

Chien Kuo Construction Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent
Auditors' Review Report

For the Nine Months

Ended September 30, 2021 and 2020

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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.

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Independent Auditors' Review Report

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

Introduction

We have reviewed the Consolidated Balance Sheets of Chien Kuo Construction Co., Ltd. and its subsidiaries as of September 30, 2021 and 2020, the Consolidated Statements of Comprehensive Income from July 1 to September 30, 2021 and 2020 and for the nine-month period ended September 30, 2021 and 2020, 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 nine-month period from January 1 to September 30, 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 September 30, 2021 and 2020, and of its consolidated financial performance for the three-month periods ended September 30, 2021 and 2020, and its consolidated financial performance and cash flows for the nine-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: Li-Chun Chang

Financial Supervisory Commission
Approval Document No.:

FSC Approval Document No. 1100356048

CPA: Wen-Chin Lin

Securities and Futures Bureau Approval
Document No.:

Tai-Cai-Zheng-6 No. 0920123784

November 12, 2021

Chien Kuo Construction Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
September 30, 2021, December 31, 2020, and September 30, 2020

Unit: NT\$ Thousand

Code	Assets	September 30, 2021 (Reviewed)		December 31, 2020 (Audited)		September 30, 2020 (Reviewed)	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note VI)	\$ 2,666,907	33	\$ 2,607,033	30	\$ 3,477,469	39
1110	Financial assets at fair value through profit or loss (Note VII)	1,236,456	15	1,745,016	20	417,328	5
1120	Financial assets at fair value through other comprehensive income (Note VIII)	23,683	-	24,569	-	20,248	-
1136	Financial assets at amortized cost (Notes IX and XXX)	585,694	7	292,741	3	-	-
1140	Contract assets (Note XX)	1,302,307	16	1,586,371	18	2,041,797	23
1150	Notes receivable (Note X)	95,299	1	89,256	1	102,349	1
1170	Accounts receivable (Notes X and XX)	587,278	7	584,381	7	965,928	11
1200	Other receivables	47,691	1	155,105	2	2,075	-
1220	Current tax assets	111,711	2	110,592	1	100,609	1
1323	Inventories (for construction business) (Notes XI and XXX)	465,926	6	465,926	5	465,926	5
1410	Prepayments (Note XII)	136,065	2	53,591	1	82,578	1
1460	Non-current assets classified as held for sale (Note XIV)	-	-	353,954	4	528,369	6
1470	Other current assets (Note XXIX)	7,663	-	6,376	-	11,575	-
11XX	Total current assets	<u>7,266,680</u>	<u>90</u>	<u>8,074,911</u>	<u>92</u>	<u>8,216,251</u>	<u>92</u>
	Non-current assets						
1510	Financial assets at fair value through profit or loss (Note VII)	88,361	1	67,355	1	70,135	1
1520	Financial assets at fair value through other comprehensive income (Notes VIII and XXX)	538,729	7	398,003	5	363,901	4
1535	Financial assets at amortized cost (Notes IX and XXX)	696	-	5,696	-	5,820	-
1600	Property, plant and equipment (Note XXX)	31,533	-	33,577	-	34,859	1
1755	Right-of-use assets (Notes XV)	26,704	-	25,049	-	27,864	-
1760	Investment properties (Notes XVI)	102,735	1	122,643	2	122,902	1
1840	Deferred tax assets	25,049	-	30,965	-	33,964	1
1990	Other non-current assets (Note XXX)	32,422	1	23,653	-	23,450	-
15XX	Total non-current assets	<u>846,229</u>	<u>10</u>	<u>706,941</u>	<u>8</u>	<u>682,895</u>	<u>8</u>
1XXX	Total assets	<u>\$ 8,112,909</u>	<u>100</u>	<u>\$ 8,781,852</u>	<u>100</u>	<u>\$ 8,899,146</u>	<u>100</u>
	Liabilities and Equity						
	Current liabilities						
2100	Short-term loans (Notes XVII)	\$ -	-	\$ 15,000	-	\$ 60,000	1
2130	Contract liabilities (Note XX)	375,506	5	93,909	1	322,954	3
2150	Notes payable	-	-	10,120	-	56,132	1
2170	Accounts payable (Note XVIII)	1,538,401	19	1,810,129	21	1,751,006	20
2200	Other payables	185,718	2	242,799	3	173,630	2
2230	Current tax liabilities	36,834	-	29,520	-	30,860	-
2260	Liabilities related to non-current assets classified as held for sale (Note XIV)	-	-	30,274	1	75,726	1
2310	Advanced received due to disposal of investments (XIV)	-	-	531,083	6	547,700	6
2320	Current portion of long-term loans (Note XVII)	649,636	8	449,292	5	299,498	3
2399	Other current liabilities (Note XV)	61,237	1	72,710	1	75,641	1
21XX	Total current liabilities	<u>2,847,332</u>	<u>35</u>	<u>3,284,836</u>	<u>38</u>	<u>3,393,147</u>	<u>38</u>
	Non-current liabilities						
2540	Long-term loans (Notes XVII)	-	-	499,850	6	649,591	8
2570	Deferred tax liabilities	490,248	6	457,330	5	440,408	5
2600	Other non-current liabilities (Note XV)	91,755	1	111,185	1	113,565	1
25XX	Total non-current liabilities	<u>582,003</u>	<u>7</u>	<u>1,068,365</u>	<u>12</u>	<u>1,203,564</u>	<u>14</u>
2XXX	Total liabilities	<u>3,429,335</u>	<u>42</u>	<u>4,353,201</u>	<u>50</u>	<u>4,596,711</u>	<u>52</u>
	Equity attributable to owners of the parent (Note XIX)						
	Capital						
3110	Common stock	2,574,401	32	2,574,401	29	2,574,401	29
3200	Additional paid-in capital	204,852	3	204,852	2	204,852	2
	Retained Earnings						
3310	Legal reserve	682,772	8	645,464	8	645,464	7
3320	Special reserve	58,266	1	23,412	-	23,412	-
3350	Unappropriated earnings	1,134,495	14	1,038,788	12	945,940	11
3300	Total retained earnings	<u>1,875,533</u>	<u>23</u>	<u>1,707,664</u>	<u>20</u>	<u>1,614,816</u>	<u>18</u>
3400	Other equity	28,788	-	(58,266)	(1)	(91,634)	(1)
31XX	Total equity attributable to owners of the parent	<u>4,683,574</u>	<u>58</u>	<u>4,428,651</u>	<u>50</u>	<u>4,302,435</u>	<u>48</u>
3XXX	Total equity	<u>4,683,574</u>	<u>58</u>	<u>4,428,651</u>	<u>50</u>	<u>4,302,435</u>	<u>48</u>
	Total liabilities and equity	<u>\$ 8,112,909</u>	<u>100</u>	<u>\$ 8,781,852</u>	<u>100</u>	<u>\$ 8,899,146</u>	<u>100</u>

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

Chairman: Chang-shiou WU

Manager: Shih-ning TUNG

Accounting Manager: Lin-Ju Lin

Chien Kuo Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
From July 1 to September 30, 2021 and 2020, and for the Nine Months Ended September 30, 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		July 1 to September 30, 2021		July 1 to September 30, 2020		January 1 to September 30, 2021		January 1 to September 30, 2020	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Note XX)	\$ 1,295,859	100	\$ 1,787,677	100	\$ 3,923,744	100	\$ 5,034,533	100
5000	Operating costs (Notes XXI and XXIX)	<u>1,078,046</u>	<u>83</u>	<u>1,652,324</u>	<u>93</u>	<u>3,408,732</u>	<u>87</u>	<u>4,661,383</u>	<u>93</u>
5900	Gross profit	217,813	17	135,353	7	515,012	13	373,150	7
6000	Operating expenses (Notes XXI and XXIX)	<u>81,794</u>	<u>6</u>	<u>59,297</u>	<u>3</u>	<u>230,957</u>	<u>6</u>	<u>174,360</u>	<u>3</u>
6900	Net operating income	<u>136,019</u>	<u>11</u>	<u>76,056</u>	<u>4</u>	<u>284,055</u>	<u>7</u>	<u>198,790</u>	<u>4</u>
	Non-operating income and expenses (Notes XXI and XXIX)								
7010	Other income	86,845	7	29,508	2	119,974	3	56,202	1
7020	Other gains and losses	(56,954)	(5)	(8,651)	(1)	103,962	3	74,166	1
7050	Finance costs	(2,417)	-	(3,172)	-	(7,317)	-	(8,486)	-
7060	Shares of profits or loss of associates accounted for using equity method	<u>-</u>	<u>-</u>	<u>(64)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(426)</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>27,474</u>	<u>2</u>	<u>17,621</u>	<u>1</u>	<u>216,619</u>	<u>6</u>	<u>121,456</u>	<u>2</u>
7900	Income before income tax from continuing operations	163,493	13	93,677	5	500,674	13	320,246	6
7950	Income tax expense (Note XXII)	<u>31,305</u>	<u>3</u>	<u>(3,450)</u>	<u>-</u>	<u>129,237</u>	<u>3</u>	<u>61,482</u>	<u>1</u>
8000	Net income from continuing operations	132,188	10	97,127	5	371,437	10	258,764	5
8100	Profits (losses) from discontinued operations (Notes XIV and XXI)	<u>-</u>	<u>-</u>	<u>(1,325)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,383</u>	<u>1</u>
8200	Net income	<u>132,188</u>	<u>10</u>	<u>95,802</u>	<u>5</u>	<u>371,437</u>	<u>10</u>	<u>281,147</u>	<u>6</u>
	Other comprehensive income								
8310	Items that will not be reclassified subsequently to profit or loss:								
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(11,598)	(1)	(11,577)	-	64,692	2	(58,367)	(1)
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation of financial statements of foreign operations	9,412	1	7,425	-	30,932	-	(45,886)	(1)
8368	Gain or loss of hedging instruments (Note XXVIII)	-	-	-	-	-	-	(1,042)	-
8399	Income tax related to items of other comprehensive income that may be reclassified subsequently to profit or loss (Note XXII)	<u>(1,882)</u>	<u>-</u>	<u>(1,486)</u>	<u>-</u>	<u>(6,186)</u>	<u>-</u>	<u>9,177</u>	<u>-</u>
8300	Other comprehensive income (after tax)	<u>(4,068)</u>	<u>-</u>	<u>(5,638)</u>	<u>-</u>	<u>89,438</u>	<u>2</u>	<u>(96,118)</u>	<u>(2)</u>
8500	Total comprehensive income	<u>\$ 128,120</u>	<u>10</u>	<u>\$ 90,164</u>	<u>5</u>	<u>\$ 460,875</u>	<u>12</u>	<u>\$ 185,029</u>	<u>4</u>
	Net income (loss) attributable to:								
8610	Owners of the parent	\$ 132,188	10	\$ 95,802	5	\$ 371,437	10	\$ 280,308	6
8620	Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>839</u>	<u>-</u>
8600		<u>\$ 132,188</u>	<u>10</u>	<u>\$ 95,802</u>	<u>5</u>	<u>\$ 371,437</u>	<u>10</u>	<u>\$ 281,147</u>	<u>6</u>
	Comprehensive income attributable to:								
8710	Owners of the parent	\$ 128,120	10	\$ 90,164	5	\$ 460,875	12	\$ 184,190	4
8720	Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>839</u>	<u>-</u>
8700		<u>\$ 128,120</u>	<u>10</u>	<u>\$ 90,164</u>	<u>5</u>	<u>\$ 460,875</u>	<u>12</u>	<u>\$ 185,029</u>	<u>4</u>
	Earnings per share (Note XXIII)								
	From continuing and discontinued operations								
9750	Basic	<u>\$ 0.51</u>		<u>\$ 0.37</u>		<u>\$ 1.44</u>		<u>\$ 1.07</u>	
9850	Diluted	<u>\$ 0.51</u>		<u>\$ 0.37</u>		<u>\$ 1.44</u>		<u>\$ 1.07</u>	
	From continuing operations								
9710	Basic	<u>\$ 0.51</u>		<u>\$ 0.38</u>		<u>\$ 1.44</u>		<u>\$ 0.99</u>	
9810	Diluted	<u>\$ 0.51</u>		<u>\$ 0.38</u>		<u>\$ 1.44</u>		<u>\$ 0.98</u>	

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

Chairman: Chang-shiou WU

Manager: Shih-ning TUNG

Accounting Manager: Lin-Ju Lin

Chien Kuo Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the Nine Months Ended September 30, 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					Other equity					Non-controlling interests	Total equity
Code		Capital	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Gain or loss on hedging instrument	Treasury stock	Total		
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
	Appropriation and distribution of retained earnings for 2019												
B1	Provision of legal reserve	-	-	18,910	-	(18,910)	-	-	-	-	-	-	-
B3	Provision of special reserve	-	-	-	(18,090)	18,090	-	-	-	-	-	-	-
B5	Cash dividends appropriated to shareholders - NT\$0.50 per share	-	-	-	-	(133,720)	-	-	-	-	(133,720)	-	(133,720)
B17	Reversal of special reserve due to disposal of subsidiaries	-	-	-	(8,499)	8,499	-	-	-	-	-	-	-
Q1	Disposal of investments in equity instruments measured at fair value through other comprehensive income by associates	-	-	-	-	(8,573)	-	8,573	-	-	-	-	-
M5	Acquired part of the equity of subsidiary	-	993	-	-	-	-	-	-	-	993	(7,851)	(6,858)
L1	Purchase of treasury stock	-	-	-	-	-	-	-	-	(97,768)	(97,768)	-	(97,768)
L3	Retirement of treasury stock	(100,000)	2,232	-	-	-	-	-	-	97,768	-	-	-
D1	Net income for the nine months ended September 30, 2020	-	-	-	-	280,308	-	-	-	-	280,308	839	281,147
D3	Other comprehensive income for the nine months ended September 30, 2020 (after-tax)	-	-	-	-	-	(36,709)	(58,367)	(1,042)	-	(96,118)	-	(96,118)
D5	Total comprehensive income for the nine months ended September 30, 2020	-	-	-	-	280,308	(36,709)	(58,367)	(1,042)	-	184,190	839	185,029
Z1	Balance as of September 30, 2020	\$ 2,574,401	\$ 204,852	\$ 645,464	\$ 23,412	\$ 945,940	(\$ 224,371)	\$ 132,737	\$ -	\$ -	\$ 4,302,435	\$ -	\$ 4,302,435
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
	Appropriation and distribution of retained earnings for 2020												
B1	Provision of legal reserve	-	-	37,308	-	(37,308)	-	-	-	-	-	-	-
B3	Provision of special reserve	-	-	-	34,854	(34,854)	-	-	-	-	-	-	-
B5	Cash dividends appropriated to shareholders - NT\$0.80 per share	-	-	-	-	(205,952)	-	-	-	-	(205,952)	-	(205,952)
Q1	Disposal of equity instruments measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	2,384	-	(2,384)	-	-	-	-	-
D1	Net income for the nine months ended September 30, 2021	-	-	-	-	371,437	-	-	-	-	371,437	-	371,437
D3	Other comprehensive income after tax for the nine months ended September 30, 2021	-	-	-	-	-	24,746	64,692	-	-	89,438	-	89,438
D5	Total comprehensive income for the nine months ended September 30, 2021	-	-	-	-	371,437	24,746	64,692	-	-	460,875	-	460,875
Z1	Balance as of September 30, 2021	\$ 2,574,401	\$ 204,852	\$ 682,772	\$ 58,266	\$ 1,134,495	(\$ 204,772)	\$ 233,560	\$ -	\$ -	\$ 4,683,574	\$ -	\$ 4,683,574

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

Chairman: Chang-shiou WU

Manager: Shih-ning TUNG

Accounting Manager: Lin-Ju Lin

Chien Kuo Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2021 and 2020
(Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the
Republic of China)

		Unit: NT\$ Thousand	
Code		January 1 to September 30, 2021	January 1 to September 30, 2020
	Cash flows from operating activities		
A00010	Income before income tax from continuing operations	\$ 500,674	\$ 320,246
A00020	Income before income tax from discontinued operations	-	24,318
A10000	Income before income tax	500,674	344,564
A20010	Adjustments to reconcile income (loss):		
A29900	Net gain on disposal of subsidiaries	(146,300)	(100,213)
A21200	Interest income	(47,842)	(30,545)
A21300	Dividend income	(69,619)	(23,397)
A20300	Gain on reversal of expected credit loss	(296)	(23,249)
A20100	Depreciation expense	15,474	20,067
A24100	Foreign exchange losses (gains)	7,522	(15,717)
A20900	Finance costs	7,317	9,085
A20400	Net loss on financial assets at fair value through profit or loss	21,035	5,942
A23200	Gain on disposal of investments accounted for using equity method	-	(3,510)
A24600	Impairment loss on investment properties	-	2,252
A22700	Profit and loss on disposal of investment property	(62)	1,838
A22500	Loss (Gain) on disposal of property, plant and equipment	(40)	950
A20200	Amortization expenses	80	907
A22300	Shares of loss of associates accounted for using equity method	-	426
A29900	Profit from lease modification	-	(208)
A30000	Changes in operating assets and liabilities, net		
A31125	Contract assets	284,064	(742,917)
A31130	Notes receivable	(6,425)	92,480
A31150	Accounts receivable	(1,407)	653,317
A31180	Other receivables	(3,787)	(49,855)
A31200	Inventories	-	9,780
A31200	Construction in Progress	-	(2,349)
A31230	Prepayments	(82,468)	310,731
A31240	Other current assets	(1,185)	(7,115)
A32125	Contract liability	281,534	83,290

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Code		January 1 to September 30, 2021	January 1 to September 30, 2020
A32130	Notes payable	(\$ 10,120)	(\$ 74,968)
A32150	Accounts payable	(271,782)	219,754
A32180	Other payables	(78,896)	(50,774)
A32230	Other current liabilities	(10,027)	(33,829)
A33000	Cash inflow generated from operations	387,444	596,737
A33100	Interest received	45,227	36,892
A33300	Interest paid	(6,994)	(9,087)
A33500	Income taxes paid	(90,395)	(205,103)
AAAA	Net cash inflow from operating activities	<u>335,282</u>	<u>419,439</u>
Cash flows from investment activities			
B00010	Acquisition of financial assets at fair value through other comprehensive income	(79,795)	-
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	4,607	17,573
B00040	Acquisition of financial assets at amortized cost	(425,000)	-
B00050	Disposal of financial assets at amortized cost	137,047	141,098
B00100	Acquisition of financial assets at fair value through profit or loss	(4,485,252)	(674,049)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	5,067,451	370,471
B01900	Net cash inflow from disposal of associates	-	12,250
B02300	Net cash flows from disposal of subsidiaries	685	115,872
B02700	Acquisition of property, plant and equipment	(2,825)	(5,878)
B02800	Proceeds from disposal of property, plant, and equipment	130	47,791
B03800	Increase in refundable deposits	(246)	(3,833)
B04500	Acquisition of intangible assets	(1,443)	-
B05500	Proceeds from disposal of investment properties	19,221	47,618
B07600	Dividend received	62,459	18,820
B09900	Advance receipts from disposal of subsidiaries	-	547,700
BBBB	Net cash flows from investing activities	<u>297,039</u>	<u>635,433</u>
Cash flows from financing activities:			
C00100	Increase (decrease) in short-term loans	(15,000)	6,570
C00500	Increase in short-term bills payable	-	50,000
C00600	Decrease in short-term bills payable	-	(50,000)
C01700	Repayment of long-term loans	(300,000)	-
C03000	Increase (decrease) in guarantee deposits received	(19,258)	13,135

(Continued on next page)

(Continued from the previous page)

<u>Code</u>		<u>January 1 to September 30, 2021</u>	<u>January 1 to September 30, 2020</u>
C04020	Repayment of lease principal	(9,908)	(8,843)
C04500	Cash dividends distributed	(205,952)	(133,720)
C04900	Purchase of treasury stock	\$ -	(\$ 97,768)
C05400	Acquisition of equity of subsidiaries	-	(6,858)
CCCC	Net cash outflows from financing activities	(550,118)	(227,484)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(33,633)	(40,084)
EEEE	Increase in cash and cash equivalents	48,570	787,304
E00100	Cash and cash equivalents at beginning of period	<u>2,618,337</u>	<u>2,690,165</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 2,666,907</u>	<u>\$ 3,477,469</u>
<u>Reconciliation of cash and cash equivalents at beginning of period</u>			
<u>Code</u>		<u>September 30, 2021</u>	<u>September 30, 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: Shih-ning TUNG

Accounting Manager: Lin-Ju Lin

Chien Kuo Construction Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

For the Nine Months Ended September 30, 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 sizes, as well as trading of construction materials. The Company's stocks, which had been traded on Taipei Exchange since February 1, 1999, were transferred to be listed on Taiwan Stock Exchange in October 2003.

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

II. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements were approved by the Board of Directors on November 12, 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 in the accounting policies of the Group.

(II) FSC-endorsed IFRSs that are applicable from 2022 onward

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

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

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

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

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

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

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

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

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

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

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

- Note 1: Unless otherwise stated, the aforementioned new standards, interpretations and amendments are effective from the reporting fiscal year after their respective effective dates.
- Note 2: These amendments shall be applied prospectively for the annual reporting period beginning on or after January 1, 2023.
- Note 3: This amendment shall be applied to changes in accounting estimation and changes in accounting policies that occur during the annual reporting period beginning on January 1, 2023.
- Note 4: Except for the recognition of deferred income tax on temporary differences between lease and decommissioning obligations on January 1, 2022, this amendment is applicable to transactions that occur on and after January 1, 2022.

1. Amendments to IAS1 "Classify Liabilities as Current or Non-current"

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

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

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

The amendments expressly stipulate that the Group 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 Group.
- 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 Group, and this change results in a significant change in the information of the financial statements;
- (2) Was chosen properly by the Group 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 Group is required to make significant judgments and assumptions; or
- (5) Relates to complex accounting practices, and users of the Company's financial statements would otherwise not understand the relating significant transactions, other events or conditions.

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

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

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

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

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

(II) Basis of preparation

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

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

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

(III) Basis of consolidation

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

When a change in the Group's ownership interests in a subsidiary does not cause a loss of control over the subsidiary, it shall be treated as an equity transaction. The carrying amounts of the Group and its non-controlling interests have been adjusted to reflect the relative changes in the interest in the subsidiaries. The difference between the adjustment amount of non-controlling interests and the fair value of consideration paid or collected shall be directly recognized in equity attributable to the owners of the Company.

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

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

Please refer to Note XIII and Appendixes 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 fiscal 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. Primary Sources of Uncertainties in Material Accounting Judgments, Estimates, and Assumptions

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

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

Construction contracts

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

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

VI. Cash and Cash Equivalents

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Cash on hand and revolving funds	\$ 2,966	\$ 2,670	\$ 2,685
Bank checks and demand deposits	1,279,864	1,155,328	737,388
Cash equivalents (time deposits with original maturity date within 6 months)	<u>1,384,077</u>	<u>1,449,035</u>	<u>2,737,396</u>
	<u>\$ 2,666,907</u>	<u>\$ 2,607,033</u>	<u>\$ 3,477,469</u>

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

<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
0.10%~3.15%	0.40%~3.40%	0.07%~3.40%

Time deposits that do not meet the definition of cash equivalents have been reclassified under "financial assets carried at amortized cost." Please refer to Note IX.

VII. Financial Instruments at Fair Value through Profit or Loss

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Mandatorily measured at FVTPL			
<u>Current</u>			
Derivative financial assets			
- Structured note (I)	\$ 406,270	\$ 399,851	\$ 171,946
- Structured deposits	101,944	465,688	216,475
Non-derivative financial assets			
- Domestic listed stocks	150,725	75,770	-
- Foreign listed stocks	100,904	-	-
- Fund beneficiary certificates	385,947	803,707	28,907
- Bank debentures	90,666	-	-
	<u>\$ 1,236,456</u>	<u>\$ 1,745,016</u>	<u>\$ 417,328</u>
<u>Non-current</u>			
- Fund beneficiary certificates	\$ -	\$ -	\$ 70,135
- Domestic unlisted stocks	10,000	-	-
- Private equity funds	78,361	67,355	-
	<u>\$ 88,361</u>	<u>\$ 67,355</u>	<u>\$ 70,135</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:

September 30, 2021

Subject Securities	Amount (NT\$ Thousands)	Maturity Date	Interest Rate	Exercise Price
ADVANCED MICRO DEVICES, INC.(AMD)	USD1,000	October 22, 2021	10%	USD 71.7760
BioNTech SE(BNTX)	USD1,000	January 12, 2022	12%	USD 234.2905
BioNTech SE(BNTX)	USD1,000	February 1, 2022	12%	USD 222.5458
Ford Motor Company(FORD)	USD1,000	October 22, 2021	10%	USD 12.7674
Freeport-McMoRan Inc.(FCX)	USD1,000	October 20, 2021	12%	USD 32.0712
KraneShares CSI China Internet ETF(KWEB)	RMB4,000	February 9, 2022	12%	HK\$ 39.5335
SEA LIMITED (SE)	USD1,000	October 22, 2021	10%	USD 218.1172
SEA LIMITED (SE)	USD1,000	February 1, 2022	12%	USD 260.0202
Square, Inc. (SQ)	USD1,000	October 22, 2021	10%	USD 175.4798
TESLA, INC.(TSLA)	USD1,000	October 22, 2021	10%	USD 453.5858
TESLA, INC.(TSLA)	USD2,000	January 12, 2022	12%	USD 526.7259
TESLA, INC.(TSLA)	USD1,000	February 1, 2022	12%	USD 532.0963
Tencent Holdings Limited (700HK)	RMB4,000	December 30, 2021	12%	HK\$ 407.3612
Alibaba Group Holding Limited (9988HK)	RMB4,000	December 30, 2021	12%	HK\$ 155.5412
Geely Automobile Holdings Limited(0175HK)	RMB3,000	December 30, 2021	12%	HK\$ 184.8420
BYD Co. Ltd.(1211HK)	RMB3,000	January 3, 2022	12%	HK\$ 20.9188

December 31, 2020

Subject Securities	Amount (NT\$ Thousands)	Maturity Date	Interest Rate	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

September 30, 2020

Subject Securities	Amount (NT\$ Thousands)	Maturity Date	Interest Rate	Exercise Price
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD(TSM)	USD1,000	November 19, 2020	10%	USD 67.1052
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD(TSM)	USD1,000	December 3, 2020	8%	USD 67.5930
ALPHABET INC-CLASS A(GOOG)	USD1,000	December 29, 2020	8%	USD 1,272.8898
Amazon.com Inc(AMZN)	USD1,000	January 4, 2021	8%	USD 2,448.1095
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD(TSM)	USD1,000	March 3, 2021	10%	USD 67.9763
iShare Silver Trust(SLV)	USD1,000	March 3, 2021	8%	USD 18.9654

VIII. <u>Financial Assets at Fair Value through Other Comprehensive Income</u>			
	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Investment in equity instruments</u>			
Domestic listed stocks			
Current	\$ 23,683	\$ 24,569	\$ 20,248
Non-current	538,729	398,003	363,901
	<u>\$ 562,412</u>	<u>\$ 422,572</u>	<u>\$ 384,149</u>

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

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

IX. <u>Financial Assets at Amortized Cost</u>			
	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Current</u>			
Time deposits with original maturity date over six months			
	\$ 425,000	\$ -	\$ -
Restricted bank deposits (1)	129,110	63,364	-
Restricted bank term deposits (1)	21,577	199,360	-
Restricted bills with repurchase agreement (1)	10,007	30,017	-
	<u>\$ 585,694</u>	<u>\$ 292,741</u>	<u>\$ -</u>
<u>Non-current</u>			
Pledged certificate of deposit	<u>\$ 696</u>	<u>\$ 5,696</u>	<u>\$ 5,820</u>

- (1) 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 term deposits and repurchase agreement as of the balance sheet dates are as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Time deposits with original maturity date over six months			
	0.22%~ 0.23%	—	—
Restricted bank term deposits	0.20%~ 0.25%	0.35%	—
Restricted bills with repurchase agreement	0.16%	0.17%	—
Pledged certificate of deposit	0.12%	0.50%	0.50%

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

X. Notes Receivable and Accounts Receivable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Notes receivable	<u>\$ 95,299</u>	<u>\$ 89,256</u>	<u>\$ 102,349</u>

Accounts receivable

Measured at amortized cost

Total carrying amount	\$ 648,866	\$ 659,220	\$ 1,045,305
Less: Allowance losses	(61,588)	(74,839)	(79,377)
	<u>\$ 587,278</u>	<u>\$ 584,381</u>	<u>\$ 965,928</u>

Accounts receivable

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

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

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Not overdue	<u>\$ 95,299</u>	<u>\$ 89,256</u>	<u>\$ 102,349</u>

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Not overdue	\$ 512,723	\$ 518,103	\$ 794,360
Less than 180 days	53,943	64,019	88,218
181~360 days	16,642	16,134	69,131
More than 361 days	65,558	60,964	93,596
Total	<u>\$ 648,866</u>	<u>\$ 659,220</u>	<u>\$ 1,045,305</u>

Changes in allowance losses for accounts receivable are as follows:

	<u>January 1 to September 30, 2021</u>	<u>January 1 to September 30, 2020</u>
Beginning balance	\$ 74,839	\$ 103,207
Less: Reversal of impairment loss for the period	(296)	(23,249)
Less: Write-off for the period	(12,017)	-
Exchange difference	(938)	(581)
Ending balance	<u>\$ 61,588</u>	<u>\$ 79,377</u>

XI. Inventories (for Construction Business)

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Xinzhi Section, Xinzhuang District	<u>\$ 465,926</u>	<u>\$ 465,926</u>	<u>\$ 465,926</u>

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

XII. Prepayments

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Prepayments for construction contracts	\$ 126,707	\$ 37,210	\$ 54,774
Tax overpaid retained	-	7,926	15,394
Prepaid insurance	3,363	4,122	5,021
Others	5,995	4,333	7,389
	<u>\$ 136,065</u>	<u>\$ 53,591</u>	<u>\$ 82,578</u>

XIII. Subsidiary

(I) Subsidiaries included in the consolidated financial statements

The entities of the consolidated financial statements are as follows:

Name of Investor	Subsidiary Company Name	Business Activities	Shareholding Percentage			Explanation
			September 30, 2021	December 31, 2020	September 30, 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%	100%	(Note 2)
	Golden Canyon II Venture Capital Investment Co., Ltd. (Golden Canyon Venture Capital II)	Venture capital	100%	-	-	(Note 3)
Subsidiaries of Golden Canyon and Silver Shadow	Chien Kuo Construction Consultant (Kunshan) Co., Ltd. (Chien Kuo Construction Consultant)	Engineering technology; procurement planning; installation consultation	-	-	-	(Note 4)
	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%	(Note 5)
	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%	(Note 6)

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

- (1) Anping Property 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) Golden Canyon Venture Capital II was established on June 3, 2021 as a wholly-owned subsidiary of the Company.
- (4) The liquidation of Chien Kuo Construction Consultant was completed on May 20, 2020.
- (5) The liquidation of Chien Ya Yangzhou was completed on September 27, 2021.
- (6) The liquidation of Chien Ya Wuxi was completed on August 11, 2021.

(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 Group entered into a contract to dispose of Wuxi Chien Bang, a subsidiary responsible for concrete business of the Group. 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 Group's long-term business strategy focusing 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 September 30, 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:

	July 1 to September 30, 2020	January 1 to September 30, 2020
Sales revenue	\$ 66,061	\$ 449,480
Cost of sales	(63,651)	(410,669)
Gross profit	2,410	38,811
Selling expenses	(4,926)	(16,619)
Administrative expenses	(2,495)	(5,036)
Net operating income (loss)	(5,011)	17,156
Other income	2,089	4,466
Other gains and losses	877	3,295
Finance costs	345	(599)
Income (loss) before income tax	(1,700)	24,318
Income tax benefit (expense)	375	(1,935)
Profit (loss) from discontinued operations	(\$ 1,325)	\$ 22,383
Profit (loss) from discontinued operations are attributable to		
Owners of the parent	(\$ 1,325)	\$ 22,383
Non-controlling interests	(\$ -)	\$ -
	(\$ 1,325)	\$ 22,383
Cash flows		
Operating activities	\$ 38,437	\$ 772,310
Investing activities	196	(66,959)
Financing activities	-	(41,431)
Net cash inflows (outflows)	\$ 38,633	\$ 663,920

(II) Non-current assets held for sale

1. The board of directors of the Group 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, and September 30, 2020, the transfer payment of NT\$531,083 thousand (RMB 121,674 thousand) and NT\$547,700 thousand (RMB 128,174 thousand), respectively, 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	September 30, 2020
Cash	\$ 11,304	\$ -
Notes receivable	16,923	-
Accounts receivable	223,095	390,567
Other receivables	11,054	1,692
Inventories	7,784	7,592
Prepayments	909	21,376
Other current assets	394	378
Property, plant, and equipment	78,098	76,457
Right-of-use assets	4,393	4,301
Total non-current assets held for sale	<u>\$ 353,954</u>	<u>\$ 502,363</u>
Accounts payable	\$ 9,693	\$ 34,750
Other payables	10,196	19,343
Contract liability	9,338	21,326
Other current liabilities	1,047	307
Liabilities directly associated with non-current assets held for sale	<u>\$ 30,274</u>	<u>\$ 75,726</u>
Equity directly associated with non-current assets held for sale	(\$ 83,092)	(\$ 102,954)

- Yangzhou Chien Yung signed a demolition agreement on August 18, 2020, due to the government's need to requisition its factory buildings and attachments for urban construction; the first installment amounted to about NT\$46,765 thousand (RMB 10,944 thousand) was received in advance in September 2020, and the disposal was completed at the end of December 2020.

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

	September 30, 2020
Property, plant, and equipment	\$ 19,851
Right-of-use of land	6,155
Total non-current assets held for sale	<u>\$ 26,006</u>

No impairment loss was recognized in respect of the asset classified as non-current assets held for sale because the selling price of NT\$93,533 thousand (RMB 21,889 thousand) exceeded the carrying amount of the related net assets.

XV. Lease Agreement

(I) Right-of-use assets

	September 30, 2021	December 31, 2020	September 30, 2020
Carrying amount of right-of-use assets			
Buildings	\$ 22,923	\$ 23,543	\$ 25,871
Transportation equipment	3,781	1,506	1,993
	<u>\$ 26,704</u>	<u>\$ 25,049</u>	<u>\$ 27,864</u>

	July 1 to September 30, 2021	July 1 to September 30, 2020	January 1 to September 30, 2021	January 1 to September 30, 2020
Additions to right-of-use assets	<u>\$ 808</u>	<u>\$ -</u>	<u>\$ 11,617</u>	<u>\$ 12,532</u>
Depreciation expense of right-of-use assets				
Buildings	\$ 3,127	\$ 2,399	\$ 8,654	\$ 7,752
Transportation equipment	<u>497</u>	<u>487</u>	<u>1,314</u>	<u>1,461</u>
	<u>\$ 3,624</u>	<u>\$ 2,886</u>	<u>\$ 9,968</u>	<u>\$ 9,213</u>

Other than the increase and recognition of depreciation expenses above, the Group's right-of-use assets did not undergo significant sublease and impairment for the nine-month periods ended September 30, 2021 and 2020.

(II) Lease liabilities

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Carrying amount of lease liabilities			
Current (listed as other current liabilities)	<u>\$ 14,307</u>	<u>\$ 9,408</u>	<u>\$ 9,777</u>
Non-current (listed as other non-current liabilities)	<u>\$ 12,771</u>	<u>\$ 15,955</u>	<u>\$ 18,383</u>

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Buildings	1.65%~4.57%	1.65%	1.65%
Transportation equipment	3.00%	3.00%	3.00%

(III) Other lease information

	July 1 to September 30, 2021	July 1 to September 30, 2020	January 1 to September 30, 2021	January 1 to September 30, 2020
Short-term lease expense	<u>\$ 3,822</u>	<u>\$ 1,321</u>	<u>\$ 7,822</u>	<u>\$ 3,621</u>
Total cash outflow on lease	<u>\$ 7,426</u>	<u>\$ 1,561</u>	<u>\$ 17,730</u>	<u>\$ 12,464</u>

XVI. Investment property

	September 30, 2021	December 31, 2020	September 30, 2020
Land	\$ 88,266	\$ 104,327	\$ 104,327
Buildings	13,825	16,585	16,835
Parking space	644	1,731	1,740
	<u>\$ 102,735</u>	<u>\$ 122,643</u>	<u>\$ 122,902</u>
Fair Value	<u>\$ 132,941</u>	<u>\$ 152,426</u>	<u>\$ 146,321</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 Group as collateral against its secured borrowings, please refer to Note XXX.

XVII. Loans

(I) Short-term loans

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Unsecured loans</u>			
Credit line loans	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 60,000</u>
Annual interest rate (%)			
(Effective interest rate)	—	1.45%	1.40%~1.45%

(II) Long-term loans

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Secured loans</u> (Note XXIX)			
Bank loans (1)	\$ 350,000	\$ 350,000	\$ 350,000
Less: Current portion	<u>350,000</u>	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>350,000</u>	<u>350,000</u>
<u>Unsecured loans</u>			
Long-term commercial paper payables (2)	300,000	600,000	600,000
Less: Discount on long-term commercial papers payable	(<u>364</u>)	(<u>858</u>)	(<u>911</u>)
	299,636	599,142	599,089
Less: Current portion	(<u>299,636</u>)	(<u>449,292</u>)	(<u>299,498</u>)
Subtotal	<u>-</u>	<u>149,850</u>	<u>299,591</u>
Long-term loans	<u>\$ -</u>	<u>\$ 499,850</u>	<u>\$ 649,591</u>
Annual interest rate (%)			
(Effective interest rate)	1.35%~1.55%	1.36%~1.68%	1.35%~1.68%

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

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

September 30, 2021

Guarantor/Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Interest Rate Range	Collateral
Mega International Commercial Bank	\$ 150,000	(\$ 141)	\$ 149,859	1.35%	None
KGI Commercial Bank	150,000	(223)	149,777	1.55%	None
	<u>\$ 300,000</u>	<u>(\$ 364)</u>	<u>\$ 299,636</u>		

December 31, 2020

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

September 30, 2020

Guarantor/Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Interest Rate Range	Collateral
Shanghai Commercial and Savings Bank	\$ 300,000	(\$ 493)	\$ 299,507	1.65%	None
Entie Commercial Bank	150,000	(255)	149,745	1.68%	None
Mega International Commercial Bank	150,000	(163)	149,837	1.38%	None
	<u>\$ 600,000</u>	<u>(\$ 911)</u>	<u>\$ 599,089</u>		

XVIII. Accounts payable

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

XIX. Equity

(I) Capital

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
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>257,440</u>
Issued capital	<u>\$ 2,574,401</u>	<u>\$ 2,574,401</u>	<u>\$ 2,574,401</u>

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

To maintain the Company's credit and shareholder equity, the Board resolved on March 27, 2020 to repurchase the treasury stock and set the record date for capital reduction on August 14, 2020. The paid-in capital is 257,440 thousand shares after the retirement of 10,000 thousand shares of treasury stock.

(II) Additional paid-in capital

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>May be used to offset</u> <u>deficits, appropriated as</u> <u>cash dividends or</u> <u>transferred to capital</u> (1)			
Stock issuance premium	\$ 190,053	\$ 190,053	\$ 190,053
Treasury stock transactions	13,528	13,528	13,528
Difference between prices of shares acquired from subsidiaries and book value	993	993	993
<u>May only be used to offset</u> <u>deficits</u> Adjustment in additional paid-in capital of subsidiaries using equity method	73	73	73
<u>May not be used for any</u> <u>purpose</u> Employee stock options	<u>205</u> <u>\$ 204,852</u>	<u>205</u> <u>\$ 204,852</u>	<u>205</u> <u>\$ 204,852</u>

- (1) This type of additional paid-in capital may be used to offset deficits, if any, or to distribute cash dividends or to transfer to capital, but the transfer is up to a certain ratio of paid-in capital every year.

(III) Retained earnings and dividend policy

According to the earnings appropriation policy set forth in the Articles of Incorporation of the Company, the annual net income, if any, should be used to pay off all the taxes and duties, as well as to compensate prior years' deficits. The remaining amount, if any, should be appropriated in the following order:

1. Provide legal reserve pursuant to laws and regulations.
2. Provide (or reverse) special reserves pursuant to laws and regulations or for operating necessities.
3. The remaining balance, along with unappropriated earnings of prior years, shall be proposed by the Board of Directors for earnings distribution, which shall then be resolved by the shareholders' meeting.

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

The Company's dividend policy takes into account the environment and growth of the industry, long-term financial plans and optimization of shareholders' equity. Cash dividends to be appropriated in a year shall not be less than 10% of the total dividends to be appropriated for the year.

The Company appropriates and reverses special reserves in accordance with the regulations in Jin-Guan-Zheng-Fa's Letter No. 1010012865 from the FSC and "Q&A on the Applicability of the Appropriation of Special Reserve after the Adoption of the International Financial Reporting Standards (IFRSs)." If other shareholders' equity deductions are reversed afterward, the reversal may be applicable for the appropriation of earnings.

The Company shall set aside a legal reserve until it equals the Company's paid-in capital. Such legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be distributed in cash.

The Company held the regular shareholders' meeting on July 22, 2021, and June 23, 2020, and respectively resolved the 2020 and 2019 earnings distribution proposals as follows:

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

(IV) Treasury stock

Accounting subject	Repurchase for Cancellation (In 1,000 Shares)
Number of shares as of January 1, 2020	\$ -
Increase	10,000
Cancellation for the period	(10,000)
Number of shares as of September 30, 2020	\$ -

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

XX. Revenue

(I) Revenue from contracts with customers

	July 1 to September 30, 2021	July 1 to September 30, 2020	January 1 to September 30, 2021	January 1 to September 30, 2020
Revenue from construction contracts	\$ 1,295,801	\$ 1,787,587	\$ 3,923,529	\$ 5,034,263
Others	<u>58</u>	<u>90</u>	<u>215</u>	<u>270</u>
	<u>\$ 1,295,859</u>	<u>\$ 1,787,677</u>	<u>\$ 3,923,744</u>	<u>\$ 5,034,533</u>

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

(II) Contract balance

	September 30, 2021		December 31, 2020		September 30, 2020	
	Construction Segment	Discontinued Segment	Construction Segment	Discontinued Segment	Construction Segment	Discontinued Segment
Accounts receivable (Note X)	\$ 574,222	\$ 13,056	\$ 401,058	\$ 183,323	\$ 598,461	\$ 367,467
Contract assets						
Real estate construction	\$ 499,590	\$ -	\$ 819,682	\$ -	\$ 1,263,516	\$ -
Construction retainage receivable	<u>802,717</u>	<u>-</u>	<u>766,689</u>	<u>-</u>	<u>778,281</u>	<u>-</u>
	<u>\$ 1,302,307</u>	<u>\$ -</u>	<u>\$ 1,586,371</u>	<u>\$ -</u>	<u>\$ 2,041,797</u>	<u>\$ -</u>
Contract liability						
Real estate construction	\$ 375,506	\$ -	\$ 93,909	\$ -	\$ 322,954	\$ -

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

The aggregate amount of the amortized transaction price of which the performance obligations have not been satisfied and the anticipated years to recognize the revenue for the construction contracts signed by the Group as of September 30, 2021 are as follows:

Anticipated years to recognize revenue	September 30, 2021
2021~2025	<u>\$ 9,470,360</u>

XXI. Net Income from Continuing Operations

(I) Other income

	July 1 to September 30, 2021	July 1 to September 30, 2020	January 1 to September 30, 2021	January 1 to September 30, 2020
Interest income	\$ 16,990	\$ 8,117	\$ 47,842	\$ 30,545
Dividend income	68,363	22,905	69,619	23,397
Others	1,492	575	2,513	6,726
Less: Discontinued operations	<u>-</u>	<u>(2,089)</u>	<u>-</u>	<u>(4,466)</u>
	<u>\$ 86,845</u>	<u>\$ 29,508</u>	<u>\$ 119,974</u>	<u>\$ 56,202</u>

(II) Other gains and losses

	July 1 to September 30, 2021	July 1 to September 30, 2020	January 1 to September 30, 2021	January 1 to September 30, 2020
Gain from disposal of subsidiaries, net (Note XXIV)	\$ -	\$ -	\$ 146,300	\$ 100,213
Loss on valuation of financial instrument at fair value through profit or loss	(37,947)	(2,764)	(21,035)	(5,942)
Loss on foreign currency exchange, net	(16,628)	(7,172)	(16,380)	(13,212)
Gain (loss) from disposal of associates, net	-	3,510	-	3,510
Gain (loss) on disposal of property, plant and equipment, net	40	(950)	40	(950)
Gain (loss) on disposal of investment properties	-	-	62	(1,838)
Impairment loss on investment properties	-	-	-	(2,252)
Others	(2,419)	(398)	(5,025)	(2,068)
Less: Discontinued operations	(<u>-</u>)	(<u>877</u>)	(<u>-</u>)	(<u>3,295</u>)
	(<u>\$ 56,954</u>)	(<u>\$ 8,651</u>)	(<u>\$ 103,962</u>)	(<u>\$ 74,166</u>)

(III) Finance costs

	July 1 to September 30, 2021	July 1 to September 30, 2020	January 1 to September 30, 2021	January 1 to September 30, 2020
Interest expenses				
Interest on bank loans	\$ 2,278	\$ 2,700	\$ 6,923	\$ 8,637
Interest on lease liabilities	139	127	394	448
Less: Discontinued operations	<u>-</u>	<u>345</u>	<u>-</u>	(<u>599</u>)
	(<u>\$ 2,417</u>)	(<u>\$ 3,172</u>)	(<u>\$ 7,317</u>)	(<u>\$ 8,486</u>)

(IV) Depreciation and amortization expenses

	July 1 to September 30, 2021	July 1 to September 30, 2020	January 1 to September 30, 2021	January 1 to September 30, 2020
Property, plant, and equipment	\$ 1,618	\$ 3,344	\$ 4,757	\$ 10,037
Right-of-use assets	3,624	2,886	9,968	9,213
Investment property	249	260	749	817
Intangible assets	<u>27</u>	<u>239</u>	<u>80</u>	<u>907</u>
Total	(<u>\$ 5,518</u>)	(<u>\$ 6,729</u>)	(<u>\$ 15,554</u>)	(<u>\$ 20,974</u>)
Depreciation expenses by function				
Operating cost	\$ 588	\$ 475	\$ 1,691	\$ 1,350
Operating expenses	4,665	3,856	13,064	12,107
Other gains and losses	238	250	719	788
Discontinued operations	<u>-</u>	<u>1,909</u>	<u>-</u>	<u>5,822</u>
	(<u>\$ 5,491</u>)	(<u>\$ 6,490</u>)	(<u>\$ 15,474</u>)	(<u>\$ 20,067</u>)

	July 1 to September 30, 2021	July 1 to September 30, 2020	January 1 to September 30, 2021	January 1 to September 30, 2020
Amortization expenses by function				
Operating expenses	<u>\$ 27</u>	<u>\$ 239</u>	<u>\$ 80</u>	<u>\$ 907</u>

(V) Employee benefits expenses

	July 1 to September 30, 2021	July 1 to September 30, 2020	January 1 to September 30, 2021	January 1 to September 30, 2020
Short-term employee benefits	\$ 123,520	\$ 103,143	\$ 377,464	\$ 340,673
Post-employment benefits				
Defined contribution plans	4,654	4,477	14,003	13,899
Defined benefit plans	170	172	515	512
Termination benefits	<u>10</u>	<u>12,251</u>	<u>682</u>	<u>12,347</u>
	<u>\$ 128,354</u>	<u>\$ 120,043</u>	<u>\$ 392,664</u>	<u>\$ 367,431</u>
By function				
Operating cost	\$ 69,618	\$ 70,949	\$ 216,398	\$ 199,840
Operating expenses	58,736	29,504	176,266	116,211
Discontinued operations	<u>-</u>	<u>19,590</u>	<u>-</u>	<u>51,380</u>
	<u>\$ 128,354</u>	<u>\$ 120,043</u>	<u>\$ 392,664</u>	<u>\$ 367,431</u>

(VI) Remuneration for employees and directors

According to the Articles of Incorporation, the Company appropriates 0.1% to 3% of its income before tax, remuneration for employees and directors as employee remuneration, and no more than 3% of such income as directors' remuneration. Remuneration to employees and remuneration to directors for the three-month periods and nine-month periods ended September 30, 2021 and 2020 are as follows:

	July 1 to September 30, 2021		July 1 to September 30, 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Employee remuneration	<u>\$ 5,160</u>	3%	<u>\$ 2,859</u>	3%
Director remuneration	<u>\$ 5,160</u>	3%	<u>\$ 2,859</u>	3%
	January 1 to September 30, 2021		January 1 to September 30, 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Employee remuneration	<u>\$ 14,487</u>	3%	<u>\$ 10,103</u>	3%
Director remuneration	<u>\$ 14,487</u>	3%	<u>\$ 10,103</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.

Remuneration to employees and remuneration to 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	13,686	3%	7,799	3%
	<u>\$ 27,372</u>		<u>\$ 15,598</u>	

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

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

XXII. Income Tax

(I) Income tax recognized in profit or loss

Major components of income tax expenses are as follows:

	July 1 to September 30, 2021	July 1 to September 30, 2020	January 1 to September 30, 2021	January 1 to September 30, 2020
Current period income tax				
Income tax expenses recognized in the current period	\$ 31,065	\$ 93,781	\$ 95,678	\$ 143,780
Additional tax on unappropriated earnings	4,323	-	4,323	2,728
Adjustments for previous years	(<u>3,380</u>)	(<u>-</u>)	(<u>3,380</u>)	(<u>20</u>)
	<u>32,008</u>	<u>93,781</u>	<u>96,621</u>	<u>146,528</u>
Deferred income tax				
Income tax expenses recognized in the current period	(<u>703</u>)	(<u>97,231</u>)	<u>32,616</u>	(<u>85,046</u>)
Income tax expenses recognized in profit or loss	<u>\$ 31,305</u>	(<u>\$ 3,450</u>)	<u>\$ 129,237</u>	<u>\$ 61,482</u>

(II) Income tax recognized in other comprehensive income

	July 1 to September 30, 2021	July 1 to September 30, 2020	January 1 to September 30, 2021	January 1 to September 30, 2020
<u>Deferred income tax</u>				
Income tax expenses recognized in the current period				
- Exchange differences on translation of foreign operations	\$ 1,882	\$ 1,486	\$ 6,186	(\$ 9,177)

(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.	2019

XXIII. Earnings Per Share

	July 1 to September 30, 2021	July 1 to September 30, 2020	January 1 to September 30, 2021	Unit: NT\$ January 1 to September 30, 2020
Basic earnings per share				
From continuing operations	\$ 0.51	\$ 0.38	\$ 1.44	\$ 0.99
From discontinued operations	-	(0.01)	-	0.08
Total basic earnings per share	\$ 0.51	\$ 0.37	\$ 1.44	\$ 1.07
Diluted earnings per share				
From continuing operations	\$ 0.51	\$ 0.38	\$ 1.44	\$ 0.98
From discontinued operations	-	(0.01)	-	0.09
Total diluted earnings per share	\$ 0.51	\$ 0.37	\$ 1.44	\$ 1.07

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

Net income

	July 1 to September 30, 2021	July 1 to September 30, 2020	January 1 to September 30, 2021	January 1 to September 30, 2020
Net income attributable to owners of the Company	\$ 132,188	\$ 95,802	\$ 371,437	\$ 280,308
Less: Net income from discontinued operations used for calculation of basic earnings per share of discontinued operations	-	1,325	-	(22,383)
Net income from continuing operations used for calculation of basic/diluted earnings per share of continuing operations	<u>\$ 132,188</u>	<u>\$ 97,127</u>	<u>\$ 371,437</u>	<u>\$ 257,925</u>

Shares

	July 1 to September 30, 2021	July 1 to September 30, 2020	Unit: In thousand shares January 1 to September 30, 2021	January 1 to September 30, 2020
Weighted average number of shares of common stock used for the calculation of basic earnings per share	257,440	257,440	257,440	261,663
Effect of potentially dilutive shares of common stocks:				
Employee remuneration	<u>1,073</u>	<u>890</u>	<u>1,364</u>	<u>1,210</u>
Weighted average number of shares of common stock used for the calculation of diluted earnings per share	<u>258,513</u>	<u>258,330</u>	<u>258,804</u>	<u>262,873</u>

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

XXIV. Disposal of Subsidiaries

The Group 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\$542,927 thousand (RMB 126,000 thousand) and NT\$256,119 thousand (RMB 60,620 thousand), respectively.

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

	Wuxi Chien Bang	Suzhou Chien Hua
Current assets		
Cash and cash equivalents	\$ 11,159	\$ 13,864
Notes and accounts receivables	236,945	138,005
Other receivables	10,913	59,925
Inventories	7,684	11,624
Prepayments	897	2,207
Other current assets	389	-
Non-current assets		
Property, plant, and equipment	77,098	52,423
Right-of-use assets	4,337	4,453
Current liabilities		
Notes payable	-	(11,102)
Accounts payable	(9,569)	-
Other payables	(10,066)	(144,009)
Contract liability	(9,218)	-
Other current liabilities	(1,034)	-
Net assets disposed of	<u>\$ 319,535</u>	<u>\$ 127,390</u>

(II) Gains (losses) on disposal of subsidiaries

	Wuxi Chien Bang	Suzhou Chien Hua
Consideration received	\$ 542,927	\$ 256,119
Net assets disposed of	(319,535)	(127,390)
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	(77,092)	(28,516)
Profit on disposal	<u>\$ 146,300</u>	<u>\$ 100,213</u>

(III) Net cash inflow on disposal of subsidiaries

	Wuxi Chien Bang	Suzhou Chien Hua
Consideration received in the form of cash and cash equivalents	\$ 542,927	\$ 256,119
Less: Receipts in advance - beginning of year	(531,083)	(126,383)
Less: Balance of cash and cash equivalents disposed of	(11,159)	(13,864)
	<u>\$ 685</u>	<u>\$ 115,872</u>

XXV. Equity Transactions with Non-controlling Interests

On March 12, 2020, the Group 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 Group's control over such subsidiary, the Group 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 with calculations based on changes in equity	(<u>7,851</u>)
Difference in equity transactions	(<u>\$ 993</u>)
<u>Adjustment account for difference in equity transactions</u>	
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

The Group purchased and disposed of the financial assets at fair value through profit and loss amounted to NT\$30,571 thousand and NT\$28,120 thousand, respectively, from January 1 to September 30, 2021, and are recognized as other payables and other receivables, respectively, on September 30, 2021, due to settlement-date lag.

XXVII. Capital Risk Management

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

XXVIII. Financial Instruments

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

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

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

1. Fair value level

September 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at fair value through profit or loss</u>				
Structured notes	\$ -	\$ 406,270	\$ -	\$ 406,270
Domestic listed stocks	150,725	-	-	150,725
Domestic unlisted stocks	-	-	10,000	10,000
Foreign listed stocks	100,904	-	-	100,904
Fund beneficiary certificates	385,947	-	-	385,947
Structured deposits	-	101,944	-	101,944
Private equity funds	-	-	78,361	78,361
Bank debentures	90,666	-	-	90,666
Total	<u>\$ 728,242</u>	<u>\$ 508,214</u>	<u>\$ 88,361</u>	<u>\$ 1,324,817</u>
<u>Financial assets measured at FVTOCI</u>				
Domestic listed stocks	<u>\$ 562,412</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 562,412</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>
<u>Financial assets measured at FVTOCI</u>				
Domestic listed stocks	<u>\$ 422,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,572</u>

September 30, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit or loss</u>				
Structured notes	\$ -	\$ 171,946	\$ -	\$ 171,946
Foreign funds	28,907	-	-	28,907
Private equity funds	-	-	70,135	70,135
Structured deposits	-	216,475	-	216,475
Total	<u>\$ 28,907</u>	<u>\$ 388,421</u>	<u>\$ 70,135</u>	<u>\$ 487,463</u>
<u>Financial assets measured at FVTOCI</u>				
Domestic listed stocks	<u>\$ 384,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 384,149</u>

There was no transfer between Level 1 and Level 2 fair value measurement for the nine months ended September 30, 2021 and 2020.

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

<u>Type of Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Structured notes	Measured by option valuation model.
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 Group were a 10% discount for lack of liquidity and a 10% discount for minority interest on September 30, 2021, December 31, 2020 and September 30, 2020. When other inputs are held constant, a 1% discount would decrease the fair value by NT\$2,762 thousand, NT\$1,639 thousand, and NT\$1,669 thousand, respectively.

(III) Types of financial instruments

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets</u>			
Measured at FVTPL			
Mandatorily measured at FVTPL	\$ 1,324,817	\$ 1,812,371	\$ 487,463
Financial assets at amortized cost (Note 1)	\$ 3,983,565	\$ 3,734,212	\$ 4,553,641
Financial assets measured at FVTOCI			
Investment in equity instruments	562,412	422,572	384,149
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	2,373,755	3,027,190	2,989,857

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, and short-term and long-term loans.

(IV) Financial risk management objectives and policies

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

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

1. Market risk

(1) Foreign exchange rate risk

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 Group is mainly exposed to USD and RMB fluctuations.

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

	Effect on Profit or Loss	
	January 1 to September 30, 2021	January 1 to September 30, 2020
RMB	\$ 11,058	\$ 3,038
USD	217	7,201

Hedge accounting

In order to reduce the cash flow risk exposure to proceeds derived from disposal of subsidiaries, the Group entered into forward exchange contracts to hedge against the exchange rate risk of the foreign currency firm commitment. The Group 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 Group 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 Group are as follows:

For the above forward exchange contract designated as hedging instrument for cash flow hedge, a hedging profit of NT\$1,042 thousand was recognized in other comprehensive income from January 1 to September 30, 2020.

(2) Interest rate risk

The interest rate risk of the Group is mainly from cash and cash equivalents. Cash and cash equivalents held at floating interest rates expose the Group to the cash flow interest rate risk, and part of such risk is offset by loans made at floating rates. Cash and cash equivalents held and loans made at fixed interest rates expose the Group to the fair value interest rate risk. The policy of the Group is to dynamically adjust the proportion of instruments of fixed interest rates and those of floating interest rates based on the overall trend of interest rates.

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
With fair value			
interest rate risk			
- Financial assets	\$ 1,841,357	\$ 1,684,108	\$ 2,743,216
- Financial liabilities	176,855	489,655	507,412
With cash flow			
interest rate risk			
- Financial assets	1,408,974	1,218,692	737,388
- Financial liabilities	499,859	499,850	529,837

Sensitivity analysis

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

If interest rate increases/decreases by 100 basis points, holding other variables constant, the Group's income before tax will increase/decrease by NT\$6,818 thousand and NT\$1,557 thousand for the nine months ended September 30, 2021 and 2020, respectively.

The increasing in the sensitivity of the Group to interest rates during the current period was mainly due to the increase in financial assets with variable interest rates.

(3) Other price risks

Investments in beneficiary certificates and domestic and foreign equity instruments expose the Group to the equity price risk. The Group diversifies its investment portfolio to manage the price risk of investments in 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/loss before tax from January 1 to September 30, 2021 and 2020 would have increased/decreased by NT\$72,594 thousand or NT\$48,746 thousand, respectively, 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/loss before tax from January 1 to September 30, 2021 and 2020 would have increased/decreased by NT\$56,241 thousand and NT\$38,415 thousand respectively due to a change in the fair value of financial assets at fair value through other comprehensive income.

2. Credit risk

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

Customers

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

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

3. Liquidity risk

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

September 30, 2021

	<u>Less than 1 Year</u>	<u>1~2 Year(s)</u>	<u>2~5 Years</u>
Non-interest-bearing liabilities	\$ 1,582,368	\$ 112,484	\$ 29,229
Lease liabilities	14,648	10,731	2,212
Fixed-rate instruments	149,777	-	-
Floating interest rate instruments	499,859	-	-
	<u>\$ 2,246,652</u>	<u>\$ 123,215</u>	<u>\$ 31,441</u>

December 31, 2020

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

September 30, 2020

	<u>Less than 1 Year</u>	<u>1~2 Year(s)</u>	<u>2~5 Years</u>
Non-interest-bearing liabilities	\$ 1,928,137	\$ 37,635	\$ 14,996
Lease liabilities	11,657	10,916	12,780
Fixed-rate instruments	329,498	149,754	-
Floating interest rate instruments	30,000	499,837	-
	<u>\$ 2,299,292</u>	<u>\$ 698,142</u>	<u>\$ 27,776</u>

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

(3) Financing facilities

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Unsecured bank loan facilities			
- Amount used	\$ 300,000	\$ 615,000	\$ 660,000
- Amount unused	1,729,097	1,651,429	1,636,429
	<u>\$ 2,029,097</u>	<u>\$ 2,266,429</u>	<u>\$ 2,296,429</u>
Secured bank loan facilities			
- Amount used	\$ 350,000	\$ 350,000	\$ 350,000
- Amount unused	100,000	100,000	100,000
	<u>\$ 450,000</u>	<u>\$ 450,000</u>	<u>\$ 450,000</u>

(V) Transfer of financial assets

The Group 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 Group has derecognized the banker's acceptance drafts receivable and the corresponding accounts payables. However, if such derecognized drafts fail to be accepted by banks when due, the suppliers are entitled to demand for a settlement to be made by the Group. Therefore, the Group still has continuing involvement in such drafts.

The maximum risk exposure of the Group's continuing involvement in the above-derecognized drafts is their face amount, which totaled NT\$62,291 thousand and NT\$132,848 thousand as of December 31, 2020 and September 30, 2020, and will be due within 5 months and 9 months after the balance sheet date, respectively. Having considered the credit risks of such derecognized drafts, the Group determines that the fair value of its continuing involvement is immaterial.

For the nine months ended September 30, 2021 and 2020, the Group 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, material transactions between the Group and other related parties are as follows.

(I) Names and relationships of related parties

<u>Name of Related Party</u>	<u>Relationship with the Group</u>
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.
Chien Kuo Foundation for Arts and Culture	The chairman of the foundation is the vice chairman of the Company.
Meng-chung LEE	Chairman of WeBIM Services
Tzu-chiang YANG	Director of the Company
Pang-yen YANG	Director of the Company

(II) Other related party transactions

1. Construction costs

<u>Category of Related Parties</u>	<u>July 1 to September 30, 2021</u>	<u>July 1 to September 30, 2020</u>	<u>January 1 to September 30, 2021</u>	<u>January 1 to September 30, 2020</u>
Associates	\$ -	\$ -	\$ -	\$ 1,124

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 conditions.

2. Lease agreements

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

<u>Category of Related Parties</u>	<u>January 1 to September 30, 2021</u>	<u>January 1 to September 30, 2020</u>
<u>Acquisition of right-of-use assets</u>		
Other related parties	\$ 5,811	\$ 12,532

<u>Accounting Item</u>	<u>Category of Related Parties</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Lease liabilities	Other related parties	\$ 12,386	\$ 10,088	\$ 10,906

Category of Related Parties	July 1 to September 30, 2021	July 1 to September 30, 2020	January 1 to September 30, 2021	January 1 to September 30, 2020
<u>Interest expenses</u>				
Other related parties	\$ <u>53</u>	\$ <u>46</u>	\$ <u>151</u>	\$ <u>182</u>
<u>Lease expenses</u>				
Other related parties	\$ <u>37</u>	\$ <u>18</u>	\$ <u>95</u>	\$ <u>63</u>

3. Lease agreements (operating lease)

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

Accounting Item	Category of Related Parties	July 1 to September 30, 2021	July 1 to September 30, 2020	January 1 to September 30, 2021	January 1 to September 30, 2020
Rent income	Chien Hwei Investment Co., Ltd.	\$ <u>286</u>	\$ <u>286</u>	\$ <u>857</u>	\$ <u>857</u>

4. Equity transaction

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

5. Donation

Name of Related Party	July 1 to September 30, 2021	July 1 to September 30, 2020	January 1 to September 30, 2021	January 1 to September 30, 2020
Chien Kuo Foundation for Arts and Culture	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,800</u>	\$ <u>1,800</u>

The Group donated funds for broadcast production to related parties.

6. Acquisition of financial assets

The Group invested in CSVI VENTURES, L.P. with NT\$11,144 thousand (USD400 thousand) in March 2021. The key decision-maker of the fund is the Company's director.

(III) Remuneration to key management

	July 1 to September 30, 2021	July 1 to September 30, 2020	January 1 to September 30, 2021	January 1 to September 30, 2020
Short-term employee benefits	\$ 14,479	\$ 10,025	\$ 41,097	\$ 27,687
Post-employment benefits	<u>447</u>	<u>337</u>	<u>1,230</u>	<u>896</u>
	\$ <u>14,926</u>	\$ <u>10,362</u>	\$ <u>42,327</u>	\$ <u>28,583</u>

XXX. Pledged Assets

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

	September 30, 2021	December 31, 2020	September 30, 2020
Inventories (for construction business)	\$ 463,577	\$ 463,577	\$ 463,577
Financial assets measured at FVTOCI - non-current	150,921	129,939	119,413
Pledged time deposit certificate (classified as financial assets at amortized cost)	\$ 696	\$ 5,696	\$ 5,820
Investment property	30,544	30,974	31,118
Property, plant, and equipment	-	-	6,228
Other restricted assets (classified as other non-current assets)	21,057	13,897	13,897
	<u>\$ 666,795</u>	<u>\$ 644,083</u>	<u>\$ 640,053</u>

XXXI. Significant Contingent Liabilities and Unrecognized Contract Commitments

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

- (I) 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 Group deemed such application of law was wrong and in violation of the principles of fairness and reasonableness. Therefore, it filed a request for mediation to the Complaint Review Board for Government Procurement under the Public Construction Commission of the Executive Yuan (the "Commission") on October 9, 2018. Since no consensus was reached during the mediation of the Commission, the Group submitted a request for arbitration on August 6, 2020. According to the arbitration result on September 15, 2021, the remaining project payment and the refund of the paid default penalty due by the Ministry to the Group amounted to NT\$80,726 thousand, and the amount was booked by the Group.
- (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 Group's active participation in the repair work, a total of 25 house owners transferred a certain amount of their creditors' rights to the Group, by which the Group had petitioned the court for a provisional attachment against Shing Tzung and its responsible person, and a claim of NT\$25 million plus the statutory delay interest accrued thereon from them. In 2018, the court held an initial

judgment that Shing Tzung had also paid related expenses for such an incident and thus agreed to the contention of Shing Tzung that the expenses already paid by Shing Tzung should offset the credit rights to which the Group might be entitled. Therefore, the plaintiff's case was rejected. Based on the court judgment, the Group has recognized as a loss the total amount of NT\$25 million that was previously recognized as "payment on behalf of another party."

In addition, Shing Tzung claimed that it had suffered loss from the incident and should have demanded compensation from the subcontractor responsible for constructing the diaphragm wall. However, Shing Tzung turned to the Group for compensation for the incident because the subcontractor had insufficient capital. The Group also had suffered loss from the incident and, consequently, filed a claim against Shing Tzung for compensation (including expenses incurred by the Group's participation in the repair work) and demanded that Shing Tzung return the promissory notes of performance guarantee to the Group. Regarding the two lawsuits, the Kaohsiung Qiaotou District Court ruled that the Group 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 Group NT\$27,382 thousand plus interest calculated at 5% per annum from October 30, 2015 to the settlement date. The two parties appealed to the Kaohsiung Branch of the Taiwan High Court during the legal period, and the first court session was held on January 4, 2021. The lawyers of Shing Tzung stated that it would take a little more time to prepare the relevant documents because of the change of lawyers. Therefore, the court scheduled the second verbal debate for April 22, 2021. The judge instructed that the disputed items of Shing Tzung should be sent to supplementary appraisal. The appraisal unit held a preliminary appraisal meeting on initial inspection on September 1, 2021, and the appraisal report is currently pending so that the outcome of the judgment cannot be assessed.

- (III) On March 15, 2013, the Group 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 Group for the construction project named "Fu-yi River Residential Construction Project" on Land No. 440, Zhuangjing Section, Xindian District, New Taipei City. The Group 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 Group. The Group then submitted a request for arbitration on October 22, 2019, demanding Fuyi Company to pay the remaining balance and the amount for additional works by the Group 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 Group approximately NT\$45,000 thousand for the remaining balance of construction contracts, and the Group has booked the settlement according to the arbitration result.
- (IV) As of September 30, 2021, the performance guarantee letters issued by the bank for construction projects of the Group amounted to NT\$1,432,522 thousand.
- (V) As of September 30, 2021, the guaranteed bills issued by the Group for business needs amounted to NT\$224,674 thousand.

XXXII. Others

As of the date of approval and issue of the consolidated financial statements, the Group has concluded that the outbreak of COVID-19 has no material impact on its operational capability, fundraising, and impairment of assets. The Group 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

September 30, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB	\$ 257,498	0.1542 (RMB:USD)	\$ 1,105,774
USD	778	27.85 (USD:NTD)	21,667
			<u>\$ 1,127,441</u>

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB	\$ 91,320	0.1533 (RMB:USD)	\$ 398,594
USD	7,036	28.48 (USD:NTD)	200,385
			<u>\$ 598,979</u>

September 30, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB	\$ 71,095	0.1468 (RMB:USD)	\$ 303,796
USD	24,744	29.10 (USD:NTD)	720,050
			<u>\$ 1,023,846</u>

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

	July 1 to September 30, 2021		July 1 to September 30, 2020	
	Exchange Rate	Net Exchange Profit (Loss)	Exchange Rate	Net Exchange Profit (Loss)
<u>Financial assets</u>				
RMB	0.1546 (RMB:USD)	(\$ 2,222)	0.1430 (RMB:USD)	\$ 4,221
USD	28.07 (USD:NTD)	(8)	29.82 (USD:NTD)	(9,774)
		<u>(\$ 2,230)</u>		<u>(\$ 5,553)</u>

	January 1 to September 30, 2021		January 1 to September 30, 2020	
	Exchange Rate	Net Exchange Profit (Loss)	Exchange Rate	Net Exchange Loss
<u>Financial assets</u>				
RMB	0.1546 (RMB:USD)	\$ 7,130	0.1430 (RMB:USD)	\$ 4,234
USD	28.07 (USD:NTD)	(1,256)	29.82 (USD:NTD)	(9,774)
		<u>\$ 5,874</u>		<u>(\$ 5,540)</u>

XXXIV. Supplementary Disclosures

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

1. Loaning Provided to Others: (Appendix 1)
2. Endorsements/Guarantees Provided for Others: (Appendix 2)
3. Marketable Securities Held by the End of the Period (Excluding Investment in Subsidiaries, Associates and Joint Ventures): (Appendix 3)
4. Marketable Securities Acquired and Disposed of Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: None.
5. Acquisition of Real Estate Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: None.
6. Disposal of Real Estate Amounting to NT\$300 Million or 20% of the Paid-in Capital or More: 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 Business 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 limits on investments in mainland China: (Appendix 8)
2. Any of the following significant transactions with invested companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms and unrealized gain or loss: None.
 - (1) Purchase amount and percentage, and the ending balance and percentage of the related payables.
 - (2) Sales amount and percentage, and the ending balance and percentage of the related receivables.
 - (3) Property transaction amount and the resulting gain or loss.

- (4) Ending balances and purposes of endorsements/guarantees or collateral provided.
 - (5) The maximum balance, ending balance, interest rate range and the total amount of current-period interest of financing facilities.
 - (6) Other transactions with significant impact on profit or loss or financial position for the period, such as provision or receipt of service.
- (IV) Information on major shareholders: names of shareholders with a holding ratio of 5% or more, the amount and proportion of shares held: (Appendix 9)

XXXV. Segment Information

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

Chien Kuo Construction Co., Ltd. and Subsidiaries
Loaning Provided to Others
January 1 to September 30, 2021

Appendix 1

Unit: NT\$ Thousand

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
													Name	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 \$ 20,171	40% of the company's net worth \$ 40,342	

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

Chien Kuo Construction Co., Ltd. and Subsidiaries
Endorsements/Guarantees Provided for Others
January 1 to September 30, 2021

Appendix 2 Unit: NT\$ Thousand

No.	Endorsements/Guarantees Provider Company Name	Parties Being Endorsed/Guaranteed		Limit of Endorsements/ Guarantees for a Single Entity (Note 1)	Highest Balance as of the Current Month	Outstanding Endorsements/ Guarantees - Ending	Amount Actually Withdrawn	Endorsements/ Guarantees Secured with Collateral	Ratio of Cumulative Endorsements/Guarantees to the Net Equity Stated in the Latest Financial Statements	Limit of Endorsements/ Guarantees (Note 2)	Endorsements/ Guarantees Provided by Parent for Subsidiary	Endorsements/ Guarantees Provided by Subsidiary for Parent	Endorsements/ Guarantees for Entities in China	Note
		Company name	Relationship											
0	Chien Kuo Construction Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Subsidiary	\$ 2,380,703	\$ 100,000	\$ 100,000	\$ 9,730	\$ -	2.10%	\$ 4,761,406	Y	N	N	Financing endorsements/ guarantees

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

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

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

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

Chien Kuo Construction Co., Ltd. and Subsidiaries
Marketable Securities Held by the End of the Period
September 30, 2021

Appendix 3

Unit: NT\$ Thousand

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>							
	Capital Money Market Fund	—	Financial assets at FVTPL - current	4,570	\$ 74,439	-	\$ 74,439	—
	Mega Diamond Money Market Fund	—	"	3,949	50,046	-	50,046	—
	Taishin Ta-Chong Money Market Fund	—	"	2,028	29,085	-	29,085	—
	Wanchang Venture Capital Private Equity Funds	—	Financial assets at FVTPL - non-current	2,700	26,100	-	26,100	—
	<u>Stock</u>							
	Realtek Semiconductor Corp.	—	Financial assets at FVTPL - current	3	1,487	-	1,487	—
	Episil Holding Inc.	—	"	29	3,422	0.01	3,422	—
	Richwave Technology Corp.	—	"	15	3,500	0.02	3,500	—
	Genesys Logic Inc.	—	"	13	1,820	0.01	1,820	—
	Brilliant Network & Automation Integrated System Co., Ltd.	—	"	43	8,450	0.14	8,450	—
	Makalot Industrial Co., Ltd.	—	"	39	9,614	0.02	9,614	—
	China Steel Corporation	—	"	149	5,409	-	5,409	—
	Ta Chen International Inc.	—	"	45	2,063	-	2,063	—
	United Microelectronics Corp.	—	"	198	12,672	-	12,672	—
	Taiwan Semiconductor Manufacturing Co., Ltd.	—	"	25	14,500	-	14,500	—
	Gold Circuit Electronics Ltd.	—	"	36	2,340	0.01	2,340	—
	Cathay Financial Holdings Co., Ltd.	—	"	6	347	-	347	—
	Unimicron Technology Corporation	—	"	61	8,052	-	8,052	—
	Lotes Co., Ltd.	—	"	5	2,828	-	2,828	—
	ITEQ Corporation	—	"	4	580	-	580	—
	Taiwan Union Technology Corporation	—	"	29	3,132	0.01	3,132	—
	GlobalWafers Co., Ltd	—	"	8	6,360	-	6,360	—
	Nan Ya PCB Co., Ltd.	—	"	10	4,350	-	4,350	—
	E Ink Holdings Inc.	—	"	54	3,985	-	3,985	—
	Allied Circuit Co., Ltd.	—	"	7	994	0.01	994	—
	Merida Industry Co., Ltd.	—	"	12	3,510	-	3,510	—
	Evergreen Marine Corporation	—	"	13	1,638	-	1,638	—

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Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
Chien Kuo Building Co., Ltd.	Wan Hai Lines Limited	—	Financial assets at FVTPL - current	6	\$ 1,119	-	\$ 1,119	—
	Fubon Financial Holding Co., Ltd.	—	"	14	1,074	-	1,074	—
	Alltop Technology Co., Ltd.	—	"	5	775	0.01	775	—
	Nuvoton Technology Corp.	—	"	10	1,340	-	1,340	—
	ASMedia Technology Inc.	—	"	1	1,670	-	1,670	—
	Wafer Works Corporation	—	"	17	1,081	-	1,081	—
	All Ring Tech Co., Ltd.	—	"	9	1,035	0.01	1,035	—
	TONG HSING ELECTRONIC INDUSTRIES, LTD.	—	"	8	1,808	-	1,808	—
	Chia Hsin Cement Corporation	—	Financial assets measured at FVTOCI - current	1,114	23,683	0.14	23,683	—
	Taiwan Cement Corporation	—	Financial assets measured at FVTOCI - non-current	6,191	315,743	0.10	315,743	(Note 2)
	Chia Hsin Cement Corporation	—	"	6,853	145,626	0.88	145,626	(Note 3)
	Chunghwa Telecom Co., Ltd.	—	"	189	20,885	-	20,885	—
	Mega Financial Holding Company Ltd.	—	"	860	27,563	0.01	27,563	—
	SinoPac Financial Holdings Company Ltd.	—	"	2,080	28,912	0.02	28,912	—
	<u>Stock</u>							
	G-Tech Optoelectronics Corp.	—	Financial assets at FVTPL - current	130	4,290	0.06	4,290	—
	RDC Semiconductor Co., LTD	—	"	37	12,025	0.05	12,025	—
	Coremax Corporation	—	"	27	2,957	0.03	2,957	—
	Calin Technology Co., Ltd.	—	"	46	2,872	0.04	2,872	—
	M31 Technology Corp.	—	"	20	7,800	0.06	7,800	—
	UPI Semiconductor Corp.	—	"	9	5,283	0.01	5,283	—
	Powerchip Semiconductor Manufacturing Corp.	—	"	70	4,543	-	4,543	—
Golden Canyon Venture Capital Investment Co., Ltd.	<u>Stock</u>							
	Locus Cell Co., Ltd.	—	Financial assets at FVTPL - non-current	1,000	10,000	-	10,000	—
Golden Canyon Limited	<u>Fund</u>							
	CSOP S&P New China Sectors HKD Inc ETF	—	Financial assets at FVTPL - current	142	42,188	-	42,188	—
	iShares FTSE China A50 ETF	—	"	262	16,913	-	16,913	—
	PVG GCN VENTURES, L.P.	—	Financial assets at FVTPL - non-current	-	13,606	5.00	13,606	—
	CSVI VENTURES,L.P.	(Note 1)	"	-	38,655	6.45	38,655	—

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Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
Silver Shadow Holding Limited	<u>Fund</u>							
	BlackRock Global Fund - World Mining Fund A2 USD	—	Financial assets at FVTPL - current	7	\$ 11,259	-	\$ 11,259	—
	SinoPac Securities - Capital Chinese Golden Age Equity Fund (RMB)	—	"	314	24,030	-	24,030	—
	SinoPac Securities - Fuh Hwa China New Economy A Shares Equity Fund (RMB)	—	"	367	22,620	-	22,620	—
	iShares MSCI Brazil ETF (EWZ)	—	"	23	20,939	-	20,939	—
	iShares MSCI USA Value Factor ETF(VLUE)	—	"	4	11,233	-	11,233	—
	iShares Global Clean Energy ETF (ICLN)	—	"	15	9,044	-	9,044	—
	US Global Jets ETF (JETS)	—	"	14	9,016	-	9,016	—
	Vanguard FTSE Europe ETF(VGK)	—	"	10	18,272	-	18,272	—
	Global X Lithium & Battery Tech ETF (LIT)	—	"	4	9,130	-	9,130	—
	Vanguard Value ETF	—	"	6	24,053	-	24,053	—
	<u>Bank Debentures</u>							
	Cash Plus Note	—	Financial assets at FVTPL - current	3,250	90,666	-	90,666	—
	<u>Stock</u>							
	Abbott Laboratories	—	Financial assets at FVTPL - current	-	1,171	-	1,171	—
	AECOM	—	"	-	774	-	774	—
	AeroVironment, Inc.	—	"	-	957	-	957	—
	AIA Group Limited	—	"	1	268	-	268	—
	Alibaba Group Holding Limited	—	"	3	1,587	-	1,587	—
	Alphabet Inc.	—	"	-	3,043	-	3,043	—
	Aluminum Corp of China Limited	—	"	19	392	-	392	—
	Amazon.com, Inc.	—	"	-	3,111	-	3,111	—
	American Tower Corporation (REIT)	—	"	-	931	-	931	—
	Apple Inc.	—	"	1	3,003	-	3,003	—
	Aptiv PLC	—	"	-	482	-	482	—
	AstraZeneca PLC	—	"	-	1,317	-	1,317	—

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Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
	Baidu, Inc.	—	Financial assets at FVTPL - current	1	\$ 494	-	\$ 494	—
	Baker Hughes Company	—	"	2	1,256	-	1,256	—
	Bilibili Inc.	—	"	-	466	-	466	—
	BlackRock, Inc.	—	"	-	1,004	-	1,004	—
	BNY Mellon Strategic Municipal Bond Fund, Inc.	—	"	-	614	-	614	—
	Brookfield Asset Management Inc.	—	"	1	1,100	-	1,100	—
	BYD Company Limited	—	"	1	574	-	574	—
	CAE Inc.	—	"	1	596	-	596	—
	CanSino Biologics Inc.	—	"	-	342	-	342	—
	China International Marine Containers (Group) Co., Ltd.	—	"	3	207	-	207	—
	China Merchants Bank Co., Ltd.	—	"	3	723	-	723	—
	China Merchants Energy Shipping Co., Ltd.	—	"	15	347	-	347	—
	China Tourism Group Duty Free Corporation Limited	—	"	1	560	-	560	—
	China Yangtze Power Co., Ltd.	—	"	3	322	-	322	—
	CITIC Securities Company Limited	—	"	5	577	-	577	—
	Clean Harbors, Inc.	—	"	-	981	-	981	—
	Compagnie de Saint-Gobain S.A.	—	"	2	590	-	590	—
	Contemporary Amperex Technology Co., Limited	—	"	-	679	-	679	—
	Corteva, Inc.	—	"	1	723	-	723	—
	Darling Ingredients Inc.	—	"	-	869	-	869	—
	DBS Group Holdings Ltd	—	"	2	1,035	-	1,035	—
	Deere & Company	—	"	-	756	-	756	—
	DexCom, Inc.	—	"	-	792	-	792	—
	DocuSign, Inc.	—	"	-	746	-	746	—
	DraftKings Inc.	—	"	-	579	-	579	—
	Elanco Animal Health Incorporated	—	"	1	900	-	900	—
	ENN Energy Holdings Limited	—	"	1	407	-	407	—
	Equinix, Inc. (REIT)	—	"	-	748	-	748	—
	EssilorLuxottica Société anonyme	—	"	-	698	-	698	—

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Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
	Fanuc Corporation	—	Financial assets at FVTPL - current	-	\$ 911	-	\$ 911	—
	Fidelity National Information Services, Inc.	—	"	-	1,006	-	1,006	—
	Fuyao Glass Industry Group Co., Ltd.	—	"	2	309	-	309	—
	Galaxy Entertainment Group Limited	—	"	6	917	-	917	—
	Graphic Packaging Holding Company	—	"	2	1,109	-	1,109	—
	Hangzhou Oxygen Plant Group Co., Ltd.	—	"	2	231	-	231	—
	Hannon Armstrong Sustainable Infrastructure Capital, Inc.	—	"	-	562	-	562	—
	Honeywell International Inc.	—	"	-	840	-	840	—
	Hong Kong Exchanges and Clearing Limited	—	"	1	1,368	-	1,368	—
	Huazhu Group Limited	—	"	-	359	-	359	—
	Hubei Xingfa Chemicals Group Co., Ltd.	—	"	3	657	-	657	—
	iFLYTEK CO.,LTD	—	"	2	547	-	547	—
	Inner Mongolia Yili Industrial Group Co., Ltd.	—	"	3	552	-	552	—
	Intuitive Surgical, Inc.	—	"	-	664	-	664	—
	Keyence Corporation	—	"	-	1,117	-	1,117	—
	Kingsoft Corporation Limited	—	"	-	245	-	245	—
	KION GROUP AG	—	"	-	971	-	971	—
	Linde plc	—	"	-	700	-	700	—
	LONGi Green Energy Technology Co., Ltd.	—	"	1	440	-	440	—
	LVMH Moët Hennessy - Louis Vuitton, Société Européenne	—	"	-	1,018	-	1,018	—
	Maravai LifeSciences Holdings, Inc.	—	"	1	849	-	849	—
	Medtronic plc	—	"	-	1,176	-	1,176	—
	MercadoLibre, Inc.	—	"	-	795	-	795	—
	MicroPort Scientific Corporation	—	"	2	259	-	259	—
	Microsoft Corporation	—	"	-	3,447	-	3,447	—

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Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
	Mondelez International, Inc.	—	Financial assets at FVTPL - current	1	\$ 1,176	-	\$ 1,176	—
	MP Materials Corp.	—	"	1	684	-	684	—
	NARI Technology Co., Ltd.	—	"	3	479	-	479	—
	Nestlé S.A.	—	"	-	1,301	-	1,301	—
	NexImmune, Inc.	—	"	1	686	-	686	—
	NextEra Energy, Inc.	—	"	-	857	-	857	—
	NIKE, Inc.	—	"	-	938	-	938	—
	NVIDIA Corporation	—	"	-	1,339	-	1,339	—
	NXP Semiconductors N.V.	—	"	-	856	-	856	—
	Palo Alto Networks, Inc.	—	"	-	1,107	-	1,107	—
	PayPal Holdings, Inc.	—	"	-	1,080	-	1,080	—
	PetroChina Company Limited	—	"	50	660	-	660	—
	Ping An Bank Co., Ltd.	—	"	3	262	-	262	—
	Ping An Insurance (Group) Company of China, Ltd.	—	"	3	641	-	641	—
	Power Construction Corporation of China, Ltd	—	"	8	303	-	303	—
	Prosus N.V.	—	"	2	1,047	-	1,047	—
	Roblox Corporation	—	"	-	572	-	572	—
	Rogers Corporation	—	"	-	1,132	-	1,132	—
	S&P Global Inc.	—	"	-	876	-	876	—
	salesforce.com, inc.	—	"	-	1,345	-	1,345	—
	Samsung SDI Co., Ltd.	—	"	-	799	-	799	—
	Schneider Electric S.E.	—	"	1	799	-	799	—
	Shenzhen Sunlord Electronics Co.,Ltd.	—	"	2	248	-	248	—
	Shenzhou International Group Holdings Limited	—	"	1	423	-	423	—
	Signet International Holdings, Inc.	—	"	1	703	-	703	—
	Singapore Technologies Engineering Ltd	—	"	9	739	-	739	—
	SolarEdge Technologies, Inc.	—	"	-	716	-	716	—
	Sony Group Corporation	—	"	-	1,190	-	1,190	—
	Taiwan Semiconductor Manufacturing Company Limited	—	"	-	1,135	-	1,135	—

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Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	Financial Statement Account	End of period				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair Value	
CK Asia (Shanghai) Information Technology Co., Ltd.	Take-Two Interactive Software, Inc.	—	Financial assets at FVTPL - current	-	\$ 807	-	\$ 807	—
	Teladoc Health, Inc.	—	"	-	685	-	685	—
	Teledyne Technologies Incorporated	—	"	-	670	-	670	—
	Tencent Holdings Limited	—	"	1	2,269	-	2,269	—
	The Charles Schwab Corporation	—	"	1	1,136	-	1,136	—
	The Coca-Cola Company	—	"	1	1,039	-	1,039	—
	The Estée Lauder Companies Inc.	—	"	-	735	-	735	—
	The Liberty SiriusXM Group	—	"	-	436	-	436	—
	The Middleby Corporation	—	"	-	1,087	-	1,087	—
	The Walt Disney Company	—	"	-	1,456	-	1,456	—
	Thermo Fisher Scientific Inc.	—	"	-	1,193	-	1,193	—
	Trip.com Group Limited	—	"	1	844	-	844	—
	UnitedHealth Group Incorporated	—	"	-	1,349	-	1,349	—
	Vertex Pharmaceuticals Incorporated	—	"	-	844	-	844	—
	Visa Inc.	—	"	-	1,495	-	1,495	—
	Volkswagen AG	—	"	-	1,008	-	1,008	—
	Wanhua Chemical Group Co., Ltd.	—	"	1	414	-	414	—
	Weichai Power Co., Ltd.	—	"	6	421	-	421	—
	WuXi AppTec Co., Ltd.	—	"	1	329	-	329	—
	WuXi Biologics (Cayman) Inc.	—	"	-	221	-	221	—
	Xiaomi Corporation	—	"	3	248	-	248	—
	Zhuzhou CRRC Times Electric Co., Ltd.	—	"	3	353	-	353	—
	<u>Fund</u>							
	E Fund Start-Up ETF Fund	—	Financial assets at FVTPL - current	740	10,004	-	10,004	—
	Southern CSI Bank ETF Fund	—	"	712	3,676	-	3,676	—

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

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

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

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

Chien Kuo Construction Co., Ltd. and Subsidiaries
Purchases from or Sales to Related Parties Amounting to NT\$100 million or 20% of the Paid-in Capital or More
January 1 to September 30, 2021

Appendix 4

Unit: NT\$ Thousand

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 Notes or Accounts Receivable (payable)	
Chien Kuo Construction Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Subsidiary	Purchases	\$ 395,618	11.48%	Subject to the agreement	-	-	(\$ 352,401)	(21.09%)	
Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Construction Co., Ltd.	Parent company	Sales	(395,618)	(98.38%)	Subject to the agreement	-	-	352,401	100.00%	

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

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

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

Chien Kuo Construction Co., Ltd. and Subsidiaries
Receivables from Related Parties Amounting to NT\$100 Million or 20% of the Paid-in Capital or More
September 30, 2021

Appendix 5

Unit: NT\$ Thousand

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	Accounts receivable	\$ 352,401	1.45	\$ -	\$ -	\$ 61,035	\$ -

Note 1: Amount received as of November 12, 2021.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Inter-company Business Relationships and Significant Inter-company Transactions
January 1 to September 30, 2021

Appendix 6

Unit: NT\$ Thousand

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	\$ 39,783	Note 2	0.49%
			(1)	Construction costs	395,618	Note 2	10.08%
			(1)	Contract assets - property construction	1,852,315	Note 2	22.83%
			(1)	Accounts payable	352,401	Note 2	4.34%
1	Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Building Co., Ltd.	(1)	Accounts payable - Provisional	2,104	Note 2	0.03%
			(3)	Other payables	20,000	Note 3	0.25%

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.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Information on Invested Companies
January 1 to September 30, 2021

Appendix 7

Unit: NT\$ Thousand

Name of Investor	Name of Investee	Location	Principal Business Activities	Original Investment Amount		Ending Balance			Profit or Loss of Invested Company in the Current Period	Investment Profit/Loss Recognized in the Current Period	Note
				End of the Period	End of Last Year	Number of Shares (in Thousands)	Shareholding Percentage (%)	Carrying Amount			
Chien Kuo Construction Co., Ltd.	Golden Canyon Limited	British Virgin Islands	Reinvestment	\$ 183,751	\$ 272,267	5,881	100.00	\$ 1,462,959	\$ 80,586	\$ 80,586	Subsidiary
	Silver Shadow Holding Limited	British Virgin Islands	Reinvestment	704,069	815,907	21,606	100.00	1,784,852	53,078	53,078	Subsidiary
	Chien Kuo Building Co., Ltd.	Taiwan	Building construction commission; public housing lease and sale	144,065	144,065	10,000	100.00	99,672	(664)	(664)	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	79,274	24,136	24,136	Subsidiary
	Golden Canyon Venture Capital Investment Co., Ltd.	Taiwan	Venture capital business	401,000	401,000	40,100	100.00	399,314	(1,018)	(1,018)	Subsidiary
	Golden Canyon II Venture Capital Investment Co., Ltd.	Taiwan	Venture capital business	200,000	-	20,000	100.00	199,750	(250)	(250)	Subsidiary
Silver Shadow Holding Limited	CK Asia Co., Ltd.	British Virgin Islands	Reinvestment	501,549	878,510	962	54.78	431,271	87,177	Note 3	Sub-subsubsidiary
Golden Canyon Limited	CK Asia Co., Ltd.	British Virgin Islands	Reinvestment	446,467	782,106	794	45.22	356,017	87,177	Note 3	Sub-subsubsidiary

Note 1: Where there involves a foreign currency, it is translated into New Taiwan Dollars by using the exchange rate as of September 30, 2021 (US\$1=NT\$27.85), except for profit or loss items, which are translated into New Taiwan Dollars by using the average exchange rate over January 1 - September 30, 2021 (US\$1=NT\$28.07).

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
Information on Investments in Mainland China
January 1 to September 30, 2021

Appendix 8

Unit: NT\$ Thousand

Investee in Mainland China	Principal Business Activities	Paid-in Capital	Manner of Investment	Cumulative Investment Amount Remitted from Taiwan - Beginning of the Period	Investment Amount Remitted or Received for the Current Period		Ending Balance of Accumulated Outflow of Investment from Taiwan	Profit or Loss of Invested Company in the Current Period	Percentage of Ownership (Direct or Indirect)	Investment Gains (Losses) Recognized for the Current Period (Note 1)	Carrying Amount as of September 30, 2021 (Note 1)	Investment Gains Repatriated by the End of the Current Period	Note
					Remitted	Received							
Shanghai Chien Kuo Concrete Co., Ltd.	Production and sale of concrete and concrete products	\$ 139,584	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	120,154	Investment through a company founded in a third region	68,326	-	-	68,326	(42,430)	100%	(42,430)	131,270	41,113	
Suzhou Chien Hua Concrete Co., Ltd.	Production and sale of concrete and concrete products	111,400	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	270,841	Investment through a company founded in a third region	-	-	-	-	32,689	100%	32,689	270,119	-	Note 5
Wuxi Chien Bang Concrete Co., Ltd.	Production and sale of concrete and concrete products	139,250	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	258,309	Investment through a company founded in a third region	-	-	-	-	1,309	-	1,309	-	-	Note 4
Chien Ya (Nantong) Information Technology Consultant Co., Ltd.	Computer software technology development and consultation	139,250	Investment through a company founded in a third region	161,500	-	-	161,500	-	-	-	-	4,405	Note 4
Yangzhou Chien Yung Concrete Co., Ltd.	Production and sale of concrete and concrete products	55,700	Investment through a company founded in a third region	197,041	-	-	197,041	2,055	100%	2,055	102,437	168,105	
Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	Computer software technology development and consultation	225,585	Investment through a company founded in a third region	-	-	-	-	1,183	-	1,183	-	-	Note 4

Accumulated Investment Remitted from Taiwan to Mainland China at the End of the Period	Investment Amount Approved by the Investment Commission of the Ministry of Economic Affairs (MOEAIC)	Upper Limit on Investment Authorized by MOEAIC
\$ 868,785(Note 3)	\$ 936,966(Note 2)	\$ 2,810,144

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

Note 2: The amount authorized by the Investment Commission, MOEA was NT\$1,491,155 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 thousand (USD5,682 thousand) originated from the funds of the third regions.

Note 4: Shanghai Chien Kuo Concrete Co., Ltd. has completed the liquidation on December 9, 2016; Suzhou Chien Hua Concrete Co., Ltd. was disposed of and has completed the equity transaction on February 11, 2020; Wuxi Chien Bang Concrete Co., Ltd. was disposed of and has completed the equity transaction on February 5, 2021; Chien Ya (Nantong) Information Technology Consultant Co., Ltd. has completed the liquidation on December 6, 2019; Chien Ya (Wuxi) Information Technology Consultant Co., Ltd. has completed the liquidation on August 11, 2021; Chien Ya (Yangzhou) Technology Consultant Co., Ltd. has completed the liquidation on September 27, 2021.

Note 5: Newly established as a spin-off from Suzhou Chien Hua Concrete Co., Ltd.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Information on Major Shareholders
September 30, 2021

Appendix 9

Unit: In thousand shares

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

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