------------

The aforementioned cash consideration of NT\$6,858 thousand was paid in full on April 6, 2020.

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

On March 31, 2021, financial assets measured at fair value through profit and loss that the combined company purchased and disposed of for NT\$28,683 thousand and NT\$7,473 thousand, respectively, from January 1 to March 31, 2021, are recognized as other payables and other receivables, respectively, due to settlement-date lag.

XXVII. Capital risk management

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



## XXVIII. Financial Instruments

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

Please refer to the information stated in the consolidated balance sheets. The management of the combined 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 consolidated balance sheets are used as a reasonable basis for estimating their fair values.

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

#### 1. Fair value level

##### March 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit or loss</u>				
Structured notes	\$ -	\$ 279,035	\$ -	\$ 279,035
Domestic listed stocks	191,063	-	-	191,063
Foreign listed stocks	130,252	-	-	130,252
Fund beneficiary certificates	778,670	-	-	778,670
Structured deposits	-	212,482	-	212,482
Private equity funds	-	-	78,877	78,877
Total	<u>\$1,099,985</u>	<u>\$ 491,517</u>	<u>\$ 78,877</u>	<u>\$1,670,379</u>

##### Financial assets measured at FVTOCI

Domestic listed stocks	<u>\$ 459,517</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 459,517</u>
------------------------	-------------------	-------------	-------------	-------------------

##### December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit or loss</u>				
Structured notes	\$ -	\$ 399,851	\$ -	\$ 399,851
Domestic listed stocks	75,770	-	-	75,770
Fund beneficiary certificates	803,707	-	-	803,707
Structured deposits	-	465,688	-	465,688
Private equity funds	-	-	67,355	67,355
Total	<u>\$ 879,477</u>	<u>\$ 865,539</u>	<u>\$ 67,355</u>	<u>\$1,812,371</u>

##### Financial assets measured at FVTOCI

Domestic listed stocks	<u>\$ 422,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,572</u>
------------------------	-------------------	-------------	-------------	-------------------

March 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
<u>measured at fair value</u>				
<u>through profit or loss</u>				
Private equity funds	\$ -	\$ -	\$ 67,832	\$ 67,832
Structured deposits	<u>155,837</u>	<u>-</u>	<u>-</u>	<u>155,837</u>
Total	<u>\$ 155,837</u>	<u>\$ -</u>	<u>\$ 67,832</u>	<u>\$ 223,669</u>
<u>Financial assets</u>				
<u>measured at FVTOCI</u>				
Domestic and foreign listed stocks	<u>\$ 374,747</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 374,747</u>
<u>Financial assets for hedging</u>				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 5,184</u>	<u>\$ -</u>	<u>\$ 5,184</u>

There was no transfer between Level 1 and Level 2 fair value measurement for the year ended March 31, 2021 and 2020.

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

Type of Financial Instruments	Valuation Techniques and Inputs
Structured notes	Option valuation model.
Forward exchange contracts	Discounted cash flow: Future cash flows are estimated based on end-of-period observable forward exchanges and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Structured deposits	The fair values of structured deposits are measured at the rates of return derived from the structure of deposit principals and derivatives.

3. 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 combined company were a 10% discount for lack of liquidity and a 10% discount for minority interest on March 31, 2021, December 31, 2020 and March 31, 2020. When other inputs are held constant, a 1% discount would decrease the fair value by NT\$1,766 thousand, NT\$1,639 thousand, and NT\$744 thousand, respectively.

(III) Types of financial instruments

	March 31, 2021	December 31, 2020	March 31, 2020
<u>on Available-for-sale</u>			
Measured at FVTPL			
Mandatorily			
measured at			
FVTPL	\$ 1,670,379	\$ 1,812,371	\$ 223,669
Financial assets for			
hedging	-	-	5,184
Financial assets at			
amortized cost (Note 1)	3,675,116	3,734,212	4,782,275
Financial assets measured			
at FVTOCI			
Investment in equity			
instruments	459,517	422,572	374,747
<u>Financial liabilities</u>			
Measured at amortized			
cost (Note 2)	2,573,105	3,027,190	2,745,024

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

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

(IV) Financial risk management objectives and policies

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

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

## 1. Market risk

### (1) Foreign exchange rate risk

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

#### Sensitivity analysis

The combine company is mainly exposed to RMB and USD fluctuations. The following table details the combined 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 figures in the table below shows the increase in income before tax when the currency appreciates by 1% against the combined entity's functional currency

	Effect on Profit or Loss	
	January 1 to March 31, 2021	January 1 to March 31, 2020
RMB	\$ 1,514	\$ 4,467
USD	1,892	-

#### Hedge accounting

In order to reduce the cash flow risk exposure to proceeds derived from disposal of subsidiaries, the combined company entered into forward exchange contracts to hedge against the exchange rate risk of the foreign currency firm commitment. The combined company assesses the hedge effectiveness by comparing the fair value changes of the forward exchange contracts and the changes in virtual derivatives.

The hedge ineffectiveness of the hedging relationship is mainly from the impact of the credit risk of the combined company and the counter-party on the fair value of the forward exchange contracts. Such credit risk does not affect the fair value change of the hedged item caused by exchange rate changes, nor does it affect the timing of occurrence of the anticipated transactions being hedged. There are no other sources of hedge ineffectiveness during the hedging period.

Details of the exchange rate risk of the combined company are as follows:

### March 31, 2020

Hedging Instrument	Currency	Contract Amount	Maturity Period	Balance Sheet Item	Carrying Amount	
					Assets	Liabilities
Cash Flow Hedges						
Forward exchange contracts	RMB/USD	RMB 60,000/USD 8,617	June 2020	Financial assets for hedging	\$5,184	\$ -

For the above forward exchange contract designated as hedging instrument for cash flow hedge, a hedging profit of NT\$4,149 thousand was recognized in other comprehensive income from January 1 to March 31, 2020.

#### (2) Interest rate risk

The interest rate risk of the combined company is mainly from cash and cash equivalents. Cash and cash equivalents held at floating interest rates expose the combined company to the cash flow interest rate risk. Part of such risk is offset by loans made at floating rates. Cash and cash equivalents held and loans made at fixed interest rates expose the combined company to the fair value interest rate risk. The policy of the combined 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 combined company with exposure to interest rate on the balance sheet dates are as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
With fair value interest rate risk			
- Financial assets	\$ 2,025,589	\$ 1,684,108	\$ 1,761,771
- Financial liabilities	484,005	489,655	548,605
With cash flow interest rate risk			
- Financial assets	1,105,611	1,218,692	1,266,975
- Financial liabilities	499,851	499,850	514,795

### Sensitivity analysis

The sensitivity analysis below is prepared based on the risk exposure of derivative and non-derivative instruments to the interest rates at balance sheet date. For liabilities at floating interest rates, the analysis assumes they are outstanding throughout the reporting period if they are outstanding at the balance sheet date. A 100 basis point increase or decrease is used when reporting the interest rate risk internally to the key management, and represents the management's assessment of the reasonably possible range of changes in interest rates.

If interest rate increases/decreases by 100 basis points, holding other variables constant, the combined company's income before tax will increase/decrease by NT\$1,514 thousand and NT\$1,880 thousand for the three months ended on March 31, 2021 and 2020, respectively.

### (3) Other price risk

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

### Sensitivity analysis

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

If the equity price increased/decreased by 10%, income before tax from January 1 to March 31, 2021 and 2020 would have increased/decreased by NT\$117,886 thousand and NT\$6,783 thousand due to a change in the fair value of financial assets at fair value through profit or loss.

If the equity price increased/decreased by 10%, other comprehensive income before tax from January 1 to March 31, 2021 and 2020 would have increased/decreased by NT\$45,952 thousand and NT\$37,475 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 combined company arising from default by clients or counterparties of financial instruments on the contractual obligations. The policy of the combined company in response to credit risk is as follows:

### Customers

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

March 31, 2021

	Less than 1 Year	1~2 Year(s)	2~5 Years
Non-interest-bearing liabilities	\$ 1,512,439	\$ 81,787	\$ 19,646
Lease liabilities	11,334	10,447	3,375
Fixed-rate instruments:	459,382	-	-
Floating interest rate instruments	-	499,851	-
	<u>\$ 1,983,155</u>	<u>\$ 592,085</u>	<u>\$ 23,021</u>

December 31, 2020

	Less than 1 Year	1~2 Year(s)	2~5 Years
Non-interest-bearing liabilities	\$ 1,985,801	\$ 60,271	\$ 16,976
Lease liabilities	10,557	9,628	5,724
Fixed-rate instruments:	464,292	-	-
Floating interest rate instruments	-	499,850	-
	<u>\$ 2,460,650</u>	<u>\$ 569,749</u>	<u>\$ 22,700</u>

March 31, 2020

	Less than 1 Year	1~2 Year(s)	2~5 Years
Non-interest-bearing liabilities	\$ 1,528,784	\$ 182,820	\$ 2,963
Lease liabilities	11,657	11,276	18,911
Fixed-rate instruments:	216,191	299,471	-
Floating interest rate instruments	<u>15,000</u>	<u>-</u>	<u>499,795</u>
	<u>\$ 1,771,632</u>	<u>\$ 493,567</u>	<u>\$ 521,669</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

	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured bank loan facilities			
- Amount used	\$ 610,000	\$ 615,000	\$ 640,000
- Amount unused	<u>1,546,429</u>	<u>1,651,429</u>	<u>1,656,427</u>
	<u>\$ 2,156,429</u>	<u>\$ 2,266,429</u>	<u>\$ 2,296,427</u>
Secured bank loan facilities			
- Amount used	\$ 350,000	\$ 350,000	\$ 391,451
- Amount unused	<u>100,000</u>	<u>100,000</u>	<u>271,884</u>
	<u>\$ 450,000</u>	<u>\$ 450,000</u>	<u>\$ 663,335</u>

(V) Transfer of financial assets

The combined company has transferred with endorsement a part of its banker's accepted draft receivable in Mainland China to suppliers for the purpose of paying off its accounts payables. Since the risks and returns of such bank acceptance drafts have been substantially transferred, the combined company has derecognized the banker's acceptance drafts receivable and the corresponding accounts payables. However, if such derecognized drafts fails to be accepted by banks when due, the suppliers are entitled to demand for a settlement to be made by the combined company. Therefore, the combined company still has continuing involvement in such drafts.

The maximum risk exposure of the combined company's continuing involvement in the above-derecognized drafts is their face amount, which totaled NT\$3,241 thousand, NT\$62,291 thousand, and NT\$137,585 thousand as of March 31, 2021



and December 31, 2020 and March 31, 2020, and will be due within 2 months, 5 months, and 10 months after the balance sheet date, respectively. Having considered the credit risks of such derecognized drafts, the combined company determines that the fair value of its continuing involvement is immaterial.

For the three months ended March 31, 2021 and 2020, the combined company did not recognize any gain or loss for its banker's acceptance drafts that were transferred with endorsement, nor for its continuing involvement in such drafts in the current period or cumulatively over the previous periods.

XXIX. Related-Party transactions

In preparing the consolidated financial statements, all transactions, account balances, income and expenses between the Company and its subsidiaries have been eliminated in full and are not disclosed in this note accordingly. In addition to those disclosed in other notes, transactions between the combined company and other related parties are as follows:

(I) Names and relationships of related parties

<u>Name of Related Party</u>	<u>Relationship with the combined company</u>
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.	The chairman of Chien Hwei Investment 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) Other related party transactions

1. Construction costs

<u>Category of Related Parties</u>	<u>January 1 to March 31, 2021</u>	<u>January 1 to March 31, 2020</u>
Associates	<u>\$ -</u>	<u>\$ 944</u>

It is the cost paid for entrusting associates to provide services such as architectural model drawing, and is handled in accordance with general terms and condition.

2. Lease agreements

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

<u>Accounting subject</u>	<u>Category of Related Parties</u>	<u>January 1 to March 31, 2021</u>	<u>January 1 to March 31, 2020</u>
---------------------------	------------------------------------	------------------------------------	------------------------------------

Accounting subject	Category of Related Parties	January 1 to March 31, 2021	January 1 to March 31, 2020
Acquisition of right-of-use assets	Other related parties	<u>\$ -</u>	<u>\$ 12,532</u>

Accounting subject	Category of Related Parties	March 31, 2021	December 31, 2020	March 31, 2020
Lease liabilities	Other related parties	<u>\$ 9,266</u>	<u>\$ 10,088</u>	<u>\$ 12,532</u>

Accounting subject	Category of Related Parties	January 1 to March 31, 2021	January 1 to March 31, 2020
Interest expenses	Other related parties	<u>\$ 39</u>	<u>\$ 86</u>
Lease expenses	Other related parties	<u>\$ 27</u>	<u>\$ 18</u>

### 3. Lease agreement (operating lease)

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

Accounting Item	Category of Related Parties	January 1 to March 31, 2021	January 1 to March 31, 2020
Rent income	Other related parties	<u>\$ 286</u>	<u>\$ 286</u>

### 4. Acquisition of financial assets

The combined company invested in CSVI VENTURES, L.P. with NT\$11,416 thousand (USD400 thousand) in March 2021. The key decision maker of the fund is the Company's director.

## (III) Remuneration to key management

	January 1 to March 31, 2021	January 1 to March 31, 2020
Short-term employee benefits	\$ 12,369	\$ 9,365
Post-employment benefits	<u>340</u>	<u>279</u>
	<u>\$ 12,709</u>	<u>\$ 9,644</u>

XXX. Pledged assets

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

	March 31, 2021	December 31, 2020	March 31, 2020
Inventories (for construction business)	\$ 463,577	\$ 463,577	\$ 463,577
Financial assets at fair value through other comprehensive income - non-current	141,193	129,939	110,273
Pledged time deposit certificate (classified as financial assets at amortized cost)	4,281	5,696	83,006
Investment property	30,831	30,974	31,405
Property, plant, and equipment	-	-	15,885
Right-of-use assets	-	-	4,349
Other restricted assets (classified as other non-current assets)	13,897	13,897	8,833
	<u>\$ 653,779</u>	<u>\$ 644,083</u>	<u>\$ 717,328</u>

XXXI. Significant Contingent Liabilities and Unrecognized Contract Commitments

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

Contingency

- (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 combined company believed that this applicable law was wrong and violated the principle of fairness and reasonableness, and on October 9, 2018, it filed a request for mediation with the Complaint Review Board for Government Procurement of the Executive Yuan (hereinafter referred to as the Committee). However, the committee's mediation did not reach a consensus, and the arbitration was submitted on August 6, 2020. The

Arbitration Association planned to hold its last arbitration meeting on May 17, 2021. It is expected to make an arbitration judgment in mid-September 2021. The arbitration board is still judging the related evidence such that the results of the arbitration are difficult to evaluate.

- (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 combined company's active participation in the repair work, a total of 25 house owners transferred a certain amount of their creditors' rights to the combined company, by which the combined company had petitioned the court for a provisional attachment against Shing Tzung and its responsible person, and for a claim of NT\$25 million plus the statutory delay interest accrued thereon from them. The court held an initial judgment in 2018 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 combined company might be entitled. Therefore, the plaintiff's case was rejected. Based on the court judgment, the combined 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 combined company for compensation for the incident because the subcontractor had insufficient capital. The combined company also had suffered loss from the incident and, consequently, filed a claim against Shing Tzung for compensation (including expenses incurred by the combined company's participation in the repair work) and demanded that Shing Tzung return the promissory notes of performance guarantee to the combined company. Regarding the two lawsuits, the Kaohsiung Qiaotou District Court ruled that the combined 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 combined 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 Hing Corporation stated that it takes a little more time to prepare the relevant documents because of the change of lawyers. Therefore, the court is scheduled for April 2021. The second speech debate was held on the 22nd. The judge is currently only conducting preparation procedures and the outcome of the judgment cannot be assessed.

- (III) On March 15, 2013, the combined 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 combined company for the construction project named "Fu-yi River Residential Construction Project" on Land No. 440, Zhuangjing Section, Xindian District, New Taipei City. The combined 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 combined company. The combined company then submitted a request for arbitration on October 22, 2019, demanding Fuyi Company to pay the outstanding amount and the damage suffered by the combined 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 combined company approximately NT\$45,000 thousand, and the combined company has booked the settlement according to the arbitration result.

- (IV) As of March 31, 2021, the performance guarantee letters issued by the bank for construction projects of the combined company amounted to NT\$1,440,032 thousand.
- (V) As of March 31, 2021, the guaranteed bills issued by the combined company for business needs amounted to NT\$319,328 thousand.

#### XXXII. Others

As of the date of approval and issue of the consolidated financial statements, the combined company has concluded that the outbreak of COVID 19 has no material impact on its operational capability, fundraising, and impairment of assets. The combined company will continue to monitor and evaluate future developments of the outbreak.

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

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

Unit: Foreign currency/NT\$ thousand

March 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
on Available-for-sale			
<u>Monetary items</u>			
RMB	\$ 34,856	0.1522 (RMB:USD)	\$ 151,383
USD	6,628	28.54 (RMB:NTD)	<u>189,163</u>
			<u>\$ 340,546</u>

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
on Available-for-sale			
<u>Monetary items</u>			
RMB	\$ 91,320	0.1468 (RMB:USD)	\$ 398,594
USD	7,036	28.48 (RMB:NTD)	<u>200,385</u>
			<u>\$ 598,979</u>

March 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
on			
<u>Available-for-sale</u>			
<u>Monetary items</u>			
RMB	\$ 104,699	0.1411 (RMB:USD)	<u>\$ 446,719</u>

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

	January 1 to March 31, 2021		January 1 to March 31, 2020	
	Exchange Rate	Net exchange profit (loss)	Exchange Rate	Net exchange profit (loss)
on				
<u>Available-for-sale</u>				
RMB	0.1543 (RMB:USD)	(\$ 8,795)	0.1434 (RMB:USD)	(\$ 90)
USD	28.37 (USD:NTD)	( <u>5,569</u> )	30.11 (USD:NTD)	<u>-</u>
		( <u>\$ 14,364</u> )		( <u>\$ 90</u> )

#### XXXIV. Supplementary Disclosures

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

1. Loaning Provided to Others: (Appendix 1)
2. Endorsements/Guarantees Provided for Others: (Appendix 2)
3. Marketable Securities Held at the End of the Period (Excluding investment in Subsidiaries, Associates and Joint Ventures): (Appendix 3)
4. Marketable Securities Acquired and Disposed of Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: 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 4)
8. Receivables from Related Parties Amounting to NT\$100 Million or 20% of the Paid-in Capital or More: (Appendix 5)
9. Engaging in Derivatives Trading: (Notes VII and XXVIII)
10. Others: Inter-company relationships and significant inter-company transactions: (Appendix 6)
11. Information on Invested Companies: (Appendix 7)

#### (III) Information on investments in mainland China:

1. Information on invested companies in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, gain or loss on investments, carrying amount of investment at the end of the period, gain or loss on repatriated investment and ceiling of investments in mainland China: (Appendix 8)
2. Any of the following significant transactions with invested companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms and unrealized gain or loss: None.
  - (1) Purchase amount and percentage, and the ending balance and percentage of the related payables.
  - (2) Sales amount and percentage, and the ending balance and percentage of the related receivables.
  - (3) Property transaction amount and the resulting gain or loss.
  - (4) Ending balances and purposes of endorsements/guarantees or collateral provided.
  - (5) The maximum balance, ending balance, interest rate range and total

amount of current-period interest of financing facilities.

- (6) Other transactions having a significant impact on profit or loss or financial position for the period, such as provision or receipt of service.

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

XXXV. Segment Information

The information is provided to the main business decision-makers to allocate resources and to evaluate the performance of each department, focusing on the category of service delivered or provided. The combined company mainly engages in design, supervision and undertaking of construction projects and trading of building materials. The consolidated statements of comprehensive income present the operating results regularly reviewed by the decision-maker. There is no other business unit of significance such that disclosing information on reportable segments in the financial statements is no longer required.



Chien Kuo Construction Co., Ltd. and  
Subsidiaries  
Loans to Others  
January 1 to March 31, 2021

Appendix 1 Unit: NT\$ Thousands

No.	Financing Company	Counterparty	Financial Statement Account	Whether a Related Party	Maximum Balance	Ending Balance	Amount Actually Withdrawn	Interest Rate Range	Nature of Financing (Note 1)	Amount of Transaction	Reason for short-term financing	Allowance for Doubtful Debts	Collateral		Limit on Loans Granted to a Single Party	Total Loan Limit	Note
													Title	Value			
1	Chien Kuo Building Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Other receivables	Yes	\$ 20,000	\$ 20,000	\$ 20,000	1.45%	(1)	\$ -	Operating capital	\$ -	-	\$ -	20% of the company's net worth	40% of the company's net worth	
															\$ 20,171	\$ 40,342	

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

Chien Kuo Construction Co., Ltd. and  
Subsidiaries  
The Company as endorser  
January 1 to March 31, 2021

Appendix 2 Unit: NT\$ Thousands

No.	Endorsements/guarantees Provider Company Name	Parties Being Endorsed/guaranteed		Limit of Endorsements /guarantees for a Single Entity (Note 1)	Highest Balance up to 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
		Provider	Relationship											
0	Chien Kuo Construction Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Subsidiary	\$ 2,214,326	\$ 100,000	\$ 100,000	\$ 19,730	\$ -	2.26%	\$ 4,428,651	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 stockholders' equity.
  - 2. The limit on endorsements/guarantees made to other guaranteed parties should be 50% of net worth of stockholders' equity.
- Note 2. The maximum endorsement/guarantee 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 stockholders' equity.
  - 2. The maximum endorsements/guarantees amount allowable to other guaranteed parties should be 100% of net worth of stockholders' equity.

Chien Kuo Construction Co., Ltd. and Subsidiaries  
Marketable Securities Held by the End of the Period  
March 31, 2021

Appendix 3

Unit: NT\$ Thousands

Holding Company	Type and Name of Marketable Securities	Relationship with the marketable security issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
Chien Kuo Construction Co., Ltd.	<u>Fund</u>							
	Mega Diamond Money Market Fund	-	Financial assets at FVTPL - current	7,115	\$ 90,065	-	\$ 90,065	-
	Jih Sun Money Market Fund	-	"	6,020	90,071	-	90,071	-
	FSITC Money Market	-	"	445	80,051	-	80,051	-
	Captial Money Market Fund	-	"	4,570	74,373	-	74,373	-
	Wanchang Venture Capital Private Equity Funds	-	Financial assets at FVTPL - Non-current	1,800	17,100	-	17,100	-
	<u>Stock</u>							
	RDC Semiconductor Co.,LTD	-	Financial assets at FVTPL - current	38	19,570	0.06%	19,570	-
	GlobalWafers Co., Ltd	-	"	7	5,250	-	5,250	-
	AP Memory Technology Corporation	-	"	8	6,960	0.01%	6,960	-
	Richwave Technology Corp.	-	"	20	12,680	0.03%	12,680	-
	Advanced Wireless Semiconductor Company	-	"	135	21,060	0.07%	21,060	-
	Hota Industrial MFG. Co., Ltd.	-	"	50	5,800	0.02%	5,800	-
	United Microelectronics Corp.	-	"	220	11,044	-	11,044	-
	Delta Electronics, Inc.	-	"	20	5,760	-	5,760	-
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	"	10	5,870	-	5,870	-
	MediaTek Inc.	-	"	12	11,628	-	11,628	-
	Novatek Microelectronics Corp.	-	"	20	11,500	-	11,500	-
	Grand Process Technology Corp.	-	"	10	3,480	0.03%	3,480	-
	Kinsus Interconnect Technology Corp.	-	"	40	4,480	0.01%	4,480	-
	eMemory Technology Inc.	-	"	5	4,415	0.01%	4,415	-
	Alchip Technologies, Limited.	-	"	8	7,200	0.01%	7,200	-
	O-TA Precision Industry Co., LTD.	-	"	40	3,756	0.05%	3,756	-
	Advanced International Multitech Co., Ltd.	-	"	50	3,110	0.04%	3,110	-
	Chia Hsin Cement Corporation	-	Financial assets measured at FVTOCI - current	1,114	23,237	0.14%	23,237	-

(Continued on next page)

(Continued from the previous page)

Holding Company	Type and Name of Marketable Securities	Relationship with the marketable security issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
Chien Kuo Building Co., Ltd.	Taiwan Cement Corporation	-	Financial assets measured at FVTOCI - noncurrent	6,191	\$ 289,741	0.11%	\$ 289,741	(Note 2)
	Chia Hsin Cement Corporation <u>Stock</u>	-	"	6,853	142,885	0.88%	142,885	(Note 3)
Golden Canyon Limited	China Airlines Ltd.	-	Financial assets at FVTPL - current	300	4,575	0.01%	4,575	-
	RDC Semiconductor Co.,LTD	-	"	7	3,605	0.01%	3,605	-
	Forcecon Tech Co., Ltd.	-	"	20	2,470	0.03%	2,470	-
	Richwave Technology Corp.	-	"	7	4,438	0.01%	4,438	-
	Calin Technology Co., Ltd.	-	"	43	4,494	0.04%	4,494	-
	Eson Precision Ind. Co., Ltd.	-	"	70	5,390	0.04%	5,390	-
	Sino-American Silicon Products INC.	-	"	25	4,225	-	4,225	-
	TSEC Corporation	-	"	137	6,364	0.03%	6,364	-
	GlobalWafers Co., Ltd	-	"	2	1,500	-	1,500	-
	AP Memory Technology Corporation <u>Fund</u>	-	"	12	10,440	0.02%	10,440	-
	Vanguard FTSE Europe ETF	-	Financial assets at FVTPL - current	3	4,675	-	4,675	-
	Global X Lithium & Battery Tech ETF	-	"	19	32,501	-	32,501	-
	Invesco Dynamic Leisure and Entertainment ETF	-	"	24	31,750	-	31,750	-
	CSOP S&P New China Sectors HKD Inc ETF	-	"	66	25,156	-	25,156	-
	iShares FTSE China A50 ETF	-	"	494	35,258	-	35,258	-
	JPMorgan Funds – US Technology Fund	-	"	11	27,691	-	27,691	-
	PVG GCN VENTURES, L.P.	-	Financial assets at FVTPL - Non-current	-	22,164	5.00%	22,164	-
	CSVI VENTURES,L.P. <u>Stock</u>	(Note 1)	"	-	39,613	5.18%	39,613	-
	Square Inc.	-	Financial assets at FVTPL - current	-	2,521	-	2,521	-
	Nike Inc.	-	"	1	2,530	-	2,530	-
	Paypal Inc.	-	"	-	3,431	-	3,431	-
	Chia Hsin Cement Corporation	-	Financial assets measured at FVTOCI - current	175	3,654	0.02%	3,654	-

(Continued on next page)

(Continued from the previous page)

Holding Company	Type and Name of Marketable Securities	Relationship with the marketable security issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
Silver Shadow Holding Limited	<b>Fund</b>							
	BlackRock Global Fund - World Mining Fund A2 USD	-	Financial assets at FVTPL - current	17	\$ 28,757	-	\$ 28,757	-
	SinoPac Securiies - Qunyi China Prosperity Fund	-	"	375	29,875	-	29,875	-
	SinoPac Securiies - Fuhua China New Economy A-Share Fund	-	"	429	30,282	-	30,282	-
	iShares MSCI Brazil ETF	-	"	34	32,263	-	32,263	-
	iShares MSCI USA Value Factor ETF	-	"	10	29,242	-	29,242	-
	iShares Global Clean Energy ETF	-	"	11	7,549	-	7,549	-
	US Global Jets ETF	-	"	33	25,690	-	25,690	-
	Vanguard Value ETF	-	"	6	24,126	-	24,126	-
	<b>Stock</b>							
	Microsoft Inc.	-	Financial assets at FVTPL - current	1	3,983	-	3,983	-
	Tapestry Inc.	-	"	3	3,446	-	3,446	-
	Kohl's Corporation	-	"	2	3,743	-	3,743	-
	Ford Motor Company	-	"	12	4,265	-	4,265	-
	CarMax Inc.	-	"	-	1,325	-	1,325	-
	Abbott Laboratories	-	"	-	756	-	756	-
	AECOM	-	"	-	805	-	805	-
	AeroVironment, Inc.	-	"	-	575	-	575	-
	Aier Eye Hospital Group Co., Ltd.	-	"	1	283	-	283	-
	Alibaba Group Holding Limited	-	"	5	419	-	419	-
	Alphabet Inc.	-	"	-	2,552	-	2,552	-
	Amazon.com, Inc.	-	"	-	2,660	-	2,660	-
	American Tower Corporation	-	"	-	860	-	860	-
	Americold Realty Trust	-	"	1	769	-	769	-
	Anritsu Corporation	-	"	2	1,053	-	1,053	-
	Apple Inc.	-	"	1	2,949	-	2,949	-
	Aptiv PLC	-	"	-	457	-	457	-
	Astrazeneca PLC	-	"	-	1,333	-	1,333	-
	BABA-SW	-	"	3	2,764	-	2,764	-
	Baker Hughes Company	-	"	1	833	-	833	-

(Continued on next page)

(Continued from the previous page)

Holding Company	Type and Name of Marketable Securities	Relationship with the marketable security issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
	Banco Bradesco S.A.	-	Financial assets at FVTPL - current	4	\$ 590	-	\$ 590	-
	Beijing Oriental Yuhong Waterproof Technology	-	"	3	556	-	556	-
	Baidu, Inc.	-	"	-	620	-	620	-
	BlackRock, Inc.	-	"	-	925	-	925	-
	Brookfield Asset Management Inc	-	"	1	1,115	-	1,115	-
	BYD COMPANY	-	"	1	694	-	694	-
	CAE INC	-	"	1	768	-	768	-
	CG SERVICES	-	"	2	548	-	548	-
	Charles Schwab Corporation	-	"	1	1,215	-	1,215	-
	CHINA RES LAND	-	"	5	722	-	722	-
	Clean Harbors, Inc.	-	"	-	1,012	-	1,012	-
	CM BANK	-	"	4	934	-	934	-
	CNBM	-	"	10	396	-	396	-
	Coca-Cola Company	-	"	1	1,070	-	1,070	-
	Corteva, Inc.	-	"	1	821	-	821	-
	DBS	-	"	2	1,222	-	1,222	-
	Deere & Company	-	"	-	1,089	-	1,089	-
	DexCom, Inc.	-	"	-	403	-	403	-
	DocuSign, Inc.	-	"	-	513	-	513	-
	DraftKings Inc.	-	"	-	492	-	492	-
	Dreyfus Strategic Municipal Bond Fund, Inc.	-	"	-	653	-	653	-
	Ecolab Inc.	-	"	-	593	-	593	-
	Elanco Animal Health Inc.	-	"	1	851	-	851	-
	ENN Energy Holdings Ltd.	-	"	2	776	-	776	-
	Equinix, Inc.	-	"	-	659	-	659	-
	ESSILORLUXOTTICA	-	"	-	775	-	775	-
	Estee Lauder Companies, Inc.	-	"	-	730	-	730	-
	Fanuc Corporation	-	"	-	784	-	784	-
	Fidelity National Information Services, Inc.	-	"	-	1,192	-	1,192	-
	Futu Holdings Ltd.	-	"	-	267	-	267	-
	Fuyao Glass Industry Group Co., Ltd.	-	"	4	781	-	781	-
	Galaxy Entertainment Group Ltd.	-	"	3	870	-	870	-
	GDS Holdings Limited	-	"	-	850	-	850	-
	Geely Automobile Holdings Ltd.	-	"	5	362	-	362	-

(Continued on next page)

(Continued from the previous page)

Holding Company	Type and Name of Marketable Securities	Relationship with the marketable security issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
	Graphic Packaging Holding Company	-	Financial assets at FVTPL - current	2	\$ 1,269	-	\$ 1,269	-
	Gree Electric Appliances, Inc. of Zhuhai	-	"	1	191	-	191	-
	Greentown China Holdings Ltd.	-	"	6	237	-	237	-
	Haidilao International Holding Ltd.	-	"	1	176	-	176	-
	HEXAGON AB	-	"	-	446	-	446	-
	Hong Kong Exchanges and Clearing Ltd.	-	"	1	1,558	-	1,558	-
	Honeywell International Inc.	-	"	-	880	-	880	-
	Huazhu Group Ltd.	-	"	-	194	-	194	-
	Innovent Biologics, Inc.	-	"	1	245	-	245	-
	Intuitive Surgical, Inc.	-	"	-	508	-	508	-
	JD.com, Inc.	-	"	1	624	-	624	-
	Jiangsu Hengrui Medicine Co., Ltd.	-	"	1	280	-	280	-
	JinkoSolar Holding Co., Ltd.	-	"	-	216	-	216	-
	KEYENCE CORP	-	"	-	506	-	506	-
	KION GROUP AG	-	"	-	1,047	-	1,047	-
	KWEICHOW MOUTAI	-	"	-	1,747	-	1,747	-
	L3Harris Technologies, Inc.	-	"	-	804	-	804	-
	Liberty Media Corporation	-	"	1	994	-	994	-
	Linde plc	-	"	-	673	-	673	-
	LONGi Green Energy Technology Co., Ltd.	-	"	1	536	-	536	-
	LVMH MOET HENNESSY VUITTON	-	"	-	993	-	993	-
	Medtronic plc.	-	"	-	1,322	-	1,322	-
	Meituan	-	"	1	927	-	927	-
	MercadoLibre, Inc.	-	"	-	509	-	509	-
	Microsoft Corporation	-	"	-	2,953	-	2,953	-
	MIDEA GROUP CO LTD	-	"	1	429	-	429	-
	Mondelez International, Inc.	-	"	1	1,034	-	1,034	-
	Neste Corporation	-	"	-	601	-	601	-
	Nestlé S.A.	-	"	-	1,050	-	1,050	-
	Newlink Technology Inc.	-	"	5	886	-	886	-

(Continued on next page)

(Continued from the previous page)

Holding Company	Type and Name of Marketable Securities	Relationship with the marketable security issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
	NEXI	-	Financial assets at FVTPL - current	2	\$ 808	-	\$ 808	-
	NextEra Energy, Inc.	-	"	-	846	-	846	-
	Nike, Inc.	-	"	-	736	-	736	-
	NTES-S	-	"	1	307	-	307	-
	NVIDIA Corporation	-	"	-	1,075	-	1,075	-
	NXP Semiconductors N.V.	-	"	-	909	-	909	-
	Palo Alto Networks, Inc.	-	"	-	938	-	938	-
	Pinduoduo Inc.	-	"	-	189	-	189	-
	Ping An Insurance (2318)	-	"	3	1,088	-	1,088	-
	Ping An Insurance (601318)	-	"	3	992	-	992	-
	Prosus N.V.	-	"	1	787	-	787	-
	Roche Holding AG	-	"	-	1,028	-	1,028	-
	Rockwell Automation, Inc.	-	"	-	515	-	515	-
	S&P Global Inc.	-	"	-	745	-	745	-
	S.F. Holding Co., Ltd.	-	"	1	423	-	423	-
	Salesforce.com Inc.	-	"	-	889	-	889	-
	Schneider Electric S.E.	-	"	1	749	-	749	-
	SEI Investments Company	-	"	1	1,054	-	1,054	-
	Siemens Gamesa Renewable Energy, S.A.	-	"	4	886	-	886	-
	SIG Combibloc Group AG	-	"	1	627	-	627	-
	Sino Biopharmaceutical Limited	-	"	14	387	-	387	-
	Smg SDI Sp GDR-Unty	-	"	-	623	-	623	-
	Sony Group Corporation	-	"	-	1,149	-	1,149	-
	ST Engineering	-	"	12	972	-	972	-
	Taiwan Semiconductor Manufacturing Co. Ltd.	-	"	-	1,232	-	1,232	-
	Take-Two Interactive Software	-	"	-	582	-	582	-
	TAL Education Group	-	"	-	226	-	226	-
	Teladoc Health, Inc.	-	"	-	457	-	457	-
	TENCENT	-	"	1	3,078	-	3,078	-
	The Middleby Corporation	-	"	-	1,091	-	1,091	-
	Thermo Fisher Scientific Inc.	-	"	-	768	-	768	-
	Tomra Systems ASA	-	"	-	342	-	342	-
	Trip.com Group Ltd.	-	"	1	1,120	-	1,120	-

(Continued on next page)



(Continued from the previous page)

Holding Company	Type and Name of Marketable Securities	Relationship with the marketable security issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
CK Asia (Shanghai) Information Technology Co., Ltd.	Unilever PLC	-	Financial assets at FVTPL - current	1	\$ 830	-	\$ 830	-
	UnitedHealth Group Incorporated	-	"	-	1,317	-	1,317	-
	Vertex Pharmaceuticals Incorporated	-	"	-	1,024	-	1,024	-
	Visa Inc.	-	"	-	1,460	-	1,460	-
	VOLKSWAGEN AG	-	"	-	1,288	-	1,288	-
	Walt Disney Company	-	"	-	1,053	-	1,053	-
	Wuliangye Yibin Co., Ltd.	-	"	-	350	-	350	-
	WuXi Biologics (Cayman) Inc.	-	"	2	641	-	641	-
	Xiaomi Corporation	-	"	3	301	-	301	-
	Zhangzhou Pientzhuang Pharmaceutical, Ltd	-	"	-	374	-	374	-
	Fund	-						-
	Harvest Shanghai and Shenzhen 300ETF	-	Financial assets at FVTPL - current	950	20,745	-	20,745	-
	E Fund GEM ETF	-	"	3,200	37,038	-	37,038	-
	China Investment Morgan Technology Frontier Flexible Allocation Hybrid Fund	-	"	1,756	21,512	-	21,512	-

- Note 1. The chief decision makers of the fund are the directors of the Company.
- Note 2. Among them, 2,126 thousand shares were pledged to the court as collateral against the litigation between the Company and Shing Tzung.
- Note 3. Among them, 2,000 shares are pledged to the bank as collateral for the performance of construction contracts.
- Note 4. For information regarding investments in subsidiaries, please refer to Appendixes 7 & 8.

Chien Kuo Construction Co., Ltd. and Subsidiaries  
Purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital:  
January 1 to March 31, 2021

Appendix 4

Unit: NT\$ Thousands

Purchaser/ Seller	Counter-party	Relationship	Transaction Situation				Situations and Reasons of Transaction Terms Different from General Transaction Terms (Note 1)		Notes or accounts receivable (payable)		Note (Note 2)
			Purchases/Sales	Amount	Ratio to Total Purchase (sell)	Credit period	Unit Price	Credit period	Ending Balance	Ratio to Total Note or Account Receivables (payables)	
Chien Kuo Construction Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Subsidiary	Purchases	\$ 142,914	13.27%	Subject to the agreement	-	-	(\$ 270,162)	( 16.87%)	
Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Construction Co., Ltd.	Parent company	Sales	( 142,914)	( 95.02%)	Subject to the agreement	-	-	270,162	99.31%	

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. and Subsidiaries  
Receivables from Related Parties Amounting to NT\$100 Million or 20% of the Paid-in Capital or More  
March 31, 2021

Appendix 5 Unit: NT\$ Thousands

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	Loss Allowance Provided
					Amount	Action Taken		
Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Construction Co., Ltd.	Parent company	Account receivables: NT\$270,162	1.77	\$ -	\$ -	\$ 37,052	\$ -
CK Asia Co., Ltd.	CK Asia (Shanghai) Information Technology Co., Ltd.	Direct or indirect investment by the Company	Other receivables: NT\$506,531	-	-	-	-	-

Note 1. Amount received as of May 13, 2021.

Chien Kuo Construction Co., Ltd. and Subsidiaries  
Inter-company Relationships and Significant Inter-company Transactions  
January 1 to March 31, 2021

Appendix 6

Unit: NT\$ Thousands

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Transaction Details			
				Financial Statements Item	Amount	Transaction Terms	Ratio to total Revenue or Total Assets
0	Chien Kuo Construction Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	(1)	Other prepayments	\$ 7,474	Note 2	0.09%
			(1)	Construction costs	142,914	Note 2	11.99%
			(1)	Contract assets - property construction	2,094,851	Note 2	25.91%
			(1)	Accounts payable	270,162	Note 2	3.34%
1	Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Building Co., Ltd.	(1)	Account payables - Provisional	97,811	Note 2	1.21%
			(3)	Other payables	20,000	Note 3	0.25%
2	CK Asia Co., Ltd.	CK Asia (Shanghai) Information Technology Co., Ltd.	(3)	Other receivables	506,531	Note 4	6.27%

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

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

Note 2. Conducted in line with ordinary terms.

Note 3. Loans.

Note 4. Collection of proceeds from disposal of Wuxi Chien Bang on behalf of others.

Chien Kuo Construction Co., Ltd. and Subsidiaries

Information on Investees and their locations

January 1 to March 31, 2021

Appendix 7

Unit: NT\$ Thousands

Name of Investor	Name of Investee	Location	Principal Business Activities	Original Investment Amount		Balance as of March 31, 2021			Profit or Loss of Invested Company in the Current Period	Investment Profit/Loss Recognized in the Current Period	Note
				End of the period	December 31, 2020	Number of Shares (in Thousands)	Ratio (%)	Carrying Amount			
Chien Kuo Construction Co., Ltd.	Golden Canyon Limited	British Virgin Islands	Reinvestment	\$ 183,751	\$ 272,267	5,881	100.00	\$ 1,441,956	\$ 38,352	\$ 38,352	Subsidiary
	Silver Shadow Holding Limited	British Virgin Islands	Reinvestment	704,069	815,907	21,606	100.00	1,800,109	40,347	40,347	Subsidiary
	Chien Kuo Building Co., Ltd.	Taiwan	Building construction commission; public housing lease and sale	144,065	144,065	10,000	100.00	106,823	6,487	6,487	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	87,386	7,958	7,958	Subsidiary
	Golden Canyon Venture Capital Investment Co., Ltd.	Taiwan	Venture capital business	401,000	401,000	40,100	100.00	399,859	( 473 )	( 473 )	Subsidiary
Silver Shadow Holding Limited	CK Asia Co., Ltd.	British Virgin Islands	Reinvestment	744,803	878,510	1,429	54.78	866,502	102,001	Note 3	Sub-subsubsidiary
Golden Canyon Limited	CK Asia Co., Ltd.	British Virgin Islands	Reinvestment	663,040	782,106	1,179	45.22	715,293	102,001	Note 3	Sub-subsubsidiary

Note 1. Where there involves a foreign currency, it is translated into New Taiwan Dollars by using the exchange rate for the three months ended March 31, 2021 (US\$1=NT\$28.37), except for profit or loss items, which are translated into New Taiwan Dollars by using the average exchange rate over January 1 - March 31, 2021 (US\$1=NT\$28.54).

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

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

Chien Kuo Construction Co., Ltd. and Subsidiaries

Investments in Mainland China

January 1 to March 31, 2021

Appendix 8 Unit: NT\$ Thousands

Investee in Mainland China	Principal Business Activities	Paid-in Capital	Mannor 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 March 31, 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	\$ 143,042	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	123,131	Investment through a company founded in a third region	68,326	-	-	68,326	( 7,187 )	100%	( 7,187 )	168,110	41,113	
Suzhou Chien Hua Concrete Co., Ltd.	Production and sale of concrete and concrete products	114,160	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	277,552	Investment through a company founded in a third region	-	-	-	-	3,966	100%	3,966	244,403	-	Note 5
Wuxi Chien Bang Concrete Co., Ltd.	Production and sale of concrete and concrete products	142,700	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	264,709	Investment through a company founded in a third region	-	-	-	-	532	100%	532	276,384	-	Note 6
Chien Ya (Nantong) Information Technology Consultant Co., Ltd.	Computer software technology development and consultation	142,700	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	57,080	Investment through a company founded in a third region	197,041	-	-	197,041	991	100%	991	102,528	168,105	
Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	Computer software technology development and consultation	231,174	Investment through a company founded in a third region	-	-	-	-	1,257	100%	1,257	265,333	-	Note 7

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)	\$ 960,180 (Note 2)	\$ 2,801,351

- Note 1. The amount was recognized based on the reviewed financial statements.
- Note 2. The amount authorized by the Investment Commission, MOEA was NT\$1,514,369 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, 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 (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.
- Note 5. Newly established as a spin-off from Suzhou Chien Hua Concrete Co., Ltd.
- Note 6. Newly established as a spin-off from Wuxi Chien Bang Concrete Co., Ltd.
- Note 7. Newly established as a spin-off from Yangzhou Chien Yung Concrete Co., Ltd.

Chien Kuo Construction Co., Ltd.  
Information on Major Shareholders  
March 31, 2021

Appendix 9

Unit: In thousand shares

List of Major Stockholders	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: The above information on major stockholders in the table are based on the data from the Taiwan Depository & Clearing Corporation, which calculates stockholders' holdings of 5% or more of the shares of common stock and preferred stock that have completed delivery of non-physical registration (including shares of treasury stock) on the last business day of each quarter. The number of shares recorded in the Company's consolidated financial statements and the number of shares that have completed delivery of non-physical registration may differ due to the different calculation bases.