Stock Code: 5515

Chien Kuo Construction Co. Ltd.
and Subsidiaries

Consolidated Financial Statements
and Independent Auditors' Review Report
For the Six Months Ended June 30, 2020 and 2019

Address: 20F, No. 67, Sec. 2, Dunhua S. Rd., Da'an District, Taipei City

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Independent Auditors' Review Report

To: Chien Kuo Construction Co., Ltd.

Introduction

We have reviewed the consolidated financial statements of Chien Kuo Construction Co., Ltd. and its subsidiaries, which comprise the consolidated balance sheets as of June 30, 2020 and 2019, the consolidated statements of comprehensive income from April 1 to June 30, 2020 and 2019 and for the six-month periods ended June 30, 2020 and 2019, and the consolidated statements of changes in equity and cash flows for the six-month periods then ended, as well as notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated 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 of Review

Except for matters described in the following paragraph titled "Basis for Qualified Conclusion", we conducted our reviews in compliance with Statements of Auditing Standards (SAS) No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity." 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.

Basis for Qualified Conclusion

As mentioned in Note XII of the consolidated financial statements, the financial statements of non-material subsidiaries included in the consolidated financial statements for the same period have not been reviewed by independent auditors. As of June 30, 2019, their total assets and liabilities amounted to NT$1,484,872 thousand and NT$278,930 thousand and accounted for 16.03% of the total consolidated assets and 6.59% of the total consolidated liabilities, respectively. Their total comprehensive income amounted to NT$(3,994) thousand and NT$231 thousand and accounted for (5.6)% and 0.09% of the total consolidated comprehensive income from April 1 to June 30, 2019 and for the six-month period ended June 30, 2019, respectively.

Conclusion

Except for possible effects from financial statements of the non-material subsidiaries mentioned in the paragraph titled "Basis for Qualified Conclusion" if they were reviewed by independent auditors, we did not discover matters which would lead us to believe that the aforementioned consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Chien Kuo Construction Co., Ltd. and its subsidiaries as of June 30, 2020 and 2019, and their consolidated financial performance from April 1 to June 30, 2020 and 2019, and their consolidated financial performance and cash flows for the six-month periods ended June 30, 2020 and 2019 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.

Deloitte & Touche

CPA: Lin, Wen-Chin	CPA: Chen, Chun-Hung
Financial Supervisory Commission Approval Document No.: Taiwan-Finance-Securities-VI-0920123784	Securities and Futures Bureau Approval Document No.: Financial-Supervisory-Securities-Auditing-0990031652

August 14, 2020

Chien Kuo Construction Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

June 30, 2020, December 31, 2019 and June 30, 2019

(Reviewed, Not Audited)

Unit: NT$ Thousands

Code	Assets	June 30, 2020 (Reviewed) Amount	%	December 31, 2019 (Audited) Amount	%	June 30, 2019 (Reviewed) Amount	%
	Current assets						
1100	Cash and cash equivalents (Note VI)	$ 2,927,693	35	$ 2,602,762	31	$ 2,391,968	26
1110	Financial assets at fair value through profit or loss (Note VII)	111,186	1	120,073	1	162,844	2
1120	Financial assets at fair value through other comprehensive income (Note VIII)	22,763	-	49,567	1	45,261	-
1135	Financial assets for hedging (Note XXVII)	-	-	1,011	-	-	-
1140	Contract assets (Note XX)	1,736,329	21	1,298,880	15	1,414,156	15
1150	Notes receivable (Note IX)	216,719	3	204,179	2	61,790	1
1170	Accounts receivable (Notes IX & XX)	1,775,547	21	2,126,231	25	2,322,851	25
1200	Other receivables	11,371	-	28,669	-	45,593	1
1310	Inventories	14,024	-	29,402	-	29,106	-
1323	Land held for construction (Notes X & XXIX)	463,577	6	463,577	6	463,577	5
1410	Prepayments (Note XI)	219,096	3	419,594	5	502,001	5
1460	Non-current assets classified as held for sale (Note XIII)	-	-	140,725	2	336,115	4
1470	Other current assets (Note XXIX)	103,585	1	163,237	2	163,334	2
11XX	Total current assets	7,601,890	91	7,647,907	90	7,938,596	86
	Non-current assets						
1510	Financial assets at fair value through profit or loss (Note VII)	66,646	1	75,969	1	65,868	1
1520	Financial assets at fair value through other comprehensive income (Notes VIII & XXIX)	373,015	5	410,826	5	370,915	4
1550	Investments accounted for using equity method	8,804	-	9,652	-	7,691	-
1600	Property, plant, and equipment (Notes XIV & XXIX)	119,413	1	126,042	1	133,008	1
1755	Right-of-use assets (Notes XV & XXIX)	40,211	-	59,128	1	247,355	3
1760	Investment property (Notes XVI & XXIX)	123,162	2	175,427	2	215,706	2
1840	Deferred tax assets	30,199	-	17,021	-	74,211	1
1980	Pledged certificate of deposit (Note XXIX)	5,926	-	5,996	-	192,572	2
1990	Other non-current assets (Note XXIX)	19,152	-	15,461	-	18,590	-
15XX	Total non-current assets	786,528	9	895,522	10	1,325,916	14
1XXX	Total assets	$ 8,388,418	100	$ 8,543,429	100	$ 9,264,512	100
Code	Liabilities and Equity						
	Current liabilities						
2100	Short-term loans (Note XVII)	$ 85,000	1	$ 53,750	1	$ 10,000	-
2110	Short-term bills payable (Note XVII)	49,984	1	-	-	-	-
2120	Financial liabilities at fair value through profit or loss (Note VII)	14	-	-	-	-	-
2126	Financial liabilities for hedging (Note XXVII)	-	-	-	-	2,157	-
2130	Contract liabilities (Note XX)	165,692	2	261,026	3	91,045	1
2150	Notes payable	33,669	-	143,189	2	40,662	-
2170	Accounts payable (Note XVIII)	1,842,696	22	1,712,414	20	1,578,934	17
2200	Other payables	317,835	4	235,798	3	324,552	4
2230	Current tax liabilities	36,039	-	6,379	-	10,927	-
2260	Liabilities related to non-current assets classified as held for sale (Note XIII)	-	-	1,454	-	189,338	2
2320	Current portion of long-term loans (Note XVII)	149,746	2	-	-	150,000	2
2399	Other current liabilities (Note XV)	64,516	1	191,996	2	101,668	1
21XX	Total current liabilities	2,745,191	33	2,606,006	31	2,499,283	27
	Non-current liabilities						
2540	Long-term loans (Note XVII)	799,313	10	948,991	11	948,909	10
2570	Deferred tax liabilities	531,992	6	518,591	6	621,277	7
2600	Other non-current liabilities (Note XV)	99,651	1	114,089	1	160,965	2
25XX	Total non-current liabilities	1,430,956	17	1,581,671	18	1,731,151	19
2XXX	Total liabilities	4,176,147	50	4,187,677	49	4,230,434	46
	Equity attributable to owners of the parent (Note XIX)						
	Capital						
3110	Common stock	2,674,401	32	2,674,401	31	3,343,001	36
3200	Additional paid-in capital	202,620	2	201,627	2	201,627	2
	Retained earnings						
3310	Legal reserve	645,464	8	626,554	7	626,554	7
3320	Special reserve	23,412	-	50,001	1	55,455	-
3350	Unappropriated earnings	850,138	10	800,246	10	721,951	8
3300	Total retained earnings	1,519,014	18	1,476,801	18	1,403,960	15
3400	Other equity	(85,996)	(1)	(4,089)	-	78,060	1
3500	Treasury stock	(97,768)	(1)	-	-	-	-
31XX	Total equity attributable to owners of the parent	4,212,271	50	4,348,740	51	5,026,648	54
36XX	Non-controlling interests (Note XXV)	-	-	7,012	-	7,430	-
3XXX	Total equity	4,212,271	50	4,355,752	51	5,034,078	54
	Total liabilities and equity	$ 8,388,418	100	$ 8,543,429	100	$ 9,264,512	100

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

(Please refer to the Independent Auditors' Review Report of Deloitte & Touche on August 14, 2020.)

Chairperson: Chang-shiou WU　　Manager: Chang-shiou WU　　Accounting Manager: Shu-fen YANG

Chien Kuo Construction Co., Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income

From April 1 to June 30, 2020 and 2019 and for the Six Months Ended June 30, 2020 and 2019

(Reviewed, Not Audited)

Unit: NT$ Thousands, except for earnings per share

		April 1~June 30, 2020		April 1~June 30, 2019		January 1~June 30, 2020		January 1~June 30, 2019	
Code		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Note XX)	$ 2,113,895	100	$ 1,754,161	100	$ 3,630,275	100	$ 3,213,888	100
5000	Operating costs (Notes XXI & XXVIII)	1,964,296	93	1,587,155	90	3,356,077	92	2,929,222	91
5900	Gross profit	149,599	7	167,006	10	274,198	8	284,666	9
	Operating expenses (Notes XXI & XXVIII)								
6100	Selling expenses	10,294	-	6,783	-	11,695	-	16,980	-
6200	Administrative expenses	60,297	3	82,380	5	117,602	3	152,544	5
6000	Total operating expenses	70,591	3	89,163	5	129,297	3	169,524	5
6900	Net operating income	79,008	4	77,843	5	144,901	5	115,142	4
	Non-operating income and expenses (Notes XXI & XXVIII)								
7010	Other income	11,475	-	15,224	1	29,071	1	31,672	1
7020	Other gains and losses	(553)	-	(3,987)	(1)	85,235	2	37,147	1
7050	Finance costs	(2,856)	-	(3,677)	-	(6,258)	-	(9,126)	-
7060	Share of profit or loss of associates accounted for using equity method	(1,149)	-	86	-	(362)	-	(855)	-
7000	Total non-operating income and expenses	6,917	-	7,646	-	107,686	3	58,838	2
7900	Income before income tax	85,925	4	85,489	5	252,587	8	173,980	6
7950	Income tax expense (Note XXII)	21,327	1	32,863	2	67,242	2	64,546	2
8200	Net income	64,598	3	52,626	3	185,345	6	109,434	4
	Other comprehensive income								
	Items that will not be reclassified subsequently to profit or loss:								
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	38,759	2	39,536	2	(46,790)	(1)	85,217	3
	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation of foreign operations	(81,146)	(4)	(23,627)	(1)	(53,311)	(2)	65,158	2
8367	Unrealized losses from investments in debt instruments measured at fair value through other comprehensive income	-	-	46	-	-	-	46	-
8368	Gains (losses) on hedging instruments (Note XXVII)	(5,191)	-	(2,151)	-	(1,042)	-	(2,151)	-
8399	Income tax related to items of other comprehensive income that may be reclassified subsequently to profit or loss (Note XXII)	16,230	1	4,725	-	10,663	-	(13,032)	(1)
8300	Other comprehensive income (after-tax)	(31,348)	(1)	18,529	1	(90,480)	(3)	135,238	4
8500	Total comprehensive income	$ 33,250	2	$ 71,155	4	$ 94,865	3	$ 244,672	8
	Net income attributable to:								
8610	Owners of the parent	$ 64,598	3	$ 52,428	3	$ 184,506	6	$ 109,087	4
8620	Non-controlling interests	-	-	198	-	839	-	347	-
8600		$ 64,598	3	$ 52,626	3	$ 185,345	6	$ 109,434	4
	Comprehensive income attributable to:								
8710	Owners of the parent	$ 33,250	2	$ 70,957	4	$ 94,026	3	$ 244,325	8
8720	Non-controlling interests	-	-	198	-	839	-	347	-
8700		$ 33,250	2	$ 71,155	4	$ 94,865	3	$ 244,672	8
	Earnings per share (Note XXIII)								
9750	Basic	$ 0.25		$ 0.16		$ 0.70		$ 0.33	
9850	Diluted	$ 0.25		$ 0.16		$ 0.70		$ 0.33	

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

(Please refer to the Independent Auditors' Review Report of Deloitte & Touche on August 14, 2020.)

Chairperson: Chang-shiou WU | Manager: Chang-shiou WU | Accounting Manager: Shu-fen YANG

Chien Kuo Construction Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Six Months Ended June 30, 2020 and 2019

(Reviewed, Not Audited)

Unit: NT$ Thousands, except for dividends per share which are in NT$

		Equity Attributable to Owners of the Parent											
				Retained Earnings			Other 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	Gains (Losses) on Hedging Instruments	Treasury Stock	Total	Non-controlling Interests	Total Equity
A1	Balance as of January 1, 2019	$ 3,343,001	$ 201,627	$ 605,987	$ 67,179	$ 788,857	($ 109,003)	$ 51,825	$ -	$ -	$ 4,949,473	$ 11,792	$ 4,961,265
	Appropriation and distribution of 2018 retained earnings												
B1	Provision of legal reserve	-	-	20,567	-	(20,567)	-	-	-	-	-	-	-
B3	Reversal of special reserve	-	-	-	(10,002)	10,002	-	-	-	-	-	-	-
B5	Cash dividends appropriated to shareholders - NT$0.50 per share	-	-	-	-	(167,150)	-	-	-	-	(167,150)	-	(167,150)
B17	Reversal of special reserve due to disposal of subsidiaries	-	-	-	(1,722)	1,722	-	-	-	-	-	-	-
O1	Cash dividends for shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(281)	(281)
D1	Net income for the six months ended June 30, 2019	-	-	-	-	109,087	-	-	-	-	109,087	347	109,434
D3	Other comprehensive income for the six months ended June 30, 2019 (after-tax)	-	-	-	-	-	52,126	85,263	(2,151)	-	135,238	-	135,238
D5	Total comprehensive income for the six months ended June 30, 2019	-	-	-	-	109,087	52,126	85,263	(2,151)	-	244,325	347	244,672
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,428)	(4,428)
Z1	Balance as of June 30, 2019	$ 3,343,001	$ 201,627	$ 626,554	$ 55,455	$ 721,951	($ 56,877)	$ 137,088	($ 2,151)	$ -	$ 5,026,648	$ 7,430	$ 5,034,078
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 2019 retained earnings												
B1	Provision of legal reserve	-	-	18,910	-	(18,910)	-	-	-	-	-	-	-
B3	Reversal 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 the subsidiary	-	993	-	-	-	-	-	-	-	993	(7,851)	(6,858)
L1	Purchase of treasury stock	-	-	-	-	-	-	-	-	(97,768)	(97,768)	-	(97,768)
D1	Net income for the six months ended June 30, 2020	-	-	-	-	184,506	-	-	-	-	184,506	839	185,345
D3	Other comprehensive income for the six months ended June 30, 2020 (after-tax)	-	-	-	-	-	(42,648)	(46,790)	(1,042)	-	(90,480)	-	(90,480)
D5	Total comprehensive income for the six months ended June 30, 2020	-	-	-	-	184,506	(42,648)	(46,790)	(1,042)	-	94,026	839	94,865
Z1	Balance as of June 30, 2020	$ 2,674,401	$ 202,620	$ 645,464	$ 23,412	$ 850,138	($ 230,310)	$ 144,314	$ -	($ 97,768)	$ 4,212,271	$ -	$ 4,212,271

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

(Please refer to the Independent Auditors' Review Report of Deloitte & Touche on August 14, 2020.)

Chairperson: Chang-shiou WU   Manager: Chang-shiou WU   Accounting Manager: Shu-fen YANG

Chien Kuo Construction Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the Six Months Ended June 30, 2020 and 2019

(Reviewed, Not Audited)

Unit: NT$ Thousands

Code		January 1~June 30, 2020	January 1~June 30, 2019
	Cash flows from operating activities		
A10000	Income before income tax	$ 252,587	$ 173,980
A20010	Adjustments to reconcile income (loss):		
A29900	Net gain on disposal of subsidiaries	(100,818)	(34,545)
A21200	Interest income	(22,428)	(27,989)
A20300	Reversal of expected credit loss	(20,303)	(4,874)
A20100	Depreciation expense	13,577	21,001
A20900	Finance costs	6,258	9,126
A24100	Foreign exchange (gains) losses	(5,269)	3,740
A24600	Impairment loss recognized in profit or loss, investment property	2,252	-
A22700	Loss on disposal of investment property	1,838	-
A20200	Amortization expense	668	1,044
A21300	Dividend income	(492)	-
A22300	Share of (profit) loss of associates accounted for using equity method	362	855
A29900	Profit from lease modification	(208)	-
A22500	Loss on disposal of property, plant and equipment, net	-	675
A29900	Other expenses transferred from investment property	-	280
A23100	Gains on disposal of investments	-	(39)
A30000	Changes in operating assets and liabilities, net		
A31115	Financial assets at fair value through profit or loss	(104,882)	(3,227)
A31125	Contract assets	(437,449)	(82,941)
A31130	Notes receivable	(26,119)	(715)
A31150	Accounts receivable	209,835	161,139
A31180	Other receivables	(61,283)	6,392
A31200	Inventories	3,063	(1,769)
A31230	Prepayments	193,361	136,470
A31240	Other current assets	(24,795)	(6,744)
A32125	Contract liabilities	(95,244)	33,315

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Code		January 1~June 30, 2020	January 1~June 30, 2019
A32130	Notes payable	($ 97,331)	($ 318,507)
A32150	Accounts payable	281,620	(10,150)
A32180	Other payables	(46,833)	(31,054)
A32230	Other current liabilities	8,276	(19,162)
A32990	Other non-current liabilities	-	(4,834)
A33000	Cash outflow generated from operating activities	(69,757)	1,467
A33100	Interest received	26,095	31,441
A33300	Interest paid	(6,279)	(8,280)
A33500	Income tax paid	(18,079)	(39,494)
AAAA	Net cash flows from operating activities	(68,020)	(14,866)
	Cash flows from investing activities		
B00020	Disposal of financial assets at fair value through other comprehensive income	17,587	57,313
B00200	Disposal of financial assets at fair value through profit or loss	120,225	24,731
B00100	Acquisition of financial assets at fair value through profit or loss	-	(18,588)
B02300	Net cash flows from disposal of subsidiaries	120,284	(13,002)
B02700	Purchase of property, plant and equipment	(2,438)	(9,334)
B02800	Proceeds from disposal of property, plant and equipment	19	255
B02900	Advance received from disposal of subsidiaries	-	40,662
B03800	Decrease (Increase) in refundable deposits	(3,831)	218
B04500	Acquisition of intangible assets	(528)	(783)
B05500	Proceeds from disposal of investment properties	47,618	-
B06700	Increase in pledged certificate of deposit	81,732	55,211
B07600	Dividend received	492	-
BBBB	Net cash flows from investing activities	381,160	136,683
	Cash flows from financing activities		
C00200	Increase in short-term loans	31,537	10,000
C00500	Increase in short-term notes and bills payable	49,984	-
C01600	Increase in long-term loans	-	149,778
C01700	Repayment of long-term loans	-	(300,000)
C03000	Increase (Decrease) in guarantee deposits received	(3,724)	5,423

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Code		January 1~June 30, 2020	January 1~June 30, 2019
C04200	Repayment of lease principal	($ 6,056)	($ 7,639)
C04900	Purchase of treasury stock	(97,768)	-
C05400	Acquisition of equity of subsidiaries	(6,858)	-
CCCC	Net cash flows from financing activities	(32,885)	(142,438)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(42,727)	18,908
EEEE	Net increase (decrease) in cash and cash equivalents	237,528	(1,713)
E00100	Cash and cash equivalents at beginning of period	2,690,165	2,455,785
E00200	Cash and cash equivalents at end of period	$ 2,927,693	$ 2,454,072

Reconciliation of cash and cash equivalents at beginning of period

Code		June 30, 2020	June 30, 2019
E00210	Cash and cash equivalents reported in the balance sheets	$ 2,602,762	$ 2,437,312
E00240	Cash and cash equivalents included in disposal groups classified as held for sale	87,403	18,473
E00200	Cash and cash equivalents at beginning of period	$ 2,690,165	$ 2,455,785

Reconciliation of cash and cash equivalents at end of period

Code		June 30, 2020	June 30, 2019
E00210	Cash and cash equivalents reported in the balance sheets	$ 2,927,693	$ 2,391,968
E00240	Cash and cash equivalents included in disposal groups classified as held for sale	-	62,104
E00200	Cash and cash equivalents at end of period	$ 2,927,693	$ 2,454,072

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

(Please refer to the Independent Auditors' Review Report of Deloitte & Touche on August 14, 2020.)

Chairperson: Chang-shiou WU | Manager: Chang-shiou WU | Accounting Manager: Shu-Fen YANG

Chien Kuo Construction Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
For the Six Months Ended June 30, 2020 and 2019
(Reviewed, Not Audited)
(Amount in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company History

Chien Kuo Construction Co., Ltd. (hereinafter "the Company") was founded in November 1960. It mainly engages in business relating to design, supervision of modification, and construction of various construction projects of different size, as well as trading of construction materials. The Company's stocks, which had been traded on the over-the-counter GreTai Securities Market 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 August 14, 2020.

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:

With the exception of the following, the applicability of the amended IFRSs endorsed and issued into effect by the FSC will not result in major changes to the accounting policies of the combined company:

Amendments to IAS 1 and IAS 8 "Definition of Materiality"

The combined company adopted the amendment on January 1, 2020. The threshold for materiality was amended to be "could reasonably be expected to influence users" and the disclosures in consolidated financial statements were adjusted by removing immaterial information which may obscure material information.

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

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
"Annual Improvements to IFRSs 2018-2020 Cycle"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	Date of issue
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Yet to be decided
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1: Unless otherwise specified, the aforementioned new/revised/amended standards and interpretations shall be effective for the annual periods after the specified dates.

Note 2: The amendments to IFRS 9 apply to the exchange of financial liabilities or modification of terms incurred in the annual reporting period beginning on and after January 1, 2022; the amendments to IAS 41 "Agriculture" apply to the fair value measurement in the annual reporting period beginning on and after January 1, 2022; the amendments to IFRS 1 "First-time Adoption of IFRSs" retrospectively apply to the annual reporting period beginning on and after January 1, 2022.

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

Note 4: 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 5: The amendments apply to contracts that have not fulfilled all obligations as of January 1, 2022.

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

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

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

Besides the effects mentioned above, as of the date the consolidated financial statements were authorized for issue, the combined company is continuously assessing the effects on its financial position and financial performance of amendments to the 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 have been 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 combined company. In the consolidated financial statements, all transactions, account balances, income and expenses between the entities have been written off. A subsidiary's total comprehensive income is attributed to the owners of the Company and non-controlling interests, even if non-controlling interests become having deficit balances in the process.

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

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

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

Please refer to Note XII and Appendixes 7 and 8 for details, shareholding percentages 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, 2019.

1. Financial instruments

<u>Derivatives</u>

Derivative agreements entered into by the combined company are forward foreign exchange contracts to manage the exchange rate risk.

Derivatives are initially recognized at fair value when agreements are signed and subsequently measured at fair value on the balance sheet date. The subsequent measurement gains and losses are recognized directly as profit or loss except for those designated for hedging and the hedging being effective, for which the timing of recognizing such subsequent measurement gains and losses as profit or loss depends on the nature of hedging relationship. When the fair value of a derivative is positive, the derivative is recognized as a financial asset; when the fair value of a derivative is negative, the derivative is recognized as a financial liability.

2. Post-employment benefits under defined benefit plan

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

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

The management shall continue to review the estimates and basic assumptions. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

(I) Estimated impairment of accounts receivable

Estimated impairment of accounts receivable is based on the assumption of the combined company regarding default rate and expected loss rate. The combined company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on its past history, existing market conditions and forward-looking estimates. For critical assumptions adopted, please refer to Note IX. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

(II) 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

	June 30, 2020	December 31, 2019	June 30, 2019
Cash on hand and revolving funds	$ 2,806	$ 2,195	$ 2,313
Bank checks and demand deposits	897,892	676,954	856,031
Cash equivalents (time deposits with original maturity date within 6 months)	2,026,995	1,923,613	1,533,624
	$ 2,927,693	$ 2,602,762	$ 2,391,968

Interest rate ranges for time deposits as of the balance sheet dates are as follows:

June 30, 2020	December 31, 2019	June 30, 2019
0.07%~3.00%	0.15%~2.79%	0.13%~3.03%

VII. Financial Instruments at Fair Value through Profit or Loss

	June 30, 2020	December 31, 2019	June 30, 2019
Current			
Mandatorily measured at fair value through profit or loss			
Non-derivative financial assets			
- Beneficiary certificates	$ -	$ 120,073	$ -
Hybrid financial assets			
- Structured deposits	111,186	-	162,844
	$ 111,186	$ 120,073	$ 162,844
Non-current			
Mandatorily measured at fair value through profit or loss			
Non-derivative financial assets			
- Private equity funds	$ 66,646	$ 75,969	$ 65,868
Financial liabilities - current			
Held for trading			
Derivative instruments (non-hedging)			
- Forward foreign exchange contracts (I)	$ 14	$ -	$ -

(I) On the balance sheet date, outstanding foreign exchange forward contracts not under hedge accounting are as follows:

	Currency	Maturity Date	Contract Amount
Buy	RMB/USD	July 6, 2020	RMB60,000/USD8,484

VIII. Financial Assets at Fair Value through Other Comprehensive Income

	June 30, 2020	December 31, 2019	June 30, 2019
Current			
Investment in equity instruments measured at fair value through other comprehensive income	$ 22,763	$ 49,567	$ 45,261
Non-current			
Investment in equity instruments measured at fair value through other comprehensive income	$ 373,015	$ 410,826	$ 370,915

Details of financial assets at fair value through other comprehensive income pledged are provided in Note XXIX.

IX. Notes and Accounts Receivable

	June 30, 2020	December 31, 2019	June 30, 2019
Notes receivable	$ 216,719	$ 204,179	$ 61,790
Accounts receivable			
Measured at amortized cost			
Gross carrying amount	$ 1,856,387	$ 2,229,438	$ 2,423,117
Less: Allowance for uncollectible accounts	(80,840)	(103,207)	(100,266)
	$ 1,775,547	$ 2,126,231	$ 2,322,851

Accounts receivable

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

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

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

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

	June 30, 2020	December 31, 2019	June 30, 2019
Not overdue	$ 216,719	$ 204,179	$ 61,790

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

	June 30, 2020	December 31, 2019	June 30, 2019
Not overdue	$ 1,465,553	$ 1,545,027	$ 1,911,424
Less than 180 days	214,718	501,198	367,327
181~360 days	86,505	64,691	75,577
More than 361 days	89,611	118,522	68,789
Total	$ 1,856,387	$ 2,229,438	$ 2,423,117

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

	January 1~June 30, 2020	January 1~June 30, 2019
Beginning balance	$ 103,207	$ 104,195
Add: Reversal of impairment loss in the current period	(20,303)	(4,874)
Exchange difference	(2,064)	945
Ending balance	$ 80,840	$ 100,266

X. Land Held for Construction

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

XI. Prepayments

	June 30, 2020	December 31, 2019	June 30, 2019
Prepayments for purchases	$ 125,168	$ 358,750	$ 413,075
Prepayments for construction contracts	60,197	44,985	69,719
Tax overpaid retained	24,968	6,597	6,211
Prepaid insurance	4,614	4,556	8,485
Others	4,149	4,706	4,511
	$ 219,096	$ 419,594	$ 502,001

XII. Subsidiaries

(I) Subsidiaries included in the consolidated financial statements

The entities of the consolidated financial statements are as follows:

Name of Investor	Name of Subsidiary	Business Activities	Percentage of Ownership			Explanation
			June 30, 2020	December 31, 2019	June 30, 2019	
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%	86.61%	86.61%	Please refer to Note XXV.
	Chien Kuo Building Co., Ltd. (Chien Kuo Building)	Building construction commission; public housing lease	100%	100%	100%	
	WeBIM Services Co., Ltd. (WeBIM Services)	Construction technology	(Note 2)	(Note 2)	(Note 2)	Please refer to Notes XXIV and XXVIII.
	Anping Property Co., Ltd. (Anping Property)	Housing and building development and lease	100%	100%	100%	

Name of Investor	Name of Subsidiary	Business Activities	Percentage of Ownership June 30, 2020	Percentage of Ownership December 31, 2019	Percentage of Ownership June 30, 2019	Explanation
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 3)	100%	100%	
	Jiangsu Solid Construction & Engineering Co., Ltd. (Jiangsu Solid)	Engineering technology; procurement planning; installation consultation	(Note 4)	(Note 4)	100%	
	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%	
	Fast Dragon (Hong Kong) Limited (Hong Kong Fast Dragon)	International trade	(Note 5)	(Note 5)	100%	
	Suzhou Chien Hua Concrete Co., Ltd. (Suzhou Chien Hua)	Production and sale of concrete and concrete products	-	100%	100%	Please refer to Notes XIII and XXIV.
	Wuxi Chien Bang Concrete Co., Ltd. (Wuxi Chien Bang)	Production and sale of concrete and concrete products	100%	100%	100%	
	Nantong Chien Cheng Concrete Co., Ltd. (Nantong Chien Cheng)	Production and sale of concrete and concrete products	-	-	-	Please refer to Note XXIV.
	Changzhou Changlong Stevedoring Co., Ltd. (Changzhou Changlong)	Cargo handling	(Note 6)	(Note 6)	100%	
	Chien Ya (Nantong) Information Technology Co., Ltd. (Chien Ya Nantong)	Computer software technology development and consultation	(Note 7)	(Note 7)	100%	
	Chien Ya (Yangzhou) Technology Consultant Co., Ltd. (Chien Ya Yangzhou)	Computer software technology development and consultation	100%	100%	100%	
	Chien Ya (Suzhou) Information Technology Consultant Co., Ltd. (Chien Ya Suzhou)	Computer software technology development and consultation	100%	100%	-	(Note 8)
	Chien Ya (Wuxi) Information Technology Consultant Co., Ltd. (Chien Ya Wuxi)	Computer software technology development and consultation	100%	-	-	(Note 9)

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

(1) Non-material subsidiaries not reviewed by independent auditors on June 30, 2019 include Shun Long, Chien Kuo Building, Anping Property, and Golden Canyon.
(2) The combined company lost its control over WeBIM Services on January 22, 2019 and changed to measurement by equity method.
(3) The liquidation of Chien Kuo Construction Consultant was completed on May 20, 2020.
(4) The liquidation of Jiangsu Solid was completed on July 24, 2019.
(5) The liquidation of Hong Kong Fast Dragon was completed on December 27, 2019.
(6) The liquidation of Changzhou Changlong was completed on July 12, 2019.
(7) The liquidation of Chien Ya Nantong was completed on December 6, 2019.
(8) Newly established as a spin-off from Suzhou Chien Hua.
(9) Newly established as a spin-off from Wuxi Chien Bang.

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

XIII. <u>Non-current Assets Held for Sale and Disposal Group Held for Sale</u>

The Board of Directors of the combined company resolved to sell the equity of Suzhou Chien Hua Concrete Co., Ltd. (Suzhou Chien Hua) to Kunshan Shen Kun United Concrete Co., Ltd. (Shen Kun) on June 11, 2019. The disposal was completed on February 11, 2020. Please refer to Note XXIV for relevant information.

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

	December 31, 2019	June 30, 2019
Cash	$ 87,403	$ 62,105
Notes receivable	-	60,636
Accounts receivable	-	156,957
Property, plant and equipment	53,322	56,417
Total non-current assets held for sale	$ 140,725	$ 336,115
Notes payable	$ -	$ 33,659
Accounts payable	-	120,675
Other payables	1,454	28,410
Current tax liabilities	-	407
Other current liabilities	-	6,187
Liabilities directly associated with non-current assets held for sale	$ 1,454	$ 189,338
Equity directly associated with non-current assets held for sale	($ 26,848)	($ 54,232)

XIV. Property, Plant, and Equipment

	June 30, 2020	December 31, 2019	June 30, 2019
Land	$ 15,742	$ 15,742	$ 15,742
Buildings	37,214	39,658	43,603
Machinery	23,014	23,685	24,982
Transportation equipment	3,768	4,456	4,902
Office equipment	987	1,673	1,640
Leasehold improvements	8,697	10,133	11,728
Other equipment	29,991	30,695	30,411
	$ 119,413	$ 126,042	$ 133,008

Other than recognizing depreciation expenses and being reclassified to non-current assets classified as held for sale, the combined company's property, plant and equipment did not incur any material addition, disposal, and impairment for the six-month periods ended June 30, 2020 and 2019.

Depreciation expenses of property, plant and equipment are computed by significant component using the straight-line method over the following estimated useful lives:

Buildings	
Main building for plants	61 years
Rooftop construction	22 years
Wharf construction	22 years
Others	22 years
Leasehold improvements	1~6 years
Machinery	5~22 years
Transportation equipment	6~7 years
Office equipment	4~7 years
Other equipment	4~22 years

For the amount of property, plant and equipment designated by the combined company as collateral against its secured borrowings and credit lines for its acceptance drafts, please refer to Note XXIX.

XV. Lease Agreement

(I) Right-of-use assets

	June 30, 2020	December 31, 2019	June 30, 2019
Carrying amount of right-of-use assets			
Land	$ 10,308	$ 15,285	$ 197,501
Buildings	27,423	40,389	46,548
Transportation equipment	2,480	3,454	3,306
	$ 40,211	$ 59,128	$ 247,355

	April 1~June 30, 2020	April 1~June 30, 2019	January 1~June 30, 2020	January 1~June 30, 2019
Increase in right-of-use assets	$ -	$ -	$ 12,532	$ 591
Depreciation expense of right-of-use assets				
Land	$ 80	$ 749	$ 170	$ 1,596
Buildings	2,332	2,970	5,183	5,940
Transportation equipment	487	432	974	831
	$ 2,899	$ 4,151	$ 6,327	$ 8,367

Other than the above increase and recognition of depreciation expenses, the combined company's right-of-use assets did not undergo significant sublease and impairment for the six-month periods ended June 30, 2020 and 2019.

(II) Lease liabilities

	June 30, 2020	December 31, 2019	June 30, 2019
Carrying amount of lease liabilities			
Current (listed as other current liabilities)	$ 9,677	$ 13,010	$ 13,769
Non-current (listed as other non-current liabilities)	$ 20,490	$ 31,204	$ 86,932

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

	June 30, 2020	December 31, 2019	June 30, 2019
Land	1.65%	1.65%	1.65%
Buildings	1.65%	1.65%	1.65%
Transportation equipment	3.00%	3.00%	3.00%

(III) Other lease information

	April 1~June 30, 2020	April 1~June 30, 2019	January 1~June 30, 2020	January 1~June 30, 2019
Short-term lease expense	$ 1,589	$ 1,532	$ 2,687	$ 2,639
Total cash outflow on lease	$ 4,366	$ 5,369	$ 8,743	$ 10,278

XVI. Investment Property

	June 30, 2020	December 31, 2019	June 30, 2019
Land	$ 104,327	$ 139,130	$ 168,258
Buildings	17,085	33,428	43,438
Parking space	1,750	2,869	4,010
	$ 123,162	$ 175,427	$ 215,706
Fair value	$ 146,321	$ 201,774	$ 235,371

Depreciation expenses of investment property are computed using the straight-line method over 3~50 years of service 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 as collateral, please refer to Note XXIX.

XVII. Loans

(I) Short-term loans

	June 30, 2020	December 31, 2019	June 30, 2019
Secured loans (Note XXIX)			
Bank loans	$ -	$ 41,750	$ -
Annual interest rate	-	4.57%	-
Unsecured loans			
Credit loans	$ 85,000	$ 12,000	$ 10,000
Annual interest rate	0.90%~1.45%	1.68%	1.60%

(II) Short-term notes and bills payable

June 30, 2020

Guarantor/Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Interest Rate Range	Collateral
Commercial papers payable					
Mega Bills	$ 50,000	($ 16)	$ 49,984	0.9%	None

(III) Long-term loans

	June 30, 2020	December 31, 2019	June 30, 2019
Secured loans (Note XXIX)			
Syndicated loans (1)	$ -	$ -	$ 150,000
Bank loans (2)	350,000	350,000	350,000
	350,000	350,000	500,000
Less: Current portion	-	-	(150,000)
Sub-total	350,000	350,000	350,000
Unsecured loans			
Long-term commercial papers payable (3)	$ 600,000	$ 600,000	$ 600,000
Less: Discount on long-term commercial papers payable	(941)	(1,009)	(1,091)
	599,059	598,991	598,909
Less: Current portion	(149,746)	-	-
Sub-total	449,313	598,991	598,909
Long-term loans	$ 799,313	$ 948,991	$ 948,909
Annual interest rate	1.39%~1.68%	1.49%~1.68%	1.49%~2.26%

1. To repay the existing liabilities and increase the medium-term revolving funds, the combined company entered into the syndicated loan contract with Bank of Taiwan and other banks in September 2014. The total amount of the syndicated loans was less than NT$2.4 billion, with a term of 5 years from the date of the first drawdown. The syndicated loans were secured by the land and buildings in Hsinchu and the shares of Taiwan Cement Corporation held by the combined company. The first supplementary contract entered into on February 7, 2017 stipulates the following:
   (1) The syndicated loans shall be secured by the land and buildings in Hsinchu and the certificate of deposits amounting to US$6,000 thousand instead;
   (2) The current ratio and the debt ratio stated in the annual and semiannual consolidated financial statements of the combined company shall not be less than 120% and 150%, respectively;
   (3) The interest coverage ratio (depreciation expenses + amortization expenses + interest expenses) shall be 200% or more; and
   (4) The tangible net worth shall be NT$3.5 billion or more.
   For the above long-term loans, interest was paid monthly and NT$150 million was repaid every quarter since December 30, 2017. The loans were fully repaid on October 1, 2019.
2. To obtain land held for construction, the combined company entered into the medium and long-term loan contract with the bank in June 2017. The maturity date is July 12, 2022. Interest is being paid monthly, and the principal should be repaid in full upon maturity. The land is pledged as collateral.
3. The long-term commercial papers issued by the combined company are issued cyclically according to the contract. Since the original contract period is more than 12 months and the combined company intends to continue the long-term refinancing, they are classified as long-term commercial papers.

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

June 30, 2020

Guarantee/Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Interest Rate Range	Collateral
Shanghai Commercial and Savings Bank	$ 300,000	($ 507)	$ 299,493	1.648%	None
Entie Commercial Bank	150,000	(262)	149,738	1.678%	None
Mega International Commercial Bank	150,000	(172)	149,828	1.389%	None
	$ 600,000	($ 941)	$ 599,059		

December 31, 2019

Guarantee/Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Interest Rate Range	Collateral
Shanghai Commercial and Savings Bank	$ 300,000	($ 526)	$ 299,474	1.648%	None
Entie Commercial Bank	150,000	(273)	149,727	1.678%	None
Mega International Commercial Bank	150,000	(210)	149,790	1.487%	None
	$ 600,000	($ 1,009)	$ 598,991		

June 30, 2019

Guarantee/Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Interest Rate Range	Collateral
Shanghai Commercial and Savings Bank	$ 300,000	($ 566)	$ 299,434	1.648%	None
Entie Commercial Bank	150,000	(293)	149,707	1.678%	None
Mega International Commercial Bank	150,000	(232)	149,768	1.487%	None
	$ 600,000	($ 1,091)	$ 598,909		

XVIII. Accounts Payable

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

XIX. Equity

(I) Capital

	June 30, 2020	December 31, 2019	June 30, 2019
Authorized shares (in 1,000 shares)	500,000	500,000	500,000
Authorized capital	$ 5,000,000	$ 5,000,000	$ 5,000,000
Number of issued and paid shares (in 1,000 shares)	267,440	267,440	334,300
Issued capital	$ 2,674,401	$ 2,674,401	$ 3,343,001

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

To adjust the capital structure and increase the return on equity of the stockholders of the Company, the Board of Directors resolved on June 21, 2019 for a capital reduction for which cash was paid as return of capital to stockholders. The amount of capital reduction was NT$668,000 thousand, 66,860 thousand shares were subtracted and the capital reduction ratio was 20%. The capital is 267,440 thousand shares after the capital reduction. The aforementioned capital reduction, after being approved and put into effect by the Financial Supervisory Commission on September 4, 2019, had its record date set on September 23, 2019 by the Board of Directors and had completed registration of change on October 8, 2019.

(II) Additional paid-in capital

	June 30, 2020	December 31, 2019	June 30, 2019
May be used to offset deficits, appropriated as cash dividends or transferred to capital (1)			
Stock issuance premium	$ 197,435	$ 197,435	$ 197,435
Treasury stock transactions	3,914	3,914	3,914
Difference between prices of shares acquired from subsidiaries and book value	993	-	-
May only be used to offset deficits			

	June 30, 2020	December 31, 2019	June 30, 2019
Adjustment in additional paid-in capital of subsidiaries accounted for using equity method	73	73	73
<u>May not be used for any purpose</u>			
Employee stock options	205	205	205
	$ 202,620	$ 201,627	$ 201,627

(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 to capital is up to a certain ratio of paid-in capital every year.

(III) Retained earnings and dividend policy

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

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

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

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

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

The Company shall set aside a legal reserve until it equals the Company's paid-in capital. Such legal reserve may be used to offset the deficit. 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's 2019 and 2018 earnings distributions proposed and resolved in the annual stockholders' meetings on June 23, 2020 and June 21, 2019 respectively are as follows:

	Proposal of Earnings Appropriation		Dividends per Share (NT$)	
	2019	2018	2019	2018
Legal reserve	$ 18,910	$ 20,567		
Reversal of special reserve	(18,090)	(10,002)		
Cash dividends	133,720	167,150	$ 0.50	$ 0.50

(IV) Treasury stock

Accounting subject	Repurchase for Cancellation (in Thousand Shares)
Number of shares as of January 1, 2020	$ -
Increase	10,000
Number of shares as of June 30, 2020	$ 10,000

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

	April 1~June 30, 2020	April 1~June 30, 2019	January 1~June 30, 2020	January 1~June 30, 2019
Construction revenue	$ 1,861,756	$ 1,202,368	$ 3,246,676	$ 2,175,196
Sales revenue	252,049	551,131	383,419	1,037,367
Others	90	662	180	1,325
	$ 2,113,895	$ 1,754,161	$ 3,630,275	$ 3,213,888

1. Construction revenue
   The real estate construction contracts of the construction department specify the adjustment for price index fluctuations, performance bonus and penalties for delay, and the combined company estimates the most possible amount for transaction price by reference to the past contracts of similar conditions and scale.
2. Sales revenue
   Such revenue is derived from selling concrete to builders at the contractual price.

(II) Contract balance

	June 30, 2020		December 31, 2019		June 30, 2019	
	Construction Segment	Concrete Segment	Construction Segment	Concrete Segment	Construction Segment	Concrete Segment
Accounts receivable (Note IX)	$ 747,755	$ 1,027,792	$ 587,678	$ 1,538,553	$ 439,695	$ 1,883,156
Contract assets						
Real estate construction	$ 1,033,128	$ -	$ 654,002	$ -	$ 849,744	$ -
Construction retainage receivable	703,201	-	644,878	-	564,412	-
	$ 1,736,329	$ -	$ 1,298,880	$ -	$ 1,414,156	$ -
Contract liabilities						
Real estate construction	$ 164,727	$ -	$ 250,748	$ -	$ 80,159	$ -
Receipts in advance	-	965	-	10,278	-	10,886
	$ 164,727	$ 965	$ 250,748	$ 10,278	$ 80,159	$ 10,886

XXI. Net Income of the Period

(I) Other income

	April 1~June 30, 2020	April 1~June 30, 2019	January 1~June 30, 2020	January 1~June 30, 2019
Interest income	$ 10,428	$ 12,750	$ 22,428	$ 27,630
Dividend income	492	-	492	-
Others	555	2,474	6,151	4,042
	$ 11,475	$ 15,224	$ 29,071	$ 31,672

(II) Other gains and losses

	April 1~June 30, 2020	April 1~June 30, 2019	January 1~June 30, 2020	January 1~June 30, 2019
Net gain on disposal of subsidiaries	$ -	$ -	$ 100,818	$ 34,545
Valuation gains (losses) from financial instruments measured at fair value through profit or loss	5,235	(4,370)	(3,178)	4,289
Foreign exchange gains (losses), net	(4,153)	(619)	(6,040)	2,117
Impairment loss recognized in profit or loss, investment property	-	-	(2,252)	-
Loss on disposal of investment property	(407)	(675)	(1,838)	(675)
Others	(1,228)	1,677	(2,275)	(3,129)
	($ 553)	($ 3,987)	$ 85,235	$ 37,147

(III) Finance costs

	April 1~June 30, 2020	April 1~June 30, 2019	January 1~June 30, 2020	January 1~June 30, 2019
Interest expenses				
Bank loans	$ 2,719	$ 3,246	$ 5,937	$ 8,251
Interest on lease liabilities	137	431	321	875
	$ 2,856	$ 3,677	$ 6,258	$ 9,126

(IV) Depreciation and amortization

	April 1~June 30, 2020	April 1~June 30, 2019	January 1~June 30, 2020	January 1~June 30, 2019
Property, plant and equipment	$ 3,323	$ 6,009	$ 6,693	$ 11,936
Right-of-use assets	2,899	4,151	6,327	8,367
Investment property	259	349	557	698
Intangible assets	334	509	668	1,044
Total	$ 6,815	$ 11,018	$ 14,245	$ 22,045
Depreciation expenses by function				
Operating costs	$ 2,273	$ 4,099	$ 4,577	$ 9,687
Operating expenses	3,959	6,070	8,462	10,635
Other gains and losses	249	340	538	679
	$ 6,481	$ 10,509	$ 13,577	$ 21,001
Amortization expenses by function				
Operating costs	$ -	$ -	$ -	$ -
Operating expenses	334	509	668	1,044
	$ 334	$ 509	$ 668	$ 1,044

(V) Employee benefit expense

	April 1~June 30, 2020	April 1~June 30, 2019	January 1~June 30, 2020	January 1~June 30, 2019
Short-term employee benefits	$ 129,316	$ 125,364	$ 237,530	$ 249,065
Post-employment benefits				
Defined contribution plans	4,339	6,572	9,422	14,310
Defined benefit plans	171	186	340	376
Termination benefits	30	163	96	976
	$ 133,856	$ 132,285	$ 247,388	$ 264,727
By function				
Operating costs	$ 85,178	$ 72,963	$ 149,006	$ 141,091
Operating expenses	48,678	59,322	98,382	123,636
	$ 133,856	$ 132,285	$ 247,388	$ 264,727

(VI) Compensation to employees and remuneration to directors

Pursuant to the Articles of Incorporation, the Company appropriates 0.1% to 3% of its income before tax, compensation to employees and remuneration to directors as employee compensations, and less than 3% of such income as remuneration to directors. Compensation to employees and remuneration to directors from April 1 to June 30, 2020 and 2019 and for the six-month periods ended June 30, 2020 and 2019 are as follows:

	April 1~June 30, 2020		April 1~June 30, 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Employee compensation	$ 2,664	3%	$ 2,166	3%
Director remuneration	$ 2,686	3%	$ 2,166	3%

	January 1~June 30, 2020		January 1~June 30, 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Employee compensation	$ 7,244	3%	$ 4,430	3%
Director remuneration	$ 7,244	3%	$ 4,430	3%

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

The Company's compensation to employees and remuneration to directors approved by the Board of Directors are as follows:

	2019		2018	
	Cash	Percentage (%)	Cash	Percentage (%)
Employee compensation	$ 7,799	3%	$ 9,200	3%
Director remuneration	7,799	3%	9,200	3%
	$ 15,598		$ 18,400	

There is no discrepancy between the amount actually distributed as compensation to employees and remuneration to directors for 2019 and 2018 and the amounts recognized on the consolidated financial statements for 2019 and 2018.

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

XXII. Income Tax

(I) Income tax recognized in profit or loss

Major components of income tax expenses are as follows:

	April 1~June 30, 2020	April 1~June 30, 2019	January 1~June 30, 2020	January 1~June 30, 2019
Current period income tax				
Income tax expenses recognized in the period	$ 21,542	$ 17,838	$ 52,309	$ 35,126
Additional tax on unappropriated earnings	2,728	1,459	2,728	1,459
Adjustments for prior years	-	(1,840)	20	(1,840)
	24,270	17,457	55,057	34,745
Deferred income tax				
Income tax expenses recognized in the period	(2,943)	15,406	12,185	29,801
Income tax expenses recognized in profit or loss	$ 21,327	$ 32,863	$ 67,242	$ 64,546

(II) Income tax recognized in other comprehensive income

	April 1~June 30, 2020	April 1~June 30, 2019	January 1~June 30, 2020	January 1~June 30, 2019
Deferred income tax				
Income tax expenses recognized in the period				
- Exchange differences on translation of foreign operations	($ 16,230)	($ 4,725)	($ 10,663)	$ 13,032

(III) Income tax approval status

The tax authorities have assessed 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.	2018
Shun Long International Electrical Engineering Co., Ltd.	2018
Anping Property Co., Ltd.	2018

XXIII. Earnings per Share

Unit: NT$

	April 1~June 30, 2020	April 1~June 30, 2019	January 1~June 30, 2020	January 1~June 30, 2019
Basic earnings per share	$ 0.25	$ 0.16	$ 0.70	$ 0.33
Diluted earnings per share	$ 0.25	$ 0.16	$ 0.70	$ 0.33

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

Net income

	April 1~June 30, 2020	April 1~June 30, 2019	January 1~June 30, 2020	January 1~June 30, 2019
Net income attributable to owners of the parent	$ 64,598	$ 52,428	$ 184,506	$ 109,087

Number of shares

Unit: In thousand shares

	April 1~June 30, 2020	April 1~June 30, 2019	January 1~June 30, 2020	January 1~June 30, 2019
Weighted average number of shares of common stock used for the calculation of basic earnings per share	260,156	334,300	263,799	334,300
Effect of potentially dilutive shares of common stock:				
Employee compensation	743	207	1,225	864
Weighted average number of shares of common stock used for the calculation of diluted earnings per share	260,899	334,507	265,024	335,164

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

XXIV. Disposal of Subsidiaries

The combined company sold all equity of Suzhou Chien Hua and Nantong Chien Cheng and partial equity of WeBIM Service on February 11, 2020, January 7, 2019 and January 22, 2019, respectively, and lost control over such subsidiaries. Proceeds from the disposal of Suzhou Chien Hua, Nantong Chien Cheng and WeBIM Service were NT$260,783 thousand (RMB $60,620 thousand), NT$133,729 thousand (RMB $29,500 thousand) and NT$5,500 thousand, respectively.

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

	Suzhou Chien Hua	Nantong Chien Cheng	WeBIM Services
Current assets			
Cash and cash equivalents	$ 14,116	$ 2,298	$ 16,204
Notes and accounts receivables	140,520	9,405	6,146
Other receivables	61,016	38,819	-
Inventories	11,836	255	-
Prepayments	2,248	294	-
Other current assets	-	268	-

	Suzhou Chien Hua	Nantong Chien Cheng	WeBIM Services
Non-current assets			
Property, plant and equipment	53,377	27,589	328
Right-of-use assets	4,534	-	-
Deferred tax assets	-	-	283
Other non-current assets	-	12,499	577
Current liabilities			
Notes payable	(11,304)	-	-
Other payables	(146,632)	(2,092)	(4,562)
Deferred tax liabilities	-	-	(28)
Other current liabilities	-	(9,416)	(103)
Net assets disposed	$ 129,711	$ 79,919	$ 18,845

(II) Gains (losses) on disposal of subsidiaries

	Suzhou Chien Hua	Nantong Chien Cheng	WeBIM Services
Consideration received	$ 260,783	$ 133,729	$ 5,500
Net assets disposed (100% for Suzhou Chien Hua and Nantong Chien Cheng and 76.5% for WeBIM Service)	(129,711)	(79,919)	(14,417)
Remaining equity listed as investments accounted for using equity method at fair value (49%)	-	-	8,546
Accumulated exchange difference due to net assets of subsidiaries reclassified from equity to profit or loss as a result of losing control over the subsidiary	(30,254)	(18,894)	-
Gains (losses) on disposal	$ 100,818	$ 34,916	($ 371)

(III) Net cash outflow on disposal of subsidiaries

	Suzhou Chien Hua	Nantong Chien Cheng	WeBIM Services
Consideration received in cash and cash equivalents	$ 260,783	$ 133,729	$ 5,500
Less: Receipts in advance - beginning of year	(126,383)	(133,729)	-
Less: Balance of cash and cash equivalents disposed	(14,116)	(2,298)	(16,204)
	$ 120,284	($ 2,298)	($ 10,704)

XXV. Equity Transactions with Non-controlling Interests

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

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

	Shun Long
Cash consideration paid	$ 6,858
Carrying amount of the subsidiary's net assets to be transferred out of non-controlling interest based on changes in equity	(7,851)
Difference in equity transactions	($ 993)
Equity transaction balance adjustment	
Additional paid-in capital - difference between the share price and carrying amount of the acquired shares of the subsidiary	$ 993

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

XXVI. Capital Risk Management

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

XXVII. Financial Instruments

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

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

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

1. Fair value hierarchy

June 30, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Private equity funds	$ -	$ -	$ 66,646	$ 66,646
Structured deposits	-	111,186	-	111,186
Total	$ -	$ 111,186	$ 66,646	$ 177,832
Financial assets at fair value through other comprehensive income				
Domestic and foreign listed stocks	$ 395,778	$ -	$ -	$ 395,778
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 14	$ -	$ 14

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Offshore funds	$ 120,073	$ -	$ -	$ 120,073
Private equity funds	-	-	75,969	75,969
Total	$ 120,073	$ -	$ 75,969	$ 196,042
Financial assets at fair value through other comprehensive income				

	Level 1	Level 2	Level 3	Total
Domestic and foreign listed stocks	$ 460,393	$ -	$ -	$ 460,393
Financial assets for hedging				
Forward exchange contracts	$ -	$ 1,011	$ -	$ 1,011

June 30, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Private equity funds	$ -	$ -	$ 65,868	$ 65,868
Structured deposits	-	162,844	-	162,844
Total	$ -	$ 162,844	$ 65,868	$ 228,712
Financial assets at fair value through other comprehensive income				
Investment in equity instruments				
Domestic listed stocks	$ 416,176	$ -	$ -	$ 416,176
Financial liabilities for hedging				
Forward exchange contracts	$ -	$ 2,157	$ -	$ 2,157

There was no transfer between Level 1 and Level 2 fair value measurement for the six-month periods ended June 30, 2020 and 2019.

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

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

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

Fair value of private equity funds is measured by using the asset-based approach with reference to the net asset value provided by the fund companies. The unobservable inputs applied by the combined company were a 10% discount for lack of liquidity and a 10% discount for minority interest on June 30, 2020, December 31, 2019 and June 30, 2019. When other inputs are held constant, a 1% discount would decrease the fair value by NT$731 thousand, NT$844 thousand and NT$705 thousand, respectively.

(III) Types of financial instruments

	June 30, 2020	December 31, 2019	June 30, 2019
Financial assets			
Measured at fair value through profit or loss			
Mandatorily measured at fair value through profit or loss	$ 177,832	$ 196,042	$ 228,712
Financial assets for hedging	-	1,011	-

	June 30, 2020	December 31, 2019	June 30, 2019
Financial assets at amortized cost (Note 1)	4,996,516	5,108,759	5,114,055
Financial assets at fair value through other comprehensive income			
Investment in equity instrument	395,778	460,393	416,176
Financial liabilities			
Measured at fair value through profit or loss			
Held for trading	14	-	-
Financial liabilities for hedging	-	-	2,157
Measured at amortized cost (Note 2)	3,278,243	3,094,142	3,053,057

Note 1: The balance includes financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, other receivables, and pledged certificate of deposit.

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

(IV) Financial risk management objectives and policies

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

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

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 combined company is exposed mainly to RMB and USD fluctuations.

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

	Effect on Profit or Loss	
	January 1~June 30, 2020	January 1~June 30, 2019
RMB	$ 339	$ 186

Hedge accounting

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

The hedge ineffectiveness of the hedging relationship is mainly from the impact of the credit risk of the combined company and the counterparty 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 exchange rate risk hedging of the combined company are as follows:

December 31, 2019

Hedging Instrument	Currency	Contract Amount	Maturity Date	Balance Sheet Item	Carrying Amount Assets	Carrying Amount Liabilities
Cash flow hedges						
Forward exchange contracts	RMB/USD	RMB60,000/USD8,617	June 2020	Financial assets for hedging	$ 1,011	$ -

June 30, 2019

Hedging instrument	Currency	Contract Amount	Maturity Date	Balance Sheet Item	Carrying Amount Assets	Carrying Amount Liabilities
Cash flow hedges						
Forward exchange contracts	RMB/USD	RMB60,000/USD8,617	June 2020	Financial liabilities for hedging	$ -	$ 2,157

For the above forward exchange contract designated as hedging instrument for cash flow hedge, a hedging loss of NT$1,042 thousand and NT$2,151 thousand was recognized in other comprehensive income for the six months ended June 30, 2020 and 2019.

(2) Interest rate risk

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

The carrying amounts of the combined company's financial assets and financial liabilities with exposure to interest rate risk on the balance sheet date are as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Fair value interest rate risk			
- Financial assets	$ 2,092,181	$ 2,070,531	$ 1,825,477
- Financial liabilities	584,382	547,165	859,610
Cash flow interest rate risk			
- Financial assets	897,892	676,954	856,031
- Financial liabilities	529,828	499,790	350,000

Sensitivity analysis

The sensitivity analysis below is based on the exposure to interest rate risk of derivative and non-derivative instruments 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 the interest rate is 100 basis points higher/lower while all other variables are held constant, the combined company's income before tax would increase/decrease by NT$1,840 thousand and NT$2,530 thousand for the six-month periods ended June 30, 2020 and 2019, respectively.

(3) Other price risk

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

Sensitivity analysis

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

For the six-month period ended June 30, 2020, if equity prices rise/fall by 10%, the income before tax would increase/decrease by NT$6,665 thousand due to the increase/decrease in the fair value of financial assets at fair value through profit or loss, while other comprehensive income before tax would increase/decrease by NT$39,578 thousand due to the increase/decrease in the fair value of financial assets at fair value through other comprehensive income.

For the six-month period ended June 30, 2019, if equity prices rise/fall by 10%, the income before tax would increase/decrease by NT$6,587 thousand due to the increase/decrease in the fair value of financial assets at fair value through profit or loss, while other comprehensive income before tax would increase/decrease by NT$41,618 thousand due to the increase/decrease in the fair value of financial assets at fair value through other comprehensive income.

2. Credit risk

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

Client

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

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

3. Liquidity risk

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

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

June 30, 2020

	Less than 1 Year	1~2 Year(s)	2~5 Years
Non-interest bearing liabilities	$ 1,938,658	$ 248,796	$ 6,746
Lease liabilities	11,261	10,887	15,525
Fixed interest rate instruments	254,730	299,485	-
Floating interest rate instruments	30,000	499,828	-
	$ 2,234,649	$ 1,058,996	$ 22,271

December 31, 2019

	Less than 1 Year	1~2 Year(s)	2~5 Years
Non-interest bearing liabilities	$ 2,015,326	$ 70,174	$ 5,901
Lease liabilities	13,655	12,301	20,132
Fixed interest rate instruments	53,750	299,474	149,727
Floating interest rate instruments	-	-	499,790
	$ 2,082,731	$ 381,949	$ 675,550

June 30, 2019

	Less than 1 Year	1~2 Year(s)	2~5 Years	Over 5 years
Non-interest bearing liabilities	$ 1,779,003	$ 126,096	$ 39,049	$ -
Lease liabilities	15,338	14,132	28,470	77,354
Fixed interest rate instruments	160,000	-	600,000	-
Floating interest rate instruments	-	-	350,000	-
	$ 1,954,341	$ 140,228	$ 1,017,519	$ 77,354

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) Line of credit

	June 30, 2020	December 31, 2019	June 30, 2019
Unsecured bank loan facilities			
- Amount withdrawn	$ 735,000	$ 612,000	$ 610,000
- Amount unused	1,541,429	1,489,817	1,433,261
	$ 2,276,429	$ 2,101,817	$ 2,043,261
Secured bank loan facilities			
- Amount withdrawn	$ 350,000	$ 391,750	$ 500,000
- Amount unused	100,000	273,123	200,000
	$ 450,000	$ 664,873	$ 700,000

(V) Transfer of financial assets

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

The maximum risk exposure of the combined company's continuing involvement in the above derecognized drafts is their face amount, which totaled NT$111,974 thousand, NT$323,907 thousand, and NT$355,959 thousand as of June 30, 2020, December 31, 2019, and June 30, 2019, and will be due within 7 months, 9 months, and 11 months after the balance sheet date, respectively. Having considered the credit risks of such derecognized drafts, the combined company determines that the fair value of its continuing involvement is immaterial.

As of the six-month periods ended June 30, 2020 and 2019, the combined company did not recognize any gain or loss for its banker's acceptance drafts that were transferred with endorsement, nor for its continuing involvement in such drafts in the current period or cumulatively over the previous periods.

XXVIII. Related Party Transactions

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

(I) Names and relationships of related parties

Name of Related Party	Relationship with the Combined Company
WeBIM Services Co., Ltd. (WeBIM Services)	It became an associate of the Company since January 22, 2019.
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.
Lee, Meng-Chung	Chairman of WeBIM Services
Yang, Tzu-Chiang	Director of the Company
Yang, Pang-Yen	Director of the Company

(II) Other related party transactions

1. Construction costs

Category of Related Parties	April 1~June 30, 2020	April 1~June 30, 2019	January 1~June 30, 2020	January 1~June 30, 2019
Associates	$ 180	$ 500	$ 1,124	$ 1,573

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

2. Lease agreements

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

Category of Related Parties	January 1~June 30, 2020	January 1~June 30, 2019
Acquisition of right-of-use assets		
Other related parties	$ 12,532	$ -

Accounting Item	Category of Related Parties	June 30, 2020	December 31, 2019	June 30, 2019
Lease liabilities	Other related parties	$ 11,721	$ 21,847	$ 24,478

Category of Related Parties	April 1~June 30, 2020	April 1~June 30, 2019	January 1~June 30, 2020	January 1~June 30, 2019
Interest expenses				
Other related parties	$ 50	$ 103	$ 136	$ 211
Lease expenses				
Other related parties	$ 27	$ 18	$ 45	$ 36

3. Equity transactions

The combined company sold 27.5% of the equity of WEBIM Services to the chairman of WEBIM Services on January 22, 2019. The proceed of disposal was NT$5,500 thousand.

4. Donations

Category of Related Parties	April 1~June 30, 2020	April 1~June 30, 2019	January 1~June 30, 2020	January 1~June 30, 2019
Other related parties	$ 1,800	$ -	$ 1,800	$ -

The combined company donated funds for broadcast production to related parties.

5. Acquisition of financial assets

In April 2019, the combined company invested NT$18,636 thousand (US$600 thousand) in CSVI VENTURES, L.P. The chief decision maker of the fund was the Company's director.

(III) Remuneration to key management

	April 1~June 30, 2020	April 1~June 30, 2019	January 1~June 30, 2020	January 1~June 30, 2019
Short-term employee benefits	$ 8,340	$ 8,917	$ 32,319	$ 34,329
Post-employment benefits	280	302	559	603
	$ 8,620	$ 9,219	$ 32,878	$ 34,932

XXIX. Pledged Assets

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

	June 30, 2020	December 31, 2019	June 30, 2019
Land held for construction	$ 463,577	$ 463,577	$ 463,577
Financial assets at fair value through other comprehensive income - non-current	121,854	133,177	121,327
Pledged certificate of deposit (recognized in other current assets)	65,186	146,918	291,853
Investment property	$ 31,261	$ 31,548	$ 31,835
Property, plant and equipment	6,240	16,382	17,911
Right-of-use assets	-	4,414	4,710
Other restricted assets (recognized in other current assets)	8,833	8,833	2,580
	$ 696,951	$ 804,849	$ 933,793

XXX. Significant Contingent Liabilities and Unrecognized Contract Commitments

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

(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 then demanded the Company to repair the damage, which in turn resulted in the Project failing to meet acceptance requirements within the prescribed deadline. As a result, the Ministry proposed to impose a default penalty on the Company for the delay. The combined company deemed such application of law was wrong and in violation of the principles of fairness and reasonableness. Therefore, it filed a request for mediation to the Complaint Review Board for Government Procurement under the Public Construction Commission of the Executive Yuan (hereinafter referred to as “the Committee") on October 9, 2018. The Committee proposed a payment for delay of NT$8,286 thousand, which the combined company agreed within the deadline. However, the Ministry rejected the proposal. Consequently, the Committee issued a notice on failure of mediation. The appeal for arbitration was made on August 6, 2020.

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

In addition, Shing Tzung claimed that it had suffered loss from the incident and should have demanded compensation from the subcontractor responsible for constructing the diaphragm wall. However, Shing Tzung turned to the combined company for compensation for the incident because the subcontractor had insufficient capital. The combined company also had suffered loss from the incident and, consequently, filed a claim against Shing Tzung for compensation (including expenses incurred by the combined company's participation in the repair work) and demanded that Shing Tzung return the promissory notes of performance guarantee to the combined company. The two lawsuits currently are being jointly tried by the Kaohsiung Qiaotou District Court. The court commissioned the Kaohsiung Professional Civil Engineers Association and the Kaohsiung Professional Geotechnical Engineers Association to conduct a joint appraisal. The appraisal was completed and the associations had delivered the appraisal report to the court. The cases are now tried by the court.

(III) On March 15, 2013, the combined company and Kingland Property Corporation Ltd. (formerly known as DSG Technology Inc., hereinafter referred to as "Kingland") signed a construction contract, under which two parties covenanted to contract the combined company for the construction project named "Fu-yi River Residential Construction Project" on Land No. 440, Zhuangjing Section, Xindian District, New Taipei City. The combined company had completed the various stages of work as specified by the contract and, together with Kingland, completed the acceptance of the residential units and inspection of communal facilities. Due to a large portion of the residential units being unsold and thus the condominium management committee not yet established, Kingland, by putting up various excuses, refused to make progress with any follow-up inspections or acceptance, and furthermore refused to make the remaining contract payments and additional payments due to the combined company. As a consequence, on October 22, 2019, the combined company submitted a request for arbitration, demanding Kingland to pay the payables due and the loss suffered by the combined company of NT$57,370 thousand to the combined company. The case is undergoing arbitration procedures.

(IV) As of June 30, 2020, the performance guarantee letters issued by the bank for construction projects of the combined company amounted to NT$1,733,816 thousand.

(V) As of June 30, 2020, the guaranteed bills issued by the combined company for business needs amounted to NT$498,698 thousand.

XXXI. Significant Events after the Balance Sheet Date

In light of the business strategy, the Board of Directors resolved on July 30, 2020 to authorize the Chairman to dispose of the entire equity interests of Wuxi Chien Bang at an amount of no less than RMB126,000 thousand.

XXXII. Others

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

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

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

Unit: Foreign currency/NT$ thousand

June 30, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
RMB	$ 8,095	0.1411 (RMB:USD)	$ 33,880

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
RMB	$ 3,718	0.1433 (RMB:USD)	$ 15,978

June 30, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
RMB	$ 4,108	0.1455 (RMB:USD)	$ 18,560

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

	April 1~June 30, 2020		April 1~June 30, 2019	
	Exchange Rate	Gain (Loss) on Foreign Currency Exchange, Net	Exchange Rate	Gain (Loss) on Foreign Currency Exchange, Net
Financial assets				
RMB	0.1423 (RMB:USD)	$ 77	0.1455 (RMB:USD)	($ 638)

	January 1~June 30, 2020		January 1~June 30, 2019	
	Exchange Rate	Gain (Loss) on Foreign Currency Exchange, Net	Exchange Rate	Gain (Loss) on Foreign Currency Exchange, Net
Financial assets				
RMB	0.1423 (RMB:USD)	($ 13)	0.1455 (RMB:USD)	($ 4,368)

XXXIV. Supplementary Disclosures

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

1. Financing provided to others: Please refer to Appendix 1.
2. Endorsements and guarantees provided for others: Please refer to Appendix 2.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures): Please refer to 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: Please refer to Appendix 4.
8. Receivables from related parties amounting to NT$100 million or 20% of the paid-in capital or more: Please refer to Appendix 5.
9. Derivatives trading: Please refer to Notes VII and XXVII.
10. Others: Inter-company relationships and significant inter-company transactions: Please refer to Appendix 6.
11. Information on invested companies: Please refer to Appendix 7.

(III) Information on investments in mainland China:

1. Information on invested companies in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, gain or loss on investments, carrying amount of investment at the end of the period, gain or loss on repatriated investment and ceiling of investments in mainland China: Please refer to 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 endorsement/guarantee or collateral provided.
   (5) The maximum balance, ending balance, interest rate range and total amount of current-period interest of financing facilities.
   (6) Other transactions having a significant impact on profit or loss or financial position for the period, such as provision or receipt of service.

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

XXXV. Segment Information

Information provided to the chief business decision makers to allocate resources and to evaluate the performance of segments, focusing on the category of products or services delivered or provided. The combined company's reportable segments are as follows:

Construction Segment: design, supervision and undertaking of construction projects and trading of building materials.

Concrete Segment: production and sale of concrete and concrete products.

Segment revenue and operational results

The combined company's revenue and operational results by reportable segment are analyzed as follows:

	Segment Revenue		Segment Profit or Loss	
	April 1~June 30, 2020	January 1~June 30, 2020	April 1~June 30, 2020	January 1~June 30, 2020
Construction Segment	$ 1,861,846	$ 3,246,856	$ 99,441	$ 181,474
Concrete Segment	252,049	383,419	8,265	21,237
Total revenue from continuing operations	$ 2,113,895	$ 3,630,275	107,706	202,711
Other income			11,475	29,071
Other gains and losses			(553)	85,235
Headquarters management costs and directors' remuneration			(28,698)	(57,810)
Finance costs			(2,856)	(6,258)
Share of gain (loss) of associates accounted for using equity method			(1,149)	(362)
Income before income tax			$ 85,925	$ 252,587

	Segment Revenue		Segment Profit or Loss	
	April 1~June 30, 2019	January 1~June 30, 2019	April 1~June 30, 2019	January 1~June 30, 2019
Construction Segment	$ 1,203,030	$ 2,176,521	$ 35,637	$ 65,843
Concrete Segment	551,131	1,037,367	66,693	99,256
Total revenue from continuing operations	$ 1,754,161	$ 3,213,888	102,330	165,099
Other income			15,224	31,672
Other gains and losses			(3,987)	37,147
Headquarters management costs and directors' remuneration			(24,487)	(49,957)
Finance costs			(3,677)	(9,126)
Share of (profit) loss of associates accounted for using equity method			86	(855)
Income before income tax			$ 85,489	$ 173,980

Segment income refers to the profit made by each segment, not including headquarters management costs and directors' remuneration that should be allocated, share of profit or loss in joint ventures accounted for using equity method, other income, other gains and losses, finance costs, and income tax expense. Such measurement amounts are provided to the chief business decision makers to allocate resources to segments and to evaluate their performance.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Financing Provided to Others
For the Six Months Ended June 30, 2020

Appendix 1

Unit: NT$ Thousands

No.	Financing Company	Counterparty	Financial Statement Account	Related Party (Y/N)	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 Limited	Note
													Item	Value			
0	Chien Kuo Construction Co. Ltd.	Chien Kuo Building Co., Ltd.	Other receivables	Yes	$ 300,000	$ -	$ -	1.20%	(1)	$ -	Operating capital	$ -	-	$ -	20% of the parent's net worth $ 882,102	40% of the parent's net worth $ 1,764,204	
1	Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	Other receivables	Yes	245,459	234,377	234,377	5.00%	(1)	-	Operating capital	-	-	-	100% of the company's net worth 246,717	100% of the company's net worth 246,717	
2	Chien Kuo Building Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Other receivables	Yes	20,000	20,000	20,000	1.68%	(1)	-	Operating capital	-	-	-	20% of the company's net worth 20,027	40% of the company's net worth 40,054	

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

Note 2: Where a foreign currency is involved, it is translated into New Taiwan Dollars using the exchange rate at June 30, 2020 (RMB$1＝NT$4.1853).

Chien Kuo Construction Co., Ltd. and Subsidiaries
Endorsements and Guarantees Provided for Others
For the Six Months Ended June 30, 2020

Appendix 2

Unit: NT$ Thousands

No.	Name of Endorsement/ Guarantee Provider	Guaranteed Party		Limit of Endorsement/Guarantee for a Single Entity (Notes 1 & 2)	Maximum Balance for the Period (Note 1)	Endorsement and Guarantee Ending Balance (Note 1)	Amount Actually Used (Note 1)	Endorsement/ Guarantee Secured with Collateral	Ratio of Cumulative Endorsement/Guarantee to Net Worth in the Latest Financial Statements	Limit of Endorsement/Guarantee (Notes 1 & 3)	Endorsement/ Guarantee Provided by the parent to a Subsidiary	Endorsement/ Guarantee Provided by a Subsidiary to the parent	Endorsement/ Guarantee Provided to a Subsidiary in Mainland China	Note
		Company Name	Relationship											
0	Chien Kuo Construction Co. Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Subsidiary	$ 2,205,255	$ 80,000	$ 80,000	$ 35,000	-	1.81%	$ 4,410,509	Y	N	N	Financing endorsement /guarantee
0	Chien Kuo Construction Co. Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	Sub-subsidiary	2,205,255	448,293	-	-	-	-	4,410,509	Y	N	Y	Financing endorsement /guarantee

Disclosure:

Note 1: Where a foreign currency is involved, it is translated into New Taiwan Dollars using the exchange rate at June 30, 2020 (US$1＝NT$29.63).

Note 2: The limit on endorsements/guarantees provided for each guaranteed party is calculated as follows:

1. The limit on endorsements/guarantees made to the same trade 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 3: The maximum endorsement/guarantee amount allowable is calculated as follows:

1. The maximum endorsement/guarantee amount allowable to the same trade should be 400% of net worth of shareholders' equity.
2. The maximum endorsement/guarantee amount allowable to other guaranteed parties should be 100% of net worth of shareholders' equity.

Chien Kuo Construction Co. Ltd. and Subsidiaries
Marketable Securities Held at the End of the Period
June 30, 2020

Appendix 3

Unit: NT$ Thousands

Holding Company	Type and Name of Marketable Securities	Relationship with the Issuer of the Securities	Financial Statement Account	Ending Balance				Note
				Number of Shares (in Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Chien Kuo Construction Co. Ltd.	Funds							
	Wan Chan Venture Capital Co. Ltd.	—	Financial assets at fair value through profit or loss - non-current	900	$ 8,100	4.92	$ 8,100	—
	Stock							
	Chia Hsin Cement Corporation	—	Financial assets at fair value through other comprehensive income - current	1,114	19,670	0.14	19,670	—
	Taiwan Cement Corporation	—	Financial assets at fair value through other comprehensive income - non-current	5,896	252,060	0.11	252,060	(Note 2)
	Chia Hsin Cement Corporation	—	Financial assets at fair value through other comprehensive income - non-current	6,853	120,955	0.88	120,955	(Note 3)
Golden Canyon Limited	Funds							
	PVG GCN VENTURES, L.P.	—	Financial assets at fair value through profit or loss - non-current	-	27,556	5.00	27,556	—
	CSVI VENTURES, L.P.	(Note 1)	Financial assets at fair value through profit or loss - non-current	-	30,990	5.16	30,990	—
	Stock							
	Chia Hsin Cement Corporation	—	Financial assets at fair value through other comprehensive income - current	175	3,093	0.02	3,093	—
Wuxi Chien Bang Concrete Co., Ltd.	Structured deposits							
	Bank of East Asia (China) Limited	—	Financial assets at fair value through profit or loss - current	—	83,715	-	83,715	—
Chien Ya (Suzhou) Information Technology Consultant Co., Ltd.	Structured deposits							
	Agricultural Bank of China Limited	—	Financial assets at fair value through profit or loss - current	-	27,471	-	27,471	—

Note 1: The chief decision makers of the fund are the directors of the combined company.
Note 2: Among them, 2,025 thousand shares are pledged to the court as collateral for the litigation between the combined company and Shing Tzung.
Note 3: Among them, 2,000 shares are pledged to the bank as collateral for the performance of construction contracts.
Note 4: For information regarding investments in subsidiaries, please refer to Appendixes 7 & 8.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Purchases from or Sales to Related Parties Amounting to NT$100 Million or 20% of the Paid-in Capital or More
For the Six Months Ended June 30, 2020

Appendix 4

Unit: NT$ Thousands, unless otherwise specified

Purchaser (Seller)	Related Party	Relationship	Transaction Situation				Situations and Reasons of Transaction Terms Different from General Transaction Terms (Note 1)		Notes and Accounts Receivable (Payable)		Note (Note 2)
			Purchases/Sales	Amount	Ratio to Total Purchases/Sales	Credit Period	Unit Price	Credit Period	Ending Balance	Ratio to Total Notes/Accounts Receivable (Payable)	
Chien Kuo Construction Co. Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Subsidiary	Purchases	$ 536,080	17.67%	Subject to the agreement	-	-	($ 397,894)	20.26%	
Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Construction Co. Ltd.	Parent	Sales	536,080	99.72%	Subject to the agreement	-	-	397,894	100%	

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
For the Six Months Ended June 30, 2020

Appendix 5

Unit: NT$ Thousands, unless otherwise specified

Company Name	Related Party	Relationship	Balance of Receivables from Related Party		Turnover Ratio	Overdue Receivables from Related Parties		Amounts Received in Subsequent Period (Note 1)	Loss Allowance Provided
						Amount	Action Taken		
Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Construction Co. Ltd.	Parent	Accounts receivable	$397,894	3.21	$ -	$ -	$ 67,032	$ -
Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	Direct or indirect investment by the Company	Other receivables	$234,377	Note 2	-	-	-	-
CK Asia Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	Direct or indirect investment by the Company	Other receivables	$240,186	Note 3	-	-	-	-
Chien Ya (Wuxi) Information Technology Consultant Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	Direct or indirect investment by the Company	Other receivables	$267,272	Note 4	-	-	-	-

Note 1: Amount received as of August 14, 2020.
Note 2: Loans.
Note 3: Receipt of proceeds on disposal of Suzhou Chien Hua.
Note 4: Payment of shares of the spin-off.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Inter-company Relationships and Significant Inter-company Transactions
For the Six Months Ended June 30, 2020

Appendix 6

Unit: NT$ Thousands

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Inter-company Transactions			
				Financial Statement Account	Amount	Terms	Ratio to Total Consolidated Revenue/Total Assets
0	Chien Kuo Construction Co. Ltd.	Shun Long International Electrical Engineering Co., Ltd.	(1)	Other prepayments	$ 53,444	Note 2	0.64%
			(1)	Construction costs	536,080	Note 2	14.77%
			(1)	Contract assets - property construction	1,474,397	Note 2	17.58%
			(1)	Accounts payable	397,894	Note 2	4.74%
			(1)	Accounts payable - provisional	102,542	Note 2	1.22%
1	Chien Kuo Building Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	(3)	Other receivables	20,000	Note 3	0.24%
2	Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	(3)	Other receivables	234,377	Note 3	2.79%
			(3)	Interest income	5,698	Note 3	0.16%
3	CK Asia Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	(3)	Other receivables	240,186	Note 4	2.86%
4	Chien Ya (Wuxi) Information Technology Consultant Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	(3)	Other receivables	267,272	Note 5	3.19%

Note 1: The nature of relationship is divided into the following three categories:
1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary.

Note 2: Conducted in line with ordinary terms.
Note 3: Loans.
Note 4: Receipt of proceeds on disposal of Suzhou Chien Hua.
Note 5: Payment of shares of the spin-off.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Information on Invested Companies including Locations
For the Six Months Ended June 30, 2020

Appendix 7

Unit: NT$ Thousands

Name of Investor	Invested Company	Location	Principal Business Activities	Initial Investment Amount		Balance as of June 30, 2020			Profit or Loss of Invested	Company in the Current Period	Note
				June 30, 2020	December 31, 2019	Number of Shares (in Thousands)	Ratio (%)	Carrying Amount			
Chien Kuo Construction Co. Ltd.	Golden Canyon Limited	British Virgin Islands	Reinvestment	$ 272,267	$ 272,267	8,714	100.00	$ 2,378,437	$ 54,178	$ 54,178	Subsidiary
	Silver Shadow Holdings Limited	British Virgin Islands	Reinvestment	815,907	815,907	25,038	100.00	1,758,464	66,139	66,139	Subsidiary
	Chien Kuo Building Co., Ltd.	Taiwan	Building construction commission; public housing lease	144,065	144,065	11,100	100.00	100,554	418	418	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	44,361	7,000	100.00	70,147	17,784	16,945	Subsidiary
	WeBIM Services Co., Ltd.	Taiwan	Construction technology	8,546	8,546	980	49.00	8,804	(738)	(362)	Associate
	Anping Property Co., Ltd.	Taiwan	Housing and building development and lease	20,000	140,000	2,000	100.00	12,529	98	98	Subsidiary
Silver Shadow Holdings Limited	CK Asia Co., Ltd.	British Virgin Islands	Reinvestment	878,510	878,510	1,685	54.78	1,567,115	120,578	Note 3	Sub-subsidiary
Golden Canyon Limited	CK Asia Co., Ltd.	British Virgin Islands	Reinvestment	782,106	782,106	1,391	45.22	1,293,644	120,578	Note 3	Sub-subsidiary

Note 1: Where a foreign currency is involved, it is translated into New Taiwan Dollars using the exchange rate on June 30, 2020 (US$1=NT$29.63), except for profit or loss items, which are translated into New Taiwan Dollars using the average exchange rate for the six-month period ended June 30, 2020 (US$1=NT$30).

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

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

Chien Kuo Construction Co., Ltd. and Subsidiaries
Investments in Mainland China
For the Six Months Ended June 30, 2020

Appendix 8

Unit: NT$ Thousands

Invested Company	Principal Business Activities	Paid-in Capital	Method of Investment	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Investment Flow		Ending Balance of Accumulated Outflow of Investment from Taiwan	Profit or Loss of Invested Company	Percentage of Ownership (Direct or Indirect)	Investment Gains (Losses) Recognized in the current period (Note 1)	Carrying Amount as of June 30, 2020 (Note 1)	Investment Gains Repatriated by the End of the Current Period	Note
					Outflow	Inflow							
Shanghai Chien Kuo Concrete Co., Ltd.	Production and sale of concrete and concrete products	$ 148,506	Investment through a company founded in a third region	$ 16,145	$ -	$ -	$ 16,145	$ -	-	$ -	$ -	$ -	Note 4
CK Asia (Shanghai) Information Technology Co., Ltd.	Computer software technology development and consultation	106,668	Investment through a company founded in a third region	68,326	-	-	68,326	1,218	100%	1,218	146,358	-	
Suzhou Chien Hua Concrete Co., Ltd.	Production and sale of concrete and concrete products	118,520	Investment through a company founded in a third region	182,036	-	-	182,036	7,177	-	7,177	-	-	Note 4
Chien Ya (Suzhou) Information Technology Consultant Co., Ltd.	Computer software technology development and consultation	288,152	Investment through a company founded in a third region	-	-	-	-	3,410	100%	3,410	250,033	-	Note 7
Kunshan Jianshan New Tinbering Co., Ltd.	Production and sale of concrete and concrete products	296,300	Investment through a company founded in a third region	2,391	-	-	2,391	-	-	-	-	34,177	Note 4
Wuxi Chien Bang Concrete Co., Ltd.	Production and sale of concrete and concrete products	148,150	Investment through a company founded in a third region	214,059	-	-	214,059	10,965	100%	10,965	1,065,809	32,445	
Chien Ya (Wuxi) Information Technology Consultant Co., Ltd.	Computer software technology development and consultation	274,818	Investment through a company founded in a third region	-	-	-	-	-	100%	-	267,272	-	Note 8
Changzhou Chien An Concrete Co., Ltd.	Production and sale of concrete and concrete products	74,075	Investment through a company founded in a third region	-	-	-	-	-	-	-	-	-	Note 4
Nantong Chien Cheng Concrete Co., Ltd.	Production and sale of concrete and concrete products	60,001	Investment through a company founded in a third region	196,172	-	-	196,172	-	-	-	-	181,997	Note 4
Chien Ya (Nantong) Information Technology Co., Ltd.	Computer software technology development and consultation	148,150	Investment through a company founded in a third region	-	-	-	-	-	-	-	-	-	Notes 4 & 5
Yangzhou Chien Yung Concrete Co., Ltd.	Production and sale of concrete and concrete products	59,260	Investment through a company founded in a third region	197,041	-	-	197,041	(1,056)	100%	(1,056)	31,462	161,613	
Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	Computer software technology development and consultation	240,003	Investment through a company founded in a third region	-	-	-	-	4,187	100%	4,187	250,824	-	Note 6
Shanghai Chien Chung Concrete Co., Ltd.	Production and sale of concrete and concrete products	74,075	Investment through an existing company in a third region	-	-	-	-	-	-	-	-	-	Note 4
Changzhou Changlong Stevedoring Co., Ltd.	Cargo handling	2,133	Investment through an existing company in a third region	-	-	-	-	-	-	-	-	-	Note 4
Jiangsu Solid Construction & Engineering Co., Ltd.	Construction consultation	62,223	Investment through a company founded in a third region and others	-	-	-	-	-	-	-	-	-	Note 4

Invested Company	Principal Business Activities	Paid-in Capital	Method of Investment	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Investment Flow		Ending Balance of Accumulated Outflow of Investment from Taiwan	Profit or Loss of Invested Company	Percentage of Ownership (Direct or Indirect)	Investment Gains (Losses) Recognized in the current period (Note 1)	Carrying Amount as of June 30, 2020 (Note 1)	Investment Gains Repatriated by the End of the Current Period	Note
					Outflow	Inflow							
Chien Kuo Construction Consultant (Kunshan) Co., Ltd.	Construction consultation	17,778	Investment through a company founded in a third region and others	-	-	-	-	399	-	399	-	-	Note 4
Loudi Chien Kuo Mining Co., Ltd. and other seven invested companies	Quarrying	1,179,867	Investment through an existing company in a third region and others	36,840	-	-	36,840	-	-	-	-	914,492	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
$ 942,688 (Note 3)	$ 110,064 (Note 2)	$2,527,362

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

Note 2: The amount authorized by the Investment Commission, Ministry of Economic Affairs was NT$1,118,487, of which NT$1,008,423 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$942,688, including the following expenses:

(1) Loss on investment:

Invested Company	Initial 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 Consulting (Shanghai) Co., Ltd.	1,779	-	1,779

(2) Of the amount, NT$184,675 originated from the funds of the third regions.

Note 4: Changzhou Chien An Concrete Co., Ltd. was disposed of and the equity transfer was completed on October 31, 2013. The liquidation of Shanghai Chien Chung Concrete Co., Ltd. was completed in 2015. The liquidation of Loudi Chien Kuo Mining Co., Ltd. was completed on August 15, 2016. The liquidation of Shanghai Chien Kuo Concrete Co., Ltd. was completed on December 9, 2016. Kunshan Jianshan New Tinbering Co., Ltd. was disposed of and the equity transfer was completed on August 23, 2017. Guangxi Hefa Mining Industrial Co., Ltd. was disposed of and the equity transfer was completed on September 22, 2017. Nantong Chien Cheng Concrete Co., Ltd. was disposed of and the equity transfer was completed on January 7, 2019. Nantong Chien Cheng Concrete Co., Ltd. was disposed of and the equity transfer was completed on January 7, 2019. The liquidation of Changzhou Changlong stevedoring Co., Ltd. was completed on July 12, 2019. The liquidation of Jiangsu Solid Construction & Engineering Co., Ltd. was completed on July 24, 2019. The liquidation of Chien Ya (Nantong) Information Technology Co., Ltd. was completed on December 6, 2019. Suzhou Chien Hua Concrete Co., Ltd. was disposed of and the equity transfer was completed on February 11, 2020. The liquidation of Chien Kuo Construction Consultant (Kunshan) Co., Ltd. was completed on May 20, 2020.

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

Note 6: Newly established as a spin-off from Yangzhou Chien Yung Concrete Co., Ltd.

Note 7: Newly established as a spin-off from Suzhou Chien Hua Concrete Co., Ltd.

Note 8: Newly established as a spin-off from Wuxi Chien Bang Concrete Co., Ltd.

Chien Kuo Construction Co. Ltd.
Information on Major Shareholders
June 30, 2020

Appendix 9

Unit: In thousand shares

List of Major Stockholders	Shareholding	
	Number of Shares Held	Percentage (%)
Chien Hui Investment Co., Ltd.	46,012	17.20%
Chi-te CHEN	17,829	6.66%
Chen-ching CHEN	13,586	5.07%

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