

Chien Kuo Construction Co., Ltd.
and Subsidiaries

Consolidated Financial Statements and
Independent Auditors' Review Report

For the Nine Months Ended September 30,
2020 and 2019

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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 September 30, 2020 and 2019, the consolidated statements of comprehensive income from July 1 to September 30, 2020 and 2019 and for the nine-month periods ended September 30, 2020 and 2019, and the consolidated statements of changes in equity and cash flows for the nine-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 accordance with the Statement of Auditing Standards 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 September 30, 2019, their total assets and liabilities amounted to NT\$1,247,231 thousand and NT\$267,469 thousand and accounted for 13.63% of the total consolidated assets and 5.57% of the total consolidated liabilities, respectively. Their total comprehensive income amounted to NT\$(6,188) thousand and NT\$(5,957) thousand and accounted for 35.34% and (2.62)% of the total consolidated comprehensive income from July 1 to September 30, 2019 and for the nine-month period ended September 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 September 30, 2020 and 2019, and their consolidated financial performance from July 1 to September 30, 2020 and 2019, and their consolidated financial performance and cash flows for the nine-month periods ended September 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: Wen-chin LIN

CPA: Chun-hung CHEN

Securities and Futures Bureau Approval
Document No.:
Taiwan-Finance-Securities-VI-0920123784

Financial Supervisory Commission Approval
Document No.:
Financial-Supervisory-Securities-Auditing-09
90031652

November 13, 2020

Chien Kuo Construction Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
September 30, 2020, December 31, 2019 and September 30, 2019

Unit: NT\$ Thousands

Code	Assets	September 30, 2020 (Reviewed)		December 31, 2019 (Audited)		September 30, 2019 (Reviewed)	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note VI)	\$ 3,477,469	39	\$ 2,602,762	31	\$ 2,644,494	29
1110	Financial assets at fair value through profit or loss (Note VII)	417,328	5	120,073	1	-	-
1120	Financial assets at fair value through other comprehensive income (Note VIII)	20,248	-	49,567	1	44,752	1
1135	Financial assets for hedging (Note XXVII)	-	-	1,011	-	7,080	-
1140	Contract assets (Note XX)	2,041,797	23	1,298,880	15	1,409,235	15
1150	Notes receivable (Note IX)	102,349	1	204,179	2	188,300	2
1170	Accounts receivable (Notes IX & XX)	965,928	11	2,126,231	25	2,160,117	24
1200	Other receivables	2,075	-	19,778	-	144,353	2
1220	Current tax assets	100,609	1	25,642	-	25,763	-
1310	Inventories	-	-	29,402	-	24,379	-
1323	Inventories (for construction business) (Notes X & XXIX)	465,926	5	463,577	6	463,577	5
1410	Prepayments (Note XI)	82,578	1	419,594	5	588,136	6
1460	Non-current assets classified as held for sale (Note XIII)	528,369	6	140,725	2	225,697	3
1470	Other current assets (Note XXIX)	11,575	-	146,486	2	174,519	2
11XX	Total current assets	<u>8,216,251</u>	<u>92</u>	<u>7,647,907</u>	<u>90</u>	<u>8,100,402</u>	<u>89</u>
	Non-current assets						
1510	Financial assets at fair value through profit or loss (Note VII)	70,135	1	75,969	1	74,461	1
1520	Financial assets at fair value through other comprehensive income (Notes VIII & XXIX)	363,901	4	410,826	5	358,849	4
1550	Investments accounted for using equity method	-	-	9,652	-	9,203	-
1600	Property, plant, and equipment (Notes XIV & XXIX)	34,859	1	126,042	1	127,464	1
1755	Right-of-use assets (Notes XV & XXIX)	27,864	-	59,128	1	63,379	1
1760	Investment property (Notes XVI & XXIX)	122,902	1	175,427	2	174,639	2
1840	Deferred tax assets	33,964	1	17,021	-	24,509	-
1980	Pledged certificate of deposit (Note XXIX)	5,820	-	5,996	-	192,448	2
1990	Other non-current assets (Note XXIX)	23,450	-	15,461	-	26,202	-
15XX	Total non-current assets	<u>682,895</u>	<u>8</u>	<u>895,522</u>	<u>10</u>	<u>1,051,154</u>	<u>11</u>
1XXX	Total assets	<u>\$ 8,899,146</u>	<u>100</u>	<u>\$ 8,543,429</u>	<u>100</u>	<u>\$ 9,151,556</u>	<u>100</u>
	Liabilities and Equity						
	Current liabilities						
2100	Short-term loans (Note XVII)	\$ 60,000	1	\$ 53,750	-	\$ 30,000	-
2130	Contract liabilities (Note XX)	322,954	3	261,026	3	158,609	2
2150	Notes payable	56,132	1	143,189	2	149,518	1
2170	Accounts payable (Note XVIII)	1,751,006	20	1,712,414	20	1,625,668	18
2200	Other payables	173,630	2	235,798	3	838,504	9
2230	Current tax liabilities	30,860	-	6,379	-	5,583	-
2260	Liabilities related to non-current assets classified as held for sale (Note XIII)	75,726	1	1,454	-	84,880	1
2310	Disposal of investments received in advance (Note XIII)	547,700	6	126,384	1	118,492	1
2320	Current portion of long-term loans (Note XVII)	299,498	3	-	-	150,000	2
2399	Other current liabilities (Note XV)	75,641	1	65,612	1	71,155	1
21XX	Total current liabilities	<u>3,393,147</u>	<u>38</u>	<u>2,606,006</u>	<u>30</u>	<u>3,232,409</u>	<u>35</u>
	Non-current liabilities						
2540	Long-term loans (Note XVII)	649,591	8	948,991	11	948,965	10
2570	Deferred tax liabilities	440,408	5	518,591	6	516,314	6
2600	Other non-current liabilities (Note XV)	113,565	1	114,089	2	105,902	1
25XX	Total non-current liabilities	<u>1,203,564</u>	<u>14</u>	<u>1,581,671</u>	<u>19</u>	<u>1,571,181</u>	<u>17</u>
2XXX	Total liabilities	<u>4,596,711</u>	<u>52</u>	<u>4,187,677</u>	<u>49</u>	<u>4,803,590</u>	<u>52</u>
	Equity attributable to owners of the parent (Note XIX)						
	Capital						
3110	Common stock	2,574,401	29	2,674,401	31	2,674,401	30
3200	Additional paid-in capital	204,852	2	201,627	3	201,627	2
	Retained earnings						
3310	Legal reserve	645,464	7	626,554	7	626,554	7
3320	Special reserve	23,412	-	50,001	1	55,455	1
3350	Unappropriated earnings	945,940	11	800,246	9	767,430	8
3300	Total retained earnings	1,614,816	18	1,476,801	17	1,449,439	16
3400	Other equity	(91,634)	(1)	(4,089)	-	16,056	-
31XX	Total equity attributable to owners of the parent	<u>4,302,435</u>	<u>48</u>	<u>4,348,740</u>	<u>51</u>	<u>4,341,523</u>	<u>48</u>
36XX	Non-controlling interests (Note XXV)	-	-	7,012	-	6,443	-
3XXX	Total equity	<u>4,302,435</u>	<u>48</u>	<u>4,355,752</u>	<u>51</u>	<u>4,347,966</u>	<u>48</u>
	Total liabilities and equity	<u>\$ 8,899,146</u>	<u>100</u>	<u>\$ 8,543,429</u>	<u>100</u>	<u>\$ 9,151,556</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the Independent Auditors' Review Report of Deloitte & Touche on November 13, 2020.)

Chairman: Chang-shiou WU

President: Chang-shiou WU

Accounting Manager: Shu-feng YANG

Chien Kuo Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
From July 1 to September 30, 2020 and 2019 and for the Nine Months Ended September 30, 2020 and 2019
(Reviewed, Not Audited)

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

Code		July 1~September 30, 2020		July 1~September 30, 2019		January 1~September 30, 2020		January 1~September 30, 2019	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Note XX)	\$ 1,787,677	100	\$ 1,155,802	100	\$ 5,034,533	100	\$ 3,332,323	100
5000	Operating costs (Notes XXI & XXVIII)	<u>1,652,324</u>	<u>93</u>	<u>1,062,540</u>	<u>92</u>	<u>4,661,383</u>	<u>93</u>	<u>3,091,225</u>	<u>93</u>
5900	Gross profit	135,353	7	93,262	8	373,150	7	241,098	7
6000	Administrative expenses (Notes XXI & XXVIII)	<u>59,297</u>	<u>3</u>	<u>71,110</u>	<u>6</u>	<u>174,360</u>	<u>3</u>	<u>203,060</u>	<u>6</u>
6900	Net operating income	<u>76,056</u>	<u>4</u>	<u>22,152</u>	<u>2</u>	<u>198,790</u>	<u>4</u>	<u>38,038</u>	<u>1</u>
	Non-operating income and expenses (Notes XXI & XXVIII)								
7010	Other income	29,508	2	33,124	3	56,202	1	49,492	1
7020	Other gains and losses	(8,651)	(1)	(6,641)	(1)	74,166	1	(9,662)	-
7050	Finance costs	(3,172)	-	(3,888)	-	(8,486)	-	(13,585)	-
7060	Share of profit or loss of associates accounted for using equity method	(<u>64</u>)	<u>-</u>	<u>1,512</u>	<u>-</u>	(<u>426</u>)	<u>-</u>	<u>657</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>17,621</u>	<u>1</u>	<u>24,107</u>	<u>2</u>	<u>121,456</u>	<u>2</u>	<u>26,902</u>	<u>1</u>
7900	Income before income tax from continuing operations	93,677	5	46,259	4	320,246	6	64,940	2
7950	Income tax expense (Note XXII)	(<u>3,450</u>)	<u>-</u>	<u>5,572</u>	<u>-</u>	<u>61,482</u>	<u>1</u>	<u>37,493</u>	<u>1</u>
8000	Net income from continuing operations	97,127	5	40,687	4	258,764	5	27,447	1
8100	Profit (loss) from discontinued operations (Notes XIII & XXI)	(<u>1,325</u>)	<u>-</u>	<u>3,805</u>	<u>-</u>	<u>22,383</u>	<u>1</u>	<u>126,479</u>	<u>4</u>
8200	Net income	<u>95,802</u>	<u>5</u>	<u>44,492</u>	<u>4</u>	<u>281,147</u>	<u>6</u>	<u>153,926</u>	<u>5</u>
	Other comprehensive income								
8310	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	(11,577)	-	(11,944)	(1)	(58,367)	(1)	73,273	2
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation of financial statements of foreign operations	7,425	-	(74,121)	(7)	(45,886)	(1)	(8,963)	-
8367	Unrealized losses from investments in debt instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	46	-
8368	Gains (losses) on hedging instruments (Note XXVII)	-	-	9,236	1	(1,042)	-	7,085	-
8399	Income tax related to items of other comprehensive income that may be reclassified subsequently to profit or loss (Note XXII)	(<u>1,486</u>)	<u>-</u>	<u>14,825</u>	<u>1</u>	<u>9,177</u>	<u>-</u>	<u>1,793</u>	<u>-</u>
8300	Other comprehensive income (after-tax)	(<u>5,638</u>)	<u>-</u>	(<u>62,004</u>)	(<u>6</u>)	(<u>96,118</u>)	(<u>2</u>)	<u>73,234</u>	<u>2</u>
8500	Total comprehensive income	<u>\$ 90,164</u>	<u>5</u>	(<u>\$ 17,512</u>)	(<u>2</u>)	<u>\$ 185,029</u>	<u>4</u>	<u>\$ 227,160</u>	<u>7</u>
	Net income attributable to:								
8610	Owners of the parent	\$ 95,802	5	\$ 45,479	4	\$ 280,308	6	\$ 154,566	5
8620	Non-controlling interests	<u>-</u>	<u>-</u>	(<u>987</u>)	<u>-</u>	<u>839</u>	<u>-</u>	(<u>640</u>)	<u>-</u>
8600		<u>\$ 95,802</u>	<u>5</u>	<u>\$ 44,492</u>	<u>4</u>	<u>\$ 281,147</u>	<u>6</u>	<u>\$ 153,926</u>	<u>5</u>
	Comprehensive income attributable to:								
8710	Owners of the parent	\$ 90,164	5	(\$ 16,525)	(2)	\$ 184,190	4	\$ 227,800	7
8720	Non-controlling interests	<u>-</u>	<u>-</u>	(<u>987</u>)	<u>-</u>	<u>839</u>	<u>-</u>	(<u>640</u>)	<u>-</u>
8700		<u>\$ 90,164</u>	<u>5</u>	(<u>\$ 17,512</u>)	(<u>2</u>)	<u>\$ 185,029</u>	<u>4</u>	<u>\$ 227,160</u>	<u>7</u>
	Earnings per share (Note XXIII)								
	From continuing and discontinued operations								
9750	Basic	<u>\$ 0.37</u>		<u>\$ 0.14</u>		<u>\$ 1.07</u>		<u>\$ 0.47</u>	
9850	Diluted	<u>\$ 0.37</u>		<u>\$ 0.14</u>		<u>\$ 1.07</u>		<u>\$ 0.46</u>	
	From continuing operations								
9710	Basic	<u>\$ 0.38</u>		<u>\$ 0.13</u>		<u>\$ 0.99</u>		<u>\$ 0.08</u>	
9810	Diluted	<u>\$ 0.38</u>		<u>\$ 0.13</u>		<u>\$ 0.98</u>		<u>\$ 0.08</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the Independent Auditors' Review Report of Deloitte & Touche on November 13, 2020.)

Chairman: Chang-shiou WU

President: Chang-shiou WU

Accounting Manager: Shu-feng YANG

Chien Kuo Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the Nine Months Ended September 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 Interest					Non-controlling Interests	Total Equity
Code		Capital	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) from Financial Assets at Fair Value through Other Comprehensive Income	Gains (Losses) on Hedging Instruments	Treasury Stock	Total		
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	Provision of special reserve	-	-	-	(10,002)	10,002	-	-	-	-	-	-	-
B5	Cash dividends appropriated to stockholders - 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	-	-	-	-	-	-	-
E3	Cash capital reduction	(668,600)	-	-	-	-	-	-	-	-	(668,600)	-	(668,600)
O1	Cash dividends for stockholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(281)	(281)
D1	Net income for the nine months ended September 30, 2019	-	-	-	-	154,566	-	-	-	-	154,566	(640)	153,926
D3	Other comprehensive income for the nine months ended September 30, 2019 (after-tax)	-	-	-	-	-	(7,170)	73,319	7,085	-	73,234	-	73,234
D5	Total comprehensive income for the nine months ended September 30, 2019	-	-	-	-	154,566	(7,170)	73,319	7,085	-	227,800	(640)	227,160
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,428)	(4,428)
Z1	Balance as of September 30, 2019	<u>\$ 2,674,401</u>	<u>\$ 201,627</u>	<u>\$ 626,554</u>	<u>\$ 55,455</u>	<u>\$ 767,430</u>	(<u>\$ 116,173</u>)	<u>\$ 125,144</u>	<u>\$ 7,085</u>	<u>\$ -</u>	<u>\$ 4,341,523</u>	<u>\$ 6,443</u>	<u>\$ 4,347,966</u>
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	Provision of special reserve	-	-	-	(18,090)	18,090	-	-	-	-	-	-	-
B5	Cash dividends appropriated to stockholders - 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	Acquisition of part of equity interest in subsidiaries	-	993	-	-	-	-	-	-	-	993	(7,851)	(6,858)
L1	Purchase of treasury stock	-	-	-	-	-	-	-	-	(97,768)	(97,768)	-	(97,768)
L3	Retirement of treasury stocks	(100,000)	2,232	-	-	-	-	-	-	97,768	-	-	-
D1	Net income for the nine months ended September 30, 2020	-	-	-	-	280,308	-	-	-	-	280,308	839	281,147
D3	Other comprehensive income for the nine months ended September 30, 2020 (after-tax)	-	-	-	-	-	(36,709)	(58,367)	(1,042)	-	(96,118)	-	(96,118)
D5	Total comprehensive income for the nine months ended September 30, 2020	-	-	-	-	280,308	(36,709)	(58,367)	(1,042)	-	184,190	839	185,029
Z1	Balance as of September 30, 2020	<u>\$ 2,574,401</u>	<u>\$ 204,852</u>	<u>\$ 645,464</u>	<u>\$ 23,412</u>	<u>\$ 945,940</u>	(<u>\$ 224,371</u>)	<u>\$ 132,737</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,302,435</u>	<u>\$ -</u>	<u>\$ 4,302,435</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the Independent Auditors' Review Report of Deloitte & Touche on November 13, 2020.)

Chairman: Chang-shiou WU

President: Chang-shiou WU

Accounting Manager: Shu-feng YANG

Chien Kuo Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2020 and 2019
(Reviewed, Not Audited)

Unit: NT\$ Thousands

Code		January 1~September 30, 2020	January 1~September 30, 2019
	Cash flows from operating activities		
A00010	Income before income tax from continuing operations	\$ 320,246	\$ 64,940
A00020	Income before income tax from discontinued operations	<u>24,318</u>	<u>167,571</u>
A10000	Income before income tax	<u>344,564</u>	<u>232,511</u>
A20010	Adjustments to reconcile income (loss):		
A29900	Net gain on disposal of subsidiaries	(100,213)	(34,635)
A21200	Interest income	(30,545)	(38,922)
A21300	Dividend income	(23,397)	(26,178)
A20300	Gain on reversal of expected credit losses	(23,249)	(9,563)
A20100	Depreciation expense	20,067	28,933
A24100	Foreign exchange (gains) losses	(15,717)	42,685
A20900	Finance costs	9,085	14,206
A20400	Net losses (gains) on financial assets at fair value through profit or loss	5,942	(5,288)
A23200	Gains on disposal of investments accounted for using equity method	(3,510)	-
A24600	Impairment loss of investment property	2,252	-
A22700	Loss on disposal of investment property	1,838	1,146
A22500	Net losses (gains) on disposal of property, plant, and equipment	950	(4,121)
A20200	Amortization expense	907	1,408
A22300	Share of loss (profit) of associates accounted for using equity method	426	(657)
A29900	Profit from lease modification	(208)	(198)
A23100	Gains on disposal of financial assets	-	(39)
A29900	Other expenses transferred from investment property	-	280
A30000	Changes in operating assets and liabilities, net		
A31125	Contract assets	(742,917)	(78,020)
A31130	Notes receivable	92,480	(71,931)
A31150	Accounts receivable	653,317	433,919
A31180	Other receivables	(49,855)	1,105
A31200	Inventories	9,780	2,266
A31200	Construction in progress	(2,349)	-
A31230	Prepayments	310,731	34,411

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Code		January 1~September 30, 2020	January 1~September 30, 2019
A31240	Other current assets	(\$ 7,115)	(\$ 20,395)
A31990	Other non-current assets	-	(8,591)
A32125	Contract liabilities	83,290	85,867
A32130	Notes payable	(74,968)	(221,095)
A32150	Accounts payable	219,754	(22,174)
A32180	Other payables	(50,774)	(47,283)
A32230	Other current liabilities	(33,829)	4,338
A32990	Other non-current liabilities	-	(4,837)
A33000	Cash flows generated from operating activities	596,737	289,148
A33100	Interest received	36,892	42,580
A33300	Interest paid	(9,087)	(12,789)
A33500	Income tax paid	(205,103)	(53,718)
AAAA	Net cash flows from operating activities	419,439	265,221
	Cash flows from investing activities		
B00020	Proceeds from disposal of financial assets measured at fair value through other comprehensive income	17,573	57,461
B00100	Acquisition of financial assets at fair value through profit or loss	(674,049)	(272,407)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	370,471	460,600
B01900	Net cash flows generated from disposal of associates	12,250	-
B02300	Net cash flows generated from disposal of subsidiaries	115,872	(13,000)
B02700	Purchase of property, plant, and equipment	(5,878)	(11,801)
B02800	Proceeds from disposal of property, plant, and equipment	47,791	5,373
B03800	Decrease (increase) in refundable deposits	(3,833)	239
B04500	Acquisition of intangible assets	-	(240)
B05500	Proceeds from disposal of investment property	47,618	39,621
B06700	Decrease (increase) in pledged certificates of deposit	141,098	(11,517)
B07600	Dividends received	18,820	26,178
B09900	Proceeds from disposal of subsidiaries received in advance	547,700	118,492
BBBB	Net cash flows from investing activities	635,433	398,999
	Cash flows from financing activities		
C00100	Increase in short-term loans	6,570	30,000
C00500	Increase in short-term bills payable	50,000	-
C00600	Decrease in short-term bills payable	(50,000)	-
C01600	Increase in long-term loans	-	149,834
C01700	Repayment of long-term loans	-	(300,000)
C03000	Increase in guarantee deposits received	13,135	2,866

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Code		January 1~September 30, 2020	January 1~September 30, 2019
C04020	Repayment of lease principal	(\$ 8,843)	(\$ 11,313)
C04500	Cash dividends paid	(133,720)	(167,150)
C04900	Purchase of treasury stock	(97,768)	-
C05400	Acquisition of equity interest in subsidiaries	(6,858)	-
C05800	Cash dividends to stockholders of subsidiaries	-	(281)
CCCC	Net cash flows from financing activities	(227,484)	(296,044)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(40,084)	(6,815)
EEEE	Increase in cash and cash equivalents	787,304	361,361
E00100	Cash and cash equivalents at beginning of period	2,690,165	2,455,785
E00200	Cash and cash equivalents at end of period	<u>\$ 3,477,469</u>	<u>\$ 2,817,146</u>

Reconciliation of cash and cash equivalents at beginning of period

Code		September 30, 2020	September 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	<u>87,403</u>	<u>18,473</u>
E00200	Cash and cash equivalents at beginning of period	<u>\$ 2,690,165</u>	<u>\$ 2,455,785</u>

Reconciliation of cash and cash equivalents at end of period

Code		September 30, 2020	September 30, 2019
E00210	Cash and cash equivalents reported in the balance sheets	\$ 3,477,469	\$ 2,644,494
E00240	Cash and cash equivalents included in disposal groups classified as held for sale	-	<u>172,652</u>
E00200	Cash and cash equivalents at end of period	<u>\$ 3,477,469</u>	<u>\$ 2,817,146</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the Independent Auditors' Review Report of Deloitte & Touche on November 13, 2020.)

Chairman: Chang-shiou WU President: Chang-shiou WU Accounting Manager: Shu-feng YANG

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

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

II. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements were approved by the Board of Directors on November 13, 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) (the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (the "FSC"):

With the exception of the following, the application 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 amendments 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) The IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC:

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Issued by the IASB (Note 1)</u>
"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 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 "Interest Rate Benchmark Reform (IRBR) - Phase 2"	January 1, 2021
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)
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 beginning 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 for which not all obligations have been fulfilled 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 other standards and interpretations. Any relevant effect will be disclosed when the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, "Interim Financial Reporting," endorsed and issued into effect by the 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 reports 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 eliminated. A subsidiary's total comprehensive income is attributed to the owners of the Company and non-controlling interests, even if non-controlling interests become having deficit balances in the process.

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

When the combined company loses control over a subsidiary, the gains and losses from disposal is the difference between the following two items: (1) the sum of the fair value of the consideration received and the fair value of the residual investment in such a former subsidiary at the date of loss of control; and (2) the sum of the carrying amount of the assets (including goodwill), liabilities, and non controlling interests of the former subsidiary at the date 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

In addition to 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

Derivatives

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, liquidations 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

The 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

	September 30, 2020	December 31, 2019	September 30, 2019
Cash on hand and revolving funds	\$ 2,685	\$ 2,195	\$ 2,192
Bank checks and demand deposits	737,388	676,954	1,513,999
Cash equivalents (time deposits with original maturity date within 6 months)	<u>2,737,396</u>	<u>1,923,613</u>	<u>1,128,303</u>
	<u>\$ 3,477,469</u>	<u>\$ 2,602,762</u>	<u>\$ 2,644,494</u>

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

September 30, 2020	December 31, 2019	September 30, 2019
0.07%~3.40%	0.15%~2.79%	0.13%~2.85%

VII. Financial Instruments at Fair Value through Profit or Loss

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Financial assets - current</u>			
Mandatorily measured at fair value through profit or loss			
Derivative financial assets			
- structured notes (I)	\$ 171,946	\$ -	\$ -
- structured deposits	216,475	-	-
Non-derivative financial assets			
- Fund beneficiary certificates	28,907	120,073	-
	<u>\$ 417,328</u>	<u>\$ 120,073</u>	<u>\$ -</u>
<u>Financial assets - non-current</u>			
Mandatorily measured at fair value through profit or loss			
Non-derivative financial assets			
- Fund beneficiary certificates	<u>\$ 70,135</u>	<u>\$ 75,969</u>	<u>\$ 74,461</u>

- (I) Structured notes not yet matured as at the balance sheet date are notes linking up with the prices of subject securities and returning fixed dividends based on the stock prices before their maturity dates. If a price trigger is set and a stock price is higher than the early redemption price, the note will mature earlier, redeeming the principal plus a fixed dividend; if the stock price on the maturity date is less than the exercise price, in addition to a fixed dividend, the principal will be converted into stocks holding the subject securities at the exercise price. Contracts not yet maturing are as follows:

September 30, 2020

Subject Securities	Amount (NT\$ Thousands)	Maturity Date	Dividend Yield	Exercise Price
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD (TSM)	USD1,000	November 19, 2020	10%	USD67.1052
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD (TSM)	USD1,000	December 3, 2020	8%	USD67.5930
ALPHABET INC-CLASS A (GOOGL)	USD1,000	December 29, 2020	8%	USD1,272.8898
Amazon.com Inc (AMZN)	USD1,000	January 4, 2021	8%	USD2,448.1095
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD (TSM)	USD1,000	March 3, 2021	10%	USD67.9763
iShare Silver Trust (SLV)	USD1,000	March 3, 2021	8%	USD18.9654

VIII. Financial Assets at Fair Value through Other Comprehensive Income

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Current</u>			
Investment in equity instrument	\$ 20,248	\$ 49,567	\$ 44,752
<u>Non-current</u>			
Investment in equity instrument	\$ 363,901	\$ 410,826	\$ 358,849

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

IX. Notes and Accounts Receivable

	September 30, 2020	December 31, 2019	September 30, 2019
Notes receivable	\$ 102,349	\$ 204,179	\$ 188,300
<u>Accounts receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ 1,045,305	\$ 2,229,438	\$ 2,253,194
Less: Allowance for uncollectible accounts	(79,377)	(103,207)	(93,077)
	\$ 965,928	\$ 2,126,231	\$ 2,160,117

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 an 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:

	September 30, 2020	December 31, 2019	September 30, 2019
Not overdue	<u>\$ 102,349</u>	<u>\$ 204,179</u>	<u>\$ 188,300</u>

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

	September 30, 2020	December 31, 2019	September 30, 2019
Not overdue	\$ 794,360	\$ 1,545,027	\$ 1,724,943
Less than 180 days	88,218	501,198	339,389
181~360 days	69,131	64,691	124,420
More than 361 days	<u>93,596</u>	<u>118,522</u>	<u>64,442</u>
Total	<u>\$ 1,045,305</u>	<u>\$ 2,229,438</u>	<u>\$ 2,253,194</u>

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

	January 1~September 30, 2020	January 1~September 30, 2019
Beginning balance	\$ 103,207	\$ 104,195
Add: Reversal of impairment loss in the current period	(23,249)	(9,563)
Exchange difference	(<u>581</u>)	(<u>1,555</u>)
Ending balance	<u>\$ 79,377</u>	<u>\$ 93,077</u>

X. Inventories (Applicable to Construction Industry)

	September 30, 2020	December 31, 2019	September 30, 2019
Xinzhi Section, Xinzhuang District	<u>\$ 465,926</u>	<u>\$ 463,577</u>	<u>\$ 463,577</u>

The combined company acquired the land at Xinzhi Section, Xinzhuang District, New Taipei City 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

	September 30, 2020	December 31, 2019	September 30, 2019
Prepayments for construction contracts	\$ 54,774	\$ 44,985	\$ 66,759
Tax overpaid retained	15,394	6,597	11,090
Prepaid insurance	5,021	4,556	5,517
Prepayments for purchases	746	358,750	497,903
Others	6,643	4,706	6,867
	<u>\$ 82,578</u>	<u>\$ 419,594</u>	<u>\$ 588,136</u>

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
			September 30, 2020	December 31, 2019	September 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%	
	Golden Canyon Venture Capital Investment Co., Ltd. (Golden Canyon Venture Capital)	Venture capital	100%	-	-	(Note 3)
	Chien Kuo Construction Consultant (Kunshan) Co., Ltd. (Chien Kuo Construction Consultant)	Engineering technology; procurement planning; installation consultation	(Note 4)	100%	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%	
Subsidiaries of Golden Canyon and Silver Shadow	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%	Please refer to Note XVII.

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Name of Investor	Name of Subsidiary	Business Activities	Percentage of Ownership			Explanation
			September 30, 2020	December 31, 2019	September 30, 2019	
	Nantong Chien Cheng Concrete Co., Ltd. (Nantong Chien Cheng)	Production and sale of concrete and concrete products	-	-	-	Please refer to Note XXIV.
	Chien Ya (Nantong) Information Technology Co., Ltd. (Chien Ya Nantong)	Computer software technology development and consultation	(Note 6)	(Note 6)	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 7)
	Chien Ya (Wuxi) Information Technology Consultant Co., Ltd. (Chien Ya Wuxi)	Computer software technology development and consultation	100%	-	-	(Note 8)

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

- (1) Non-material subsidiaries not reviewed by independent auditors on September 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. On August 17, 2020, the combined company disposed of the remaining equity interest in WeBIM Services.
- (3) Golden Canyon Venture Capital was established on August 17, 2020 as a wholly-owned subsidiary of the Company.
- (4) The liquidation of Chien Kuo Construction Consultant was completed on May 20, 2020.
- (5) The liquidation of Hong Kong Fast Dragon was completed on December 27, 2019.
- (6) The liquidation of Chien Ya Nantong was completed on December 6, 2019.
- (7) Chien Ya Suzhou was established as a spin off from Suzhou Chien Hua.
- (8) Chien Ya Wuxi was established as a spin off from Wuxi Chien Bang.

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

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

(I) Discontinued operations

On August 12, 2020, the combined company entered into a contract to dispose of Wuxi Chien Bang, a subsidiary responsible for concrete business of the combined company. No impairment loss was recognized in respect of the subsidiary classified

as held for sale because the selling price exceeded the carrying amount of the relevant net assets. The disposal of the subsidiary in charge of concrete business is consistent with the combined company's long-term business strategy with the focus on construction. As the subsidiary meets the definition of a discontinued operation, it is expressed as a discontinued operation.

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

	July 1~September 30, 2020	July 1~September 30, 2019	January 1~September 30, 2020	January 1~September 30, 2019
Sales revenue	\$ 66,061	\$ 253,657	\$ 449,480	\$ 1,291,024
Cost of sales	(63,651)	(224,151)	(410,669)	(1,124,688)
Gross profit	2,410	29,506	38,811	166,336
Selling expenses	(4,926)	(13,604)	(16,619)	(30,584)
Administrative expenses	(2,495)	(16,601)	(5,036)	(37,195)
Net operating income	(5,011)	(699)	17,156	98,557
Other income	2,089	11,594	4,466	26,898
Other gains and losses	877	2,569	3,295	42,737
Finance costs	345	(1,192)	(599)	(621)
Income (loss) before income tax	(1,700)	12,272	24,318	167,571
Income tax benefit (expense)	375	(8,467)	(1,935)	(41,092)
Gain (loss) from discontinued operations	(\$ 1,325)	\$ 3,805	\$ 22,383	\$ 126,479
Gain (loss) from discontinued operations Attributable to:				
Owners of the parent	(\$ 1,325)	\$ 3,805	\$ 22,383	\$ 126,479
Non-controlling interests	(\$ 1,325)	\$ 3,805	\$ 22,383	\$ 126,479
Cash flows				
Operating activities	\$ 38,437	\$ 326,179	\$ 772,310	\$ 405,897
Investing activities	196	168,881	(66,959)	156,080
Financing activities	(360,316)	(211,761)	(632,588)	(214,696)
Net cash flows generated (used)	(\$ 321,683)	\$ 283,299	\$ 72,763	\$ 347,281

(II) Non-current assets held for sale

1. 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. As of December 31, 2019 and September 30, 2019, NT\$126,384 thousand (RMB 29,409 thousand) and NT\$118,492 thousand (RMB 27,000 thousand) were received, respectively. 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	September 30, 2019
Cash	\$ 87,403	\$ 172,652
Property, plant, and equipment	<u>53,322</u>	<u>53,045</u>
Total non-current assets held for sale	<u>\$ 140,725</u>	<u>\$ 225,697</u>
Notes payable	\$ -	\$ 15,141
Accounts payable	-	60,058
Other payables	1,454	4,041
Other current liabilities	<u>-</u>	<u>5,640</u>
Liabilities directly associated with non-current assets held for sale	<u>\$ 1,454</u>	<u>\$ 84,880</u>
Equity directly associated with non-current assets held for sale	<u>(\$ 26,848)</u>	<u>(\$ 64,783)</u>

2. The Board of Directors of the combined company resolved to sell the equity of Wuxi Chien Bang to Wuxi De Kai New Material Technology Co., Ltd. (De Kai) on July 30, 2020. Both parties entered into an equity transfer agreement on August 12, 2020. As of September 30, 2020, NT\$547,700 thousand (RMB 128,174 thousand) was received in advance. The terms and conditions of the equity transfer agreement are as follows:

- (1) The transfer of assets shall be set on September 14, 2020. The date of transfer of equity shall be the date of change in the registered stockholder of Wuxi Chien Bang to De Kai;
- (2) The total price of the transfer of equity shall be not less than RMB 126,000 thousand, including accounts receivable, inventories, property, plant, and equipment, and remaining assets other than cash or cash equivalents;
- (3) The liabilities incurred by Wuxi Chien Bang prior to the date of transfer of assets shall be disposed of by Wuxi Chien Bang prior to the date of transfer of equity;
- (4) The profit or loss incurred by Wuxi Chien Bang prior to the date of transfer of business shall belong to the combined company; and
- (5) If force majeure events occur after the date of transfer of assets, making the equity transfer agreement unfulfillable, De Kai shall return the fixed assets of Wuxi Chien Bang to the combined company in their original state as of the date of transfer of assets within 15 days after the termination of the contract. Upon receipt and inspection, the combined company shall refund the received amount without interest minus the annual usage fee of RMB 3,000 thousand.

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

	<u>September 30, 2020</u>
Accounts receivable	\$ 390,567
Other receivables	1,692
Inventories	7,592
Prepayments	21,376
Other current assets	378
Property, plant, and equipment	76,457
Right-of-use assets	<u>4,301</u>
Total non-current assets held for sale	<u>\$ 502,363</u>
Accounts payable	\$ 34,750
Other payables	19,343
Contract liabilities - current	21,326
Other current liabilities	<u>307</u>
Liabilities directly associated with non-current assets held for sale	<u>\$ 75,726</u>
Equity directly associated with non-current assets held for sale	(\$ <u>102,954</u>)

3. Due to the government's need to expropriate the plants and attachments for public construction, Yangzhou Chien Yung entered into a demolition agreement on August 18, 2020 and received the first installment of NT\$46,765 thousand (RMB 10,944 thousand) in September 2020. The disposal of Yangzhou Chien Yung is expected to be completed at the end of December 2020.

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

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

As the selling price of NT\$93,533 thousand (RMB 21,889 thousand) exceeded the carrying amount of the relevant net assets, no impairment loss was recognized when such assets were classified as non-current assets held for sale.

XIV. Property, Plant, and Equipment

	September 30, 2020	December 31, 2019	September 30, 2019
Land	\$ 15,742	\$ 15,742	\$ 15,742
Buildings	552	39,658	41,375
Machinery	1,024	23,685	24,475
Transportation equipment	1,976	4,456	4,429
Office equipment	-	1,673	1,453
Leasehold improvements	8,217	10,133	11,044
Other equipment	7,348	30,695	28,946
	<u>\$ 34,859</u>	<u>\$ 126,042</u>	<u>\$ 127,464</u>

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 nine-month periods ended September 30, 2020 and 2019.

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

Buildings	
Main plant structure	61 years
Roof construction	22 years
Dock construction	22 years
Others	22 years
Leasehold improvements	1~6 years
Machinery	5~22 years
Transportation equipment	6~12 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 performance guarantee, please refer to Note XXIX.

XV. Lease Agreement

(I) Right-of-use assets

	September 30, 2020	December 31, 2019	September 30, 2019
Carrying amount of right-of-use assets			
Land	\$ -	\$ 15,285	\$ 15,714
Buildings	25,871	40,389	43,725
Transportation equipment	1,993	3,454	3,940
	<u>\$ 27,864</u>	<u>\$ 59,128</u>	<u>\$ 63,379</u>

	July 1~September 30, 2020	July 1~September 30, 2019	January 1~September 30, 2020	January 1~September 30, 2019
Additions in right-of-use assets			<u>\$ 12,532</u>	<u>\$ 1,847</u>
Depreciation expense of right-of-use assets				
Land	\$ -	\$ 144	\$ -	\$ 1,497
Buildings	2,331	2,977	7,515	8,917
Transportation equipment	487	468	1,461	1,299
	<u>\$ 2,818</u>	<u>\$ 3,589</u>	<u>\$ 8,976</u>	<u>\$ 11,713</u>

In May 2019, the combined company applied to the National Property Administration of the Ministry of Finance for termination of the superficies for the land located in Miaoshou Section, Anping District, Tainan City. Such superficies was terminated and acknowledged in August 2019. The right-of-use assets of NT\$181,607 thousand had been derecognized and a gain on lease modification of NT\$198 thousand recognized. The combined company received the refunded right-of-use consideration of NT\$130,660 thousand on October 16, 2019.

(II) Lease liabilities

	September 30, 2020	December 31, 2019	September 30, 2019
Carrying amount of lease liabilities			
Current (recognized in other current liabilities)	<u>\$ 9,777</u>	<u>\$ 13,010</u>	<u>\$ 13,537</u>
Non-current (recognized in other non-current liabilities)	<u>\$ 18,383</u>	<u>\$ 31,204</u>	<u>\$ 34,430</u>

The discount rate ranges of lease liabilities are as follows:

	September 30, 2020	December 31, 2019	September 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

	July 1~September 30, 2020	July 1~September 30, 2019	January 1~September 30, 2020	January 1~September 30, 2019
Short-term lease expense	<u>\$ 1,321</u>	<u>\$ 685</u>	<u>\$ 3,621</u>	<u>\$ 2,638</u>
Total cash outflow on lease			<u>\$ 12,464</u>	<u>\$ 13,951</u>

XVI. Investment Property

	September 30, 2020	December 31, 2019	September 30, 2019
Land	\$ 104,327	\$ 139,130	\$ 139,130
Buildings	16,835	33,428	32,625
Parking space	1,740	2,869	2,884
	<u>\$ 122,902</u>	<u>\$ 175,427</u>	<u>\$ 174,639</u>
Fair Value	<u>\$ 146,321</u>	<u>\$ 201,774</u>	<u>\$ 194,531</u>

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

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Secured loans (Note XXIX)</u>			
Credit line loans	<u>\$ -</u>	<u>\$ 41,750</u>	<u>\$ -</u>
Annual interest rate	-	4.57%	-
<u>Unsecured loans</u>			
Credit line loans	<u>\$ 60,000</u>	<u>\$ 12,000</u>	<u>\$ 30,000</u>
Annual interest rate	1.40%~1.45%	1.68%	1.70%

(II) Long-term loans

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Secured loans (Note XXIX)</u>			
Syndicated loans (1)	\$ -	\$ -	\$ 150,000
Bank loans (2)	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>
	350,000	350,000	500,000
Less: Current portion	<u>-</u>	<u>-</u>	<u>(150,000)</u>
Subtotal	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>

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	September 30, 2020	December 31, 2019	September 30, 2019
<u>Unsecured loans</u>			
Long-term commercial papers payable (3)	\$ 600,000	\$ 600,000	\$ 600,000
Less: Discount on long-term commercial papers payable	(911)	(1,009)	(1,035)
	599,089	598,991	598,965
Less: Current portion	(299,498)	-	-
Subtotal	299,591	598,991	598,965
Long-term loans	<u>\$ 649,591</u>	<u>\$ 948,991</u>	<u>\$ 948,965</u>
Annual interest rate	1.35%~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 (including depreciation expenses, amortization expenses and 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\$150,000 thousand 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 shall 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:

September 30, 2020

Guarantor/Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Interest Rate Range	Collateral
Shanghai Commercial and Savings Bank	\$ 300,000	(\$ 493)	\$ 299,507	1.648%	None
Entie Commercial Bank	150,000	(255)	149,745	1.678%	None
Mega International Commercial Bank	150,000	(163)	149,837	1.375%	None
	<u>\$ 600,000</u>	<u>(\$ 911)</u>	<u>\$ 599,089</u>		

December 31, 2019

Guarantor/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
	<u>\$ 600,000</u>	<u>(\$ 1,009)</u>	<u>\$ 598,991</u>		

September 30, 2019

Guarantor/Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Interest Rate Range	Collateral
Shanghai Commercial and Savings Bank	\$ 300,000	(\$ 539)	\$ 299,461	1.648%	None
Entie Commercial Bank	150,000	(280)	149,720	1.678%	None
Mega International Commercial Bank	150,000	(216)	149,784	1.488%	None
	<u>\$ 600,000</u>	<u>(\$ 1,035)</u>	<u>\$ 598,965</u>		

XVIII. Accounts Payable

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

XIX. Equity

(I) Capital

	September 30, 2020	December 31, 2019	September 30, 2019
Number of authorized shares (in 1,000 shares)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Authorized capital	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of issued and paid shares (in 1,000 shares)	<u>257,440</u>	<u>267,440</u>	<u>267,440</u>
Issued capital	<u>\$ 2,574,401</u>	<u>\$ 2,674,401</u>	<u>\$ 2,674,401</u>

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

To 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 FSC 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.

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

(II) Additional paid-in capital

	September 30, 2020	December 31, 2019	September 30, 2019
<u>May be used to offset deficits, appropriated as cash dividends, or transferred to capital (1)</u>			
Stock issuance premium	\$ 190,053	\$ 197,435	\$ 197,435
Treasury stock transactions	13,528	3,914	3,914
Difference between prices of shares acquired from subsidiaries and book value	993	-	-
<u>May only be used to offset deficits</u>			

	September 30, 2020	December 31, 2019	September 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	<u>205</u>	<u>205</u>	<u>205</u>
	<u>\$ 204,852</u>	<u>\$ 201,627</u>	<u>\$ 201,627</u>

- (1) This type of additional paid-in capital may be used to offset deficits, if any, or to appropriate 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, shall be used to pay off all the taxes and duties, as well as to compensate prior years' deficits. The remaining amount, if any, shall be appropriated in the following order:

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

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

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

The Company appropriates and reverses special reserve in accordance with the regulations in Jin-Guan-Zheng-Fa 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 to the appropriation of earnings.

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

The Company's 2019 and 2018 earnings appropriations 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 Item	Repurchase for Retirement (in Thousand Shares)
Number of shares as of January 1, 2020	\$ -
Increase	10,000
Retirement	(10,000)
Number of shares as of September 30, 2020	\$ -

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

XX. Revenue

(I) Revenue from contracts with customers

	July 1~September 30, 2020	July 1~September 30, 2019	January 1~September 30, 2020	January 1~September 30, 2019
Construction revenue	\$ 1,787,587	\$ 1,155,711	\$ 5,034,263	\$ 3,330,907
Others	90	91	270	1,416
	<u>\$ 1,787,677</u>	<u>\$ 1,155,802</u>	<u>\$ 5,034,533</u>	<u>\$ 3,332,323</u>

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

(II) Contract balance

	September 30, 2020		December 31, 2019		September 30, 2019	
	Construction Segment	Discontinued Segment	Construction Segment	Discontinued Segment	Construction Segment	Discontinued Segment
Accounts receivable (Note IX)	\$ 598,461	\$ 367,467	\$ 587,678	\$ 1,538,553	\$ 434,858	\$ 1,725,259
Contract assets						
Real estate construction	\$ 1,263,516	\$ -	\$ 654,002	\$ -	\$ 810,799	\$ -
Construction retainage receivable	778,281	-	644,878	-	598,436	-
	<u>\$ 2,041,797</u>	<u>\$ -</u>	<u>\$ 1,298,880</u>	<u>\$ -</u>	<u>\$ 1,409,235</u>	<u>\$ -</u>
Contract liabilities						
Real estate construction	\$ 322,954	\$ -	\$ 250,748	\$ -	\$ 148,061	\$ -
Receipts in advance	-	-	-	10,278	-	10,548
	<u>\$ 322,954</u>	<u>\$ -</u>	<u>\$ 250,748</u>	<u>\$ 10,278</u>	<u>\$ 148,061</u>	<u>\$ 10,548</u>

XXI. Net Income from Continuing Operations

(I) Other income

	July 1~September 30, 2020	July 1~September 30, 2019	January 1~September 30, 2020	January 1~September 30, 2019
Interest income	\$ 8,117	\$ 11,292	\$ 30,545	\$ 38,922
Dividend income	22,905	26,178	23,397	26,178
Others	575	7,248	6,726	11,290
Less: Discontinued operations	(2,089)	(11,594)	(4,466)	(26,898)
	<u>\$ 29,508</u>	<u>\$ 33,124</u>	<u>\$ 56,202</u>	<u>\$ 49,492</u>

(II) Other gains and losses

	July 1~September 30, 2020	July 1~September 30, 2019	January 1~September 30, 2020	January 1~September 30, 2019
Net gain on disposal of subsidiaries	\$ -	\$ -	\$ 100,213	\$ 34,635
Loss on foreign currency exchange, net	(7,172)	(8,774)	(13,212)	(6,657)
Valuation gains (losses) on financial assets measured at fair value through profit or loss	(2,764)	999	(5,942)	5,288
Gains on disposal of associates, net	3,510	-	3,510	-
Impairment loss of investment property	-	-	(2,252)	-
Loss on disposal of investment property	-	(1,146)	(1,838)	(1,146)
Loss on disposal of property, plant, and equipment, net	(950)	4,796	(950)	4,121
Others	(398)	53	(2,068)	(3,166)
Less: Discontinued operations	(877)	(2,569)	(3,295)	(42,737)
	<u>(\$ 8,651)</u>	<u>(\$ 6,641)</u>	<u>\$ 74,166</u>	<u>(\$ 9,662)</u>

(III) Finance costs

	July 1~September 30, 2020	July 1~September 30, 2019	January 1~September 30, 2020	January 1~September 30, 2019
Interest expenses				
Bank loans	\$ 2,700	\$ 4,798	\$ 8,637	\$ 13,049
Interest on lease liabilities	127	282	448	1,157
Less: Discontinued operations	<u>345</u>	<u>(1,192)</u>	<u>(599)</u>	<u>(621)</u>
	<u>\$ 3,172</u>	<u>\$ 3,888</u>	<u>\$ 8,486</u>	<u>\$ 13,585</u>

(IV) Depreciation and amortization

	July 1~September 30, 2020	July 1~September 30, 2019	January 1~September 30, 2020	January 1~September 30, 2019
Property, plant, and equipment	\$ 3,344	\$ 3,925	\$ 10,037	\$ 15,861
Right-of-use assets	2,886	3,707	9,213	12,074
Investment property	260	300	817	998
Intangible assets	<u>239</u>	<u>364</u>	<u>907</u>	<u>1,408</u>
Total	<u>\$ 6,729</u>	<u>\$ 8,296</u>	<u>\$ 20,974</u>	<u>\$ 30,341</u>
Depreciation expenses by function				
Operating costs	\$ 475	\$ 358	\$ 1,350	\$ 2,060
Operating expenses	3,856	4,394	12,107	13,074
Other gains and losses	250	291	788	970
Discontinued operations	<u>1,909</u>	<u>2,889</u>	<u>5,822</u>	<u>12,829</u>
	<u>\$ 6,490</u>	<u>\$ 7,932</u>	<u>\$ 20,067</u>	<u>\$ 28,933</u>
Amortization expenses by function				
Operating costs	\$ -	\$ -	\$ -	\$ -
Operating expenses	239	364	907	1,408
Discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 239</u>	<u>\$ 364</u>	<u>\$ 907</u>	<u>\$ 1,408</u>

(V) Employee benefit expense

	July 1~September 30, 2020	July 1~September 30, 2019	January 1~September 30, 2020	January 1~September 30, 2019
Short-term employee benefits	\$ 103,143	\$ 120,227	\$ 340,673	\$ 369,292
Post-employment benefits				
Defined contribution plans	4,477	5,606	13,899	19,916
Defined benefit plans	172	177	512	553
Termination benefits	<u>12,251</u>	<u>26,714</u>	<u>12,347</u>	<u>27,690</u>
	<u>\$ 120,043</u>	<u>\$ 152,724</u>	<u>\$ 367,431</u>	<u>\$ 417,451</u>
By function				
Operating costs	\$ 70,949	\$ 60,283	\$ 199,840	\$ 177,541
Operating expenses	29,504	51,549	116,211	151,457
Discontinued operations	<u>19,590</u>	<u>40,892</u>	<u>51,380</u>	<u>88,453</u>
	<u>\$ 120,043</u>	<u>\$ 152,724</u>	<u>\$ 367,431</u>	<u>\$ 417,451</u>

(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 compensation to employees, and less than 3% of such income as remuneration to directors. Compensation to employees and remuneration to directors estimated for the three-month periods from July 1 to September 30, 2020 and 2019 and for the nine-month periods ended September 30, 2020 and 2019 are as follows:

	July 1~September 30, 2020		July 1~September 30, 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Employee compensation	<u>\$ 2,859</u>	3%	<u>\$ 1,687</u>	3%
Director remuneration	<u>\$ 2,859</u>	3%	<u>\$ 1,687</u>	3%
	January 1~September 30, 2020		January 1~September 30, 2019	
	Amount	Percentage (%)	Amount	Percentage (%)
Employee compensation	<u>\$ 10,103</u>	3%	<u>\$ 6,117</u>	3%
Director remuneration	<u>\$ 10,103</u>	3%	<u>\$ 6,117</u>	3%

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

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	<u>7,799</u>	3%	<u>9,200</u>	3%
	<u>\$ 15,598</u>		<u>\$ 18,400</u>	

There is no discrepancy between the amounts actually distributed as compensation to employees and remuneration to directors for 2019 and 2018 and the amounts recognized in 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 on the Market Observation Post System website of Taiwan Stock Exchange Corporation.

XXII. Income Tax

(I) Income tax recognized in profit or loss

Major components of income tax expenses are as follows:

	July 1~September 30, 2020	July 1~September 30, 2019	January 1~September 30, 2020	January 1~September 30, 2019
Current period income tax				
Income tax expenses recognized in the period	\$ 93,781	\$ 44,716	\$ 143,780	\$ 47,203
Additional tax on unappropriated earnings	-	-	2,728	1,459
Adjustments for prior years	-	-	20	(1,826)
	<u>93,781</u>	<u>44,716</u>	<u>146,528</u>	<u>46,836</u>
Deferred income tax				
Income tax expenses recognized in the period	(97,231)	(39,144)	(85,046)	(9,343)
Income tax expenses recognized in profit or loss	(\$ 3,450)	\$ 5,572	\$ 61,482	\$ 37,493

(II) Income tax recognized in other comprehensive income

	July 1~September 30, 2020	July 1~September 30, 2019	January 1~September 30, 2020	January 1~September 30, 2019
<u>Deferred income tax</u>				
Income tax expenses recognized in the period				
-Exchange differences on translation of financial statements of foreign operations	\$ 1,486	(\$ 14,825)	(\$ 9,177)	(\$ 1,793)

(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.	2019

XXIII. Earnings per Share

	Unit: NT\$			
	July 1~September 30, 2020	July 1~September 30, 2019	January 1~September 30, 2020	January 1~September 30, 2019
Basic earnings per share				
From continuing operations	\$ 0.38	\$ 0.13	\$ 0.99	\$ 0.08
From discontinued operations	(0.01)	0.01	0.08	0.39
Total basic earnings per share	<u>\$ 0.37</u>	<u>\$ 0.14</u>	<u>\$ 1.07</u>	<u>\$ 0.47</u>
Diluted earnings per share				
From continuing operations	\$ 0.38	\$ 0.13	\$ 0.98	\$ 0.08
From discontinued operations	(0.01)	0.01	0.09	0.38
Total basic earnings per share	<u>\$ 0.37</u>	<u>\$ 0.14</u>	<u>\$ 1.07</u>	<u>\$ 0.46</u>

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

Net income

	July 1~September 30, 2020	July 1~September 30, 2019	January 1~September 30, 2020	January 1~September 30, 2019
Net income attributable to owners of the parent	\$ 95,802	\$ 45,479	\$ 280,308	\$ 154,566
Less: Net income from discontinued operations used for calculation of basic earnings per share of discontinued operations	<u>1,325</u>	(<u>3,805</u>)	(<u>22,383</u>)	(<u>126,479</u>)
Net income from continuing operations used for calculation of basic/diluted earnings per share of continuing operations	<u>\$ 97,127</u>	<u>\$ 41,674</u>	<u>\$ 257,925</u>	<u>\$ 28,087</u>

Number of shares

	Unit: Thousand shares			
	July 1~September 30, 2020	July 1~September 30, 2019	January 1~September 30, 2020	January 1~September 30, 2019
Weighted average number of shares of common stock used for calculation of basic earnings per share	257,440	328,486	261,663	332,341
Effect of potentially dilutive shares of common stock:				
Employee compensation	<u>890</u>	<u>612</u>	<u>1,210</u>	<u>903</u>
Weighted average number of shares of common stock used for calculation of diluted earnings per share	<u>258,330</u>	<u>329,098</u>	<u>262,873</u>	<u>333,244</u>

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\$256,119 thousand (RMB 60,620 thousand), NT\$133,643 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	\$ 13,864	\$ 2,296	\$ 16,204
Notes and accounts receivable	138,005	9,399	6,146
Other receivables	59,925	38,794	-
Inventories	11,624	255	-
Prepayments	2,207	293	-
Other current assets	-	268	-
Non-current assets			
Property, plant, and equipment	52,423	27,571	328
Right-of-use assets	4,453	-	-
Deferred tax assets	-	-	283
Other non-current assets	-	12,491	577
Current liabilities			
Notes payable	(11,102)	-	-
Other payables	(144,009)	(2,090)	(4,562)
Deferred tax liabilities	-	-	(28)
Other current liabilities	-	(9,410)	(103)
Net assets disposed of	<u>\$ 127,390</u>	<u>\$ 79,867</u>	<u>\$ 18,845</u>

(II) Gains (losses) on disposal of subsidiaries

	Suzhou Chien Hua	Nantong Chien Cheng	WeBIM Services
Consideration received	\$ 256,119	\$ 133,643	\$ 5,500
Net assets disposed of (100% for Suzhou Chien Hua and Nantong Chien Cheng and 76.5% for WeBIM Service)	(127,390)	(79,867)	(14,417)
Remaining equity recognized 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	(28,516)	(18,770)	-
Gains (losses) on disposal	<u>\$ 100,213</u>	<u>\$ 35,006</u>	<u>(\$ 371)</u>

(III) Net cash outflow on disposal of subsidiaries

	Suzhou Chien Hua	Nantong Chien Cheng	WeBIM Services
Consideration received in cash and cash equivalents	\$ 256,119	\$ 133,643	\$ 5,500
Less: Receipts in advance - beginning of year	(126,383)	(133,643)	-
Less: Balance of cash and cash equivalents disposed of	(13,864)	(2,296)	(16,204)
	<u>\$ 115,872</u>	<u>(\$ 2,296)</u>	<u>(\$ 10,704)</u>

XXV. Equity Transactions with Non-controlling Interests

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

As the above-mentioned transaction did not change the control over the subsidiary, the combined company treated the transaction as an equity transaction.

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

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

September 30, 2020

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

Financial assets at fair value through other comprehensive income

Domestic listed stocks	<u>\$ 384,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 384,149</u>
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December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Domestic funds	\$ 120,073	\$ -	\$ -	\$ 120,073
Private equity funds	-	-	75,969	75,969
Total	<u>\$ 120,073</u>	<u>\$ -</u>	<u>\$ 75,969</u>	<u>\$ 196,042</u>

Financial assets at fair value through other comprehensive income

Domestic listed stocks	<u>\$ 460,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 460,393</u>
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Financial assets for hedging

Forward exchange contracts	<u>\$ -</u>	<u>\$ 1,011</u>	<u>\$ -</u>	<u>\$ 1,011</u>
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September 30, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Private equity funds	\$ -	\$ -	\$ 74,461	\$ 74,461
<u>Financial assets at fair value through other comprehensive income</u>				
Domestic listed stocks	\$ 403,601	\$ -	\$ -	\$ 403,601
<u>Financial assets for hedging</u>				
Forward exchange contracts	\$ -	\$ 7,080	\$ -	\$ 7,080

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

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

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

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

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

The unobservable inputs applied by the combined company were a 10% discount for lack of liquidity and a 10% discount for minority interest on September 30, 2020, December 31, 2019 and September 30, 2019. When other inputs are held constant, a 1% discount would decrease the fair value by NT\$1,669 thousand, NT\$844 thousand, and NT\$790 thousand, respectively.

(III) Types of financial instruments

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Financial assets</u>			
Measured at fair value through profit or loss			
Mandatorily measured at fair value through profit or loss	\$ 487,463	\$ 196,042	\$ 74,461
Financial assets for hedging	-	1,011	7,080
Financial assets at amortized cost (Note 1)	4,553,641	5,099,868	5,495,840
Financial assets at fair value through other comprehensive income			
Investment in equity instrument	384,149	460,393	403,601
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	2,989,857	3,094,142	3,742,655

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

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

(IV) Financial risk management objectives and policies

The daily operations of the combined company are subject to a number of financial risks, including market risk (including 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.

The risk management is carried out by the finance department of the combined company 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 of the 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~September 30, 2020	January 1~September 30, 2019
RMB	\$ 3,038	\$ 1,679
USD	7,201	1,403

Hedge accounting

In order to reduce the cash flow risk exposure due to proceeds derived from disposal of subsidiaries, the combined company enters 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

Unit: Thousands of New Taiwan Dollars/Foreign Currency						
Hedging Instrument	Currency	Contract Amount	Maturity Date	Balance Sheet Item	Carrying Amount	
					Assets	Liabilities
Cash flow hedges						
Forward exchange contracts	RMB/USD	RMB 60,000/USD 8,617	June 2020	Financial assets for hedging	\$ 1,011	\$ -

September 30, 2019

Unit: Thousands of New Taiwan Dollars/Foreign Currency						
Hedging Instrument	Currency	Contract Amount	Maturity Date	Balance Sheet Item	Carrying Amount	
					Assets	Liabilities
Cash flow hedges						
Forward exchange contracts	RMB/USD	RMB 60,000/USD 8,617	June 2020	Financial assets for hedging	\$ 7,080	\$ -

For the above forward exchange contracts designated as hedging instruments for cash flow hedges, a hedging loss of NT\$1,042 thousand and NT\$7,085 thousand was recognized in other comprehensive income for the nine months ended September 30, 2020 and 2019, respectively.

(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:

	September 30, 2020	December 31, 2019	September 30, 2019
Fair value interest rate risk			
- Financial assets	\$ 2,743,216	\$ 2,070,531	\$ 1,486,883
- Financial liabilities	507,412	547,165	647,148
Cash flow interest rate risk			
- Financial assets	737,388	676,954	1,513,999
- Financial liabilities	529,837	499,790	529,784

Sensitivity analysis

The sensitivity analysis below is based on the exposure to interest rate risk of derivatives and non-derivatives 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\$1,557 thousand and NT\$7,382 thousand for the nine-month periods ended September 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 nine-month period ended September 30, 2020, if equity prices rise/fall by 10%, income before income tax would increase/decrease by NT\$48,746 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\$38,415 thousand due to the increase/decrease in the fair value of financial assets at fair value through other comprehensive income.

For the nine-month period ended September 30, 2019, if equity prices rise/fall by 10%, income before income tax would increase/decrease by NT\$7,446 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\$40,360 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.

September 30, 2020

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

December 31, 2019

	<u>Less than 1 Year</u>	<u>1~2 Year(s)</u>	<u>2~5 Years</u>
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
	<u>\$ 2,082,731</u>	<u>\$ 381,949</u>	<u>\$ 675,550</u>

September 30, 2019

	<u>Less than 1 Year</u>	<u>1~2 Year(s)</u>	<u>2~5 Years</u>
Non-interest-bearing liabilities	\$ 2,507,036	\$ 97,878	\$ 8,776
Lease liabilities	14,245	12,716	22,323
Fixed interest rate instruments	150,000	149,720	299,461
Floating interest rate instruments	30,000	-	499,784
	<u>\$ 2,701,281</u>	<u>\$ 260,314</u>	<u>\$ 830,344</u>

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

(3) Line of credit

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Unsecured bank loan facilities			
- Amount withdrawn	\$ 660,000	\$ 612,000	\$ 630,000
- Amount unused	1,636,429	1,489,817	1,518,261
	<u>\$ 2,296,429</u>	<u>\$ 2,101,817</u>	<u>\$ 2,148,261</u>
Secured bank loan facilities			
- Amount withdrawn	\$ 350,000	\$ 391,750	\$ 500,000
- Amount unused	100,000	273,123	100,000
	<u>\$ 450,000</u>	<u>\$ 664,873</u>	<u>\$ 600,000</u>

(V) Transfer of financial assets

The combined company has transferred with endorsement a part of its banker's accepted draft receivable in mainland China to suppliers for the purpose of paying off its accounts payable. 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 payable. 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\$132,848 thousand, NT\$323,907 thousand, and NT\$244,205 thousand as of September 30, 2020, December 31, 2019, and September 30, 2019, and will be due within 5 months, 9 months, and 10 months after the balance sheet date, respectively. Having considered the credit risks of such derecognized drafts, the combined company determines that the fair value of its continuing involvement is immaterial.

As of the nine-month periods ended September 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

<u>Name of Related Party</u>	<u>Relationship with the Combined Company</u>
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.
Meng-chung LEE	Chairman of WeBIM Services
Tzu-chiang YANG	Director of the Company
Pang-yen YANG	Director of the Company

(II) Other related party transactions

1. Construction costs

<u>Category of Related Party</u>	<u>July 1~September 30, 2020</u>	<u>July 1~September 30, 2019</u>	<u>January 1~September 30, 2020</u>	<u>January 1~September 30, 2019</u>
Associate	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,124</u>	<u>\$ 1,573</u>

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

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 Party	January 1~September 30, 2020	January 1~September 30, 2019
<u>Acquisition of right-of-use assets</u>		
Other related parties	\$ 12,532	\$ -

Accounting Subject	Category of Related Party	September 30, 2020	December 31, 2019	September 30, 2019
Lease liabilities	Other related parties	\$ 10,906	\$ 21,847	\$ 23,165

Category of Related Party	July 1~September 30, 2020	July 1~September 30, 2019	January 1~September 30, 2020	January 1~September 30, 2019
<u>Interest expenses</u>				
Other related parties	\$ 46	\$ 97	\$ 182	\$ 308
<u>Lease expenses</u>				
Other related parties	\$ 18	\$ 18	\$ 63	\$ 54

3. Lease agreement (operating lease)

The combined company rents the office out to other related parties based on the local rental standards. The fixed rent is collected on a monthly basis according to the lease agreement.

Category of Related Party	July 1~September 30, 2020	July 1~September 30, 2019	January 1~September 30, 2020	January 1~September 30, 2019
<u>Rent income</u>				
Other related parties	\$ 286	\$ -	\$ 857	\$ -

4. Equity transactions

The combined company sold 49% and 27.5% of the equity of WEBIM Services to the chairman of WEBIM Services on August 17, 2020 and January 22, 2019, respectively. The proceeds from disposal were NT\$12,250 thousand and NT\$5,500 thousand, respectively.

5. Donations

Category of Related Party	July 1~September 30, 2020	July 1~September 30, 2019	January 1~September 30, 2020	January 1~September 30, 2019
Other related parties	\$ -	\$ 1,800	\$ 1,800	\$ 1,800

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

6. Acquisition of financial assets

In April 2019, the combined company invested NT\$18,624 thousand (US\$600 thousand) in CSVI VENTURES, L.P. The chief decision maker of the fund is the Company's director.

(III) Remuneration to key management

	July 1~September 30, 2020	July 1~September 30, 2019	January 1~September 30, 2020	January 1~September 30, 2019
Short-term employee benefits	\$ 10,025	\$ 8,948	\$ 27,687	\$ 27,320
Post-employment benefits	<u>337</u>	<u>286</u>	<u>896</u>	<u>889</u>
	<u>\$ 10,362</u>	<u>\$ 9,234</u>	<u>\$ 28,583</u>	<u>\$ 28,209</u>

XXIX. Pledged Assets

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

	September 30, 2020	December 31, 2019	September 30, 2019
Land held for construction	\$ 463,577	\$ 463,577	\$ 463,577
Financial assets at fair value through other comprehensive income - non-current	119,413	133,177	116,777
Pledged certificates of deposit (recognized in other current assets)	5,820	146,918	358,580
Investment property	31,118	31,548	31,691
Property, plant, and equipment	6,228	16,382	17,033
Right-of-use assets	-	4,414	4,541
Other restricted assets (recognized in other current assets)	<u>13,897</u>	<u>8,833</u>	<u>8,833</u>
	<u>\$ 640,053</u>	<u>\$ 804,849</u>	<u>\$ 1,001,032</u>

XXX. Significant Contingent Liabilities and Unrecognized Contract Commitments

In addition to 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) (the "Project") undertaken by the Company was completed on December 16, 2016, and the Ministry of Culture of the Republic of China (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 (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. The first arbitration meeting was held on November 3, 2020. Since the arbitration process has just started, the results of the arbitration is yet to be evaluated.

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

In addition, Shing Tzung claimed that it had suffered loss from the incident and should have demanded compensation from the subcontractor responsible for constructing the diaphragm wall. However, Shing Tzung turned to the combined company for compensation for the incident because the subcontractor had

insufficient capital. The combined company had also suffered loss from the incident and, consequently, filed a claim against Shing Tzung for compensation (including expenses incurred by the combined company's participation in the repair work) and demanded that Shing Tzung return the promissory notes of performance guarantee to the combined company. Regarding the two lawsuits, the Kaohsiung Qiaotou District Court ruled that the combined company shall pay Shing Tzung NT\$10,477 thousand plus interest calculated at 5% per annum from July 8, 2015 to the settlement date and that Shing Tzung shall pay the combined company NT\$27,382 thousand plus interest calculated at 5% per annum from October 30, 2015 to the settlement date. Both parties appealed to the Kaohsiung Branch of Taiwan High Court within the statutory time limit.

- (III) On March 15, 2013, the combined company and Kingland Property Corporation Ltd. (Kingland, formerly known as DSG Technology Inc.) signed a construction contract, under which two parties covenanted to contract the combined company for the construction project named "Fu-yi River Residential Construction Project" on Land No. 440, Zhuangjing Section, Xindian District, New Taipei City. The combined company had completed the various stages of work as specified by the contract and, together with Kingland, completed the acceptance of the residential units and inspection of communal facilities. Due to a large portion of the residential units being unsold and thus the condominium management committee failed to be established, Kingland, by putting up various excuses, refused to make progress with any follow-up inspections or acceptance, and furthermore refused to make the remaining contract payments and additional payments due to the combined company. 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 September 30, 2020, the performance guarantee letters issued by the bank for construction projects of the combined company amounted to NT\$1,559,650 thousand.
- (V) As of September 30, 2020, the guaranteed bills issued by the combined company for business needs amounted to NT\$525,206 thousand.

XXXI. Others

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

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

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

Unit: Foreign currency/NT\$ thousand

September 30, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB	\$ 71,095	0.1468 (RMB:USD)	\$ 303,796
USD	24,744	29.1 (USD:NTD)	720,050
			<u>\$ 1,023,846</u>

December 31, 2019

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

September 30, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
RMB	\$ 38,264	0.1414 (RMB:USD)	\$ 167,925
USD	4,520	31.04 (USD:NTD)	140,301
			<u>\$ 308,226</u>

The unrealized gain or loss on foreign currency exchange of significance is as follows:

	July 1~September 30, 2020		July 1~September 30, 2019	
	Exchange Rate	Gain (Loss) on Foreign Currency Exchange, Net	Exchange Rate	Gain (Loss) on Foreign Currency Exchange, Net
<u>Financial assets</u>				
RMB	0.1430 (RMB:USD)	\$ 4,221	0.1459 (RMB:USD)	(\$ 5,478)
USD	29.82 (USD:NTD)	(9,774) (\$ 5,553)	31.06 (USD:NTD)	(1,281) (\$ 6,759)
	January 1~September 30, 2020		January 1~September 30, 2019	
	Exchange Rate	Gain (Loss) on Foreign Currency Exchange, Net	Exchange Rate	Loss on Foreign Currency Exchange, Net
<u>Financial assets</u>				
RMB	0.1430 (RMB:USD)	\$ 4,234	0.1459 (RMB:USD)	(\$ 9,846)
USD	29.82 (USD:NTD)	(9,774) (\$ 5,540)	31.06 (USD:NTD)	(1,281) (\$ 11,127)

XXXIII. 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 and the amount and proportion of shares held): Please refer to Appendix 9.

XXXIV. Segment Information

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

Chien Kuo Construction Co., Ltd. and Subsidiaries

Financing Provided to Others

For the Nine Months Ended September 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 \$ 842,454	40% of the parent's net worth \$ 1,684,908	
1	Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	Other receivables	Yes	245,459	239,294	239,294	5.00%	(1)	-	Operating capital	-	-	-	100% of the company's net worth 251,893	100% of the company's net worth 251,893	
2	Chien KuoBuilding 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 on September 30, 2020 (RMB\$1 = NT\$4.2731).

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

Appendix 2

Unit: NT\$ Thousands

No.	Name of Endorsement/Guarantee Provider	Guaranteed Party		Limit of Endorsement/Guarantee for a Single Entity (Note 2)	Maximum Balance for the Period	Endorsement and Guarantee Ending Balance	Amount Actually Withdrawn	Endorsement/Guarantee Secured with Collateral	Ratio of Cumulative Endorsement/Guarantee to Net Worth in the Latest Financial Statements	Limit of Endorsement/Guarantee (Note 2)	Guarantee Provided by the Parent to a Subsidiary	Guarantee Provided by a Subsidiary to the Parent	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	\$ 2,106,136	\$ 100,000	\$ 100,000	\$ 60,000	-	2.37%	\$ 4,212,271	Y	N	N	Financing endorsement/guarantee
0	Chien Kuo Construction Co. Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	Sub-subsidiary	2,106,136	448,293	-	-	-	-	4,212,271	Y	N	Y	Financing endorsement/guarantee

Disclosure:

Note 1: 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 stockholders' equity.

2. The limit on endorsements/guarantees made to other guaranteed parties should be 50% of net worth of stockholders' equity.

Note 2: The maximum endorsement/guarantee amount allowable is calculated as follows:

1. The maximum endorsement/guarantee amount allowable to the same trade should be 400% of net worth of stockholders' equity.

2. The maximum endorsement/guarantee amount allowable to other guaranteed parties should be 100% of net worth of stockholders' equity.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Marketable Securities Held at the End of the Period
September 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.	<u>Funds</u>							
	Wan Chan Venture Capital Co. Ltd.	—	Financial assets at fair value through profit or loss - non-current	1,800	\$ 17,100	4.92	\$ 17,100	—
	<u>Stock</u>							
	Chia Hsin Cement Corporation	—	Financial assets at fair value through other comprehensive income - current	1,114	17,497	0.14	17,497	—
	Taiwan Cement Corporation	—	Financial assets at fair value through other comprehensive income - non-current	6,191	256,309	0.11	256,309	(Note 2)
Golden Canyon Limited	Chia Hsin Cement Corporation	—	Financial assets at fair value through other comprehensive income - non-current	6,853	107,592	0.88	107,592	(Note 3)
	<u>Funds</u>							
	PVG GCN VENTURES, L.P.	—	Financial assets at fair value through profit or loss - non-current	-	22,599	5.00	22,599	—
	CSVV VENTURES, L.P.	(Note 1)	Financial assets at fair value through profit or loss - non-current	-	30,436	5.16	30,436	—
	<u>Stock</u>							
Silver Shadow Holdings Limited	Chia Hsin Cement Corporation	—	Financial assets at fair value through other comprehensive income - current	175	2,751	0.02	2,751	—
	<u>Funds</u>							
	BlackRock Global Funds - US Dollar High Yield Bond Fund	—	Financial assets at fair value through profit or loss - current	-	28,907	-	28,907	—

Note 1: The chief decision makers of the fund are the directors of the combined company.

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

Note 3: Among them, 2,000 shares were 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 and 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 Nine Months Ended September 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		Notes and Accounts Receivable (Payable)		Note
			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.	Shun Long International Electrical Engineering Co., Ltd.	Subsidiary	Purchases	\$ 795,080	16.92%	Subject to the agreement	-	-	(\$ 421,401)	20.65%	
	Chien Kuo Construction Co. Ltd.	Parent	Sales	795,080	99.81%	Subject to the agreement	-	-	421,401	100.00%	

Chien Kuo Construction Co., Ltd. and Subsidiaries
Receivables from Related Parties Amounting to NT\$100 Million or 20% of the Paid-in Capital or More
September 30, 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 Party		Amounts Received in Subsequent Periods (Note 1)	Loss Allowance Provided
					Amount	Action Taken		
Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Construction Co. Ltd.	Parent	Accounts receivable \$421,401	3.07	\$ -	\$ -	\$ 84,759	\$ -
Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	Direct or indirect investment by the Company	Other receivables \$239,294	Note 2	-	-	-	-
Chien Ya (Wuxi) Information Technology Consultant Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	Direct or indirect investment by the Company	Other receivables \$268,602	Note 3	-	-	-	-

Note 1: Amount received as of November 13, 2020.

Note 2: Loans.

Note 3: Payment of shares of the spin off.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Inter-company Relationships and Significant Inter-company Transactions
For the Nine Months Ended September 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	\$ 69,544	Note 2	0.78%
			(1)	Construction costs	795,080	Note 2	15.79%
			(1)	Contract assets - property construction	1,733,396	Note 2	19.48%
			(1)	Accounts payable	421,401	Note 2	4.74%
			(1)	Accounts payable - provisional	120,445	Note 2	1.35%
1	Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Building Co., Ltd.	(3)	Other payables	20,000	Note 3	0.22%
2	Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	(3)	Other receivables	239,294	Note 3	2.69%
			(3)	Interest income	8,644	Note 3	0.17%
4	Chien Ya (Wuxi) Information Technology Consultant Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	(3)	Other receivables	268,602	Note 4	3.02%

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: Payment of shares of the spin-off.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Information on Invested Companies (Including Location)
For the Nine Months Ended September 30, 2020

Appendix 7

Unit: NT\$ Thousands

Name of Investor	Invested Company	Location	Principal Business Activities	Initial Investment Amount		Balance as of September 30, 2020			Profit or Loss of Invested Company in the Current Period	Investment Income Recognized in the Current Period	Note
				September 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	\$ 1,406,966	\$ 54,933	\$ 54,933	Subsidiary
	Silver Shadow Holdings Limited	British Virgin Islands	Reinvestment	815,907	815,907	25,038	100.00	1,766,482	68,199	68,199	Subsidiary
	Chien Kuo Building Co., Ltd.	Taiwan	Building construction commission; public housing lease	144,065	144,065	10,000	100.00	100,729	593	593	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	71,266	18,902	18,063	Subsidiary
	WeBIM Services Co., Ltd.	Taiwan	Construction technology	-	8,546	-	-	-	(870)	(426)	Note 4
	Anping Property Co., Ltd.	Taiwan	Housing and building development and lease	20,000	140,000	2,000	100.00	12,526	(95)	(95)	Subsidiary
	Golden Canyon Venture Capital Investment Co., Ltd.	Taiwan	Venture capital business	1,000	-	100	100.00	994	(6)	(6)	Subsidiary
Silver Shadow Holdings Limited	CK Asia Co., Ltd.	British Virgin Islands	Reinvestment	878,510	878,510	1,685	54.78	995,343	124,776	Note 3	Sub-subsubsidiary
Golden Canyon Limited	CK Asia Co., Ltd.	British Virgin Islands	Reinvestment	782,106	782,106	1,391	45.22	821,655	124,776	Note 3	Sub-subsubsidiary

Note 1: Where a foreign currency is involved, it is translated into New Taiwan Dollars using the exchange rate on September 30, 2020 (US\$1=NT\$29.1), except for profit or loss items, which are translated into New Taiwan Dollars using the average exchange rate for the nine-month period ended September 30, 2020 (US\$1=NT\$29.82).

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.

Note 4: On August 17, 2020, the Company sold all of its equity interest in WeBIM Services Co., Ltd. to Meng-chung LEE, chairman of WeBIM Services Co., Ltd.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Information on Investments in Mainland China
For the Nine Months Ended September 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 in the Current Period	Percentage of Ownership (Direct or Indirect)	Investment Income Recognized in the Current Period (Note 1)	Carrying Amount as of September 30, 2020 (Note 1)	Investment Income 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	\$ 145,849	Investment through a company founded in a third region	\$ 16,145	\$ -	\$ -	\$ 16,145	\$ -	-	\$ -	\$ -	\$ 4,416	Note 4
CK Asia (Shanghai) Information Technology Co., Ltd.	Computer software technology development and consultation	104,760	Investment through a company founded in a third region	68,326	-	-	68,326	2,700	100%	2,700	150,911	41,113	
Suzhou Chien Hua Concrete Co., Ltd.	Production and sale of concrete and concrete products	116,400	Investment through a company founded in a third region	182,036	-	-	182,036	7,134	-	7,134	-	-	Note 4
Chien Ya (Suzhou) Information Technology Consultant Co., Ltd.	Computer software technology development and consultation	282,998	Investment through a company founded in a third region	-	-	-	-	5,071	100%	5,071	256,941	-	Note 7
Kunshan Jianshan New Tinbering Co., Ltd.	Production and sale of concrete and concrete products	291,000	Investment through a company founded in a third region	2,391	-	2,391	-	-	-	-	-	69,338	Note 4
Wuxi Chien Bang Concrete Co., Ltd.	Production and sale of concrete and concrete products	145,500	Investment through a company founded in a third region	214,059	-	-	214,059	6,249	100%	6,249	436,107	32,445	
Chien Ya (Wuxi) Information Technology Consultant Co., Ltd.	Computer software technology development and consultation	269,903	Investment through a company founded in a third region	-	-	-	-	(149)	100%	(149)	272,725	-	Note 8
Changzhou Chien An Concrete Co., Ltd.	Production and sale of concrete and concrete products	72,750	Investment through a company founded in a third region	-	-	-	-	-	-	-	-	21,542	Note 4
Nantong Chien Cheng Concrete Co., Ltd.	Production and sale of concrete and concrete products	58,928	Investment through a company founded in a third region	34,672	-	34,672	-	-	-	-	-	221,161	Note 4
Chien Ya (Nantong) Information Technology Co., Ltd.	Computer software technology development and consultation	145,500	Investment through a company founded in a third region	161,500	-	-	161,500	-	-	-	-	4,405	Notes 4 and 5
Yangzhou Chien Yung Concrete Co., Ltd.	Production and sale of concrete and concrete products	58,200	Investment through a company founded in a third region	197,041	-	-	197,041	(1,356)	100%	(1,356)	31,820	168,105	
Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	Computer software technology development and consultation	235,710	Investment through a company founded in a third region	-	-	-	-	6,379	100%	6,379	258,282	-	Note 6
Shanghai Chien Chung Concrete Co., Ltd.	Production and sale of concrete and concrete products	72,750	Investment through an existing company in a third region	-	-	-	-	-	-	-	-	-	Note 4
Changzhou Changlong Stevedoring Co., Ltd.	Cargo handling	2,137	Investment through an existing company in a third region	-	-	-	-	-	-	-	-	-	Note 4
Jiangsu Solid Construction & Engineering Co., Ltd.	Construction consultation	61,110	Investment through a company founded in a third region and others	-	-	-	-	-	-	-	-	14,562	Note 4
Chien Kuo Construction Consultant (Kunshan) Co., Ltd.	Construction consultation	17,460	Investment through a company founded in a third region and others	-	-	-	-	398	-	398	-	5,368	Note 4
A total of seven invested companies, including Loudi Chien Kuo Mining Co., Ltd.	Quarrying	1,158,762	Investment through an existing company in a third region and others	36,840	-	36,840	-	-	-	-	-	1,681,827	Note 4

Accumulated Investment in Mainland China Remitted from Taiwan as of September 30, 2018	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on Investment Amount under Regulations of Investment Commission, MOEA
\$868,785 (Note 3)	\$979,020 (Note 2)	\$ 2,581,461

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\$1,533,209, of which NT\$554,189 was the earnings of invested companies in mainland China remitted to the third regions, and was not included in the calculation of the limit on investment.

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

(1) Loss on investment:

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\$165,346 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 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. and Subsidiaries

Information on Major Stockholders

September 30, 2020

Appendix 9

Unit: Thousand shares

Major Stockholder	Shareholding	
	Number of Shares Held	Percentage (%)
Chien Hwei Investment Co., Ltd.	46,012	17.87%
Chi-te CHEN	17,829	6.92%
Chen-ching CHEN	13,586	5.27%

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