

Chien Kuo Construction Co., Ltd. and Subsidiaries
Consolidated Financial Statements and Independent
Auditors' Report
For the Years Ended December 31, 2020 and 2019

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Statement regarding the consolidated financial statements of affiliated enterprises

For the year 2020 (from January 1 to December 31, 2020), the Company's entities that are required to be included in the consolidated financial statements of affiliated enterprises under the "Criteria Governing Preparation of Consolidated Business Report of Affiliated Enterprises, Consolidated Financial Statements of Affiliated Enterprises, and Affiliation Reports" are the same as those required to be included in the parent-subsidiary consolidated financial statements under the International Financial Reporting Standards 10. Moreover, the related information required to be disclosed for the consolidated financial statements of affiliated enterprises has been fully disclosed in the aforementioned parent-subsidiary consolidated financial statements. Consequently, a separate set of consolidated financial statements of affiliated enterprises is not prepared.

Hereby declare by

Company Name: Chien Kuo Construction Co. Ltd.

Responsible person: Chang-shiou Wu

March 25, 2021

Independent Auditors' Report

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

Audit Opinions

We have audited the Consolidated Balance Sheets of Chien Kuo Construction Co., Ltd. and its subsidiaries as of December 31, 2020 and 2019, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to the Consolidated Financial Statements (including the Summary of Significant Accounting Policies) for the annual period from January 1 to December 31, 2020 and 2019.

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of Chien Kuo Construction Co., Ltd. as of December 31, 2020 and 2019, and its consolidated financial performance and consolidated cash flows for the annual periods ended December 31, 2020 and 2019 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and effected by the Financial Supervisory Commission.

Basis for Audit Opinion

We conducted our audit of the financial statements for the year ended December 31, 2020 in accordance with the "Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants," and the generally accepted auditing standards. And, we conducted our audit of the financial statement for the year ended December 31, 2019 in accordance with the "Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants," Order No. 1090360805 issued by the Financial Supervisory Commission on February 25, 2020, and the generally accepted auditing standards. Our responsibility under the above-mentioned regulations will be further explained in the section titled "The Accountants' Responsibility in Auditing the Consolidated Financial Statements." We have stayed independent from Chien Kuo Construction Co., Ltd. as required by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Norm. We believe that we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 consolidated financial statements of Chien Kuo Construction Co., Ltd. and its subsidiaries. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters for the consolidated financial statements of Chien Kuo Construction Co., Ltd. and its subsidiaries for 2020 are stated as follows:

Construction contracts

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

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

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

Other Matters

Chien Kuo Construction Co., Ltd. has also compiled Financial Statements for 2020 and 2019, and they have also received an unqualified audit opinion from our CPA for your reference.

Responsibility of the Management and the Governing Body for the Consolidated Financial Statements

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

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

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

The Accountants' Responsibility in Auditing the Consolidated Financial Statements

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

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

1. Identified and assessed the risks of a material misstatement(s) due to fraud or errors in the Consolidated Financial Statements; designed and carried out appropriate countermeasures against the assessed risks; and obtained sufficient and appropriate audit evidence to provide the basis for audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or overrides of internal controls, the risk of an undetected material misstatement due to fraud is greater than that due to errors.
2. Acquired necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal controls of Chien Kuo Construction Co., Ltd. and its subsidiaries.
3. Assessed the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Concluded, based on the audit evidence acquired, on the appropriateness of the management's use of the going-concern basis of accounting, and determined whether a material uncertainty exists where events or conditions that might cast significant doubt on the ability of Chien Kuo Construction Co., Ltd. and its subsidiaries to continue as going concerns. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the Consolidated Financial Statements in our audit report of the relevant disclosures therein, or to amend our audit opinion when any inappropriate disclosure was found. Our conclusion is based on the audit evidence acquired as of the date of the audit report. However, future events or conditions may cause Chien Kuo Construction Co., Ltd. and its subsidiaries to cease to continue as a going concern.
5. Assessed the overall presentation, structure and content of the Consolidated Financial Statements (including the related notes), and determined whether the Consolidated Financial Statements present fairly the related transactions and events.
6. Acquired sufficient and appropriate audit evidence regarding financial information of entities within Chien Kuo Construction Co., Ltd. and its subsidiaries in order to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion on Chien Kuo Construction Co., Ltd. and its subsidiaries.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided governing bodies with a declaration that we had complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and communicated with them all relationships and other matters that might possibly be deemed to impair our independence (including relevant preventive measures).

From the matters communicated with those charged with governance, we determined the key audit matters of the consolidated financial statements of Chien Kuo Construction Co., Ltd. and its subsidiaries of 2020. Such matters have been explicitly stated in our audit report, unless laws or regulations prevent their disclosures, or, in extremely rare cases, we decided not to communicate such matters in our audit report in consideration that the adverse impacts of such communication could be reasonably expected to be greater than the public interest it would promote.

Deloitte & 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

March 25, 2021

Chien Kuo Construction Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

December 31, 2020 and 2019

Unit: NT\$ Thousands

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note VI)	\$ 2,607,033	29	\$ 2,602,762	31
1110	Financial assets at fair value through profit or loss (Note VII)	1,745,016	19	120,073	1
1120	Financial assets at fair value through other comprehensive income (Note VIII)	24,569	-	49,567	1
1136	Financial assets measured at amortized cost (Note IX and XXXII)	292,741	3	140,922	2
1139	Financial assets for hedging (Note XXX)	-	-	1,011	-
1140	Contract assets (Note XXII)	1,928,426	21	1,298,880	15
1150	Notes receivable (Note X)	89,256	1	204,179	2
1170	Accounts receivable (Notes X and XXII)	480,496	5	2,126,231	25
1200	Other receivables	155,105	2	19,778	-
1220	Current tax assets	110,592	1	25,642	-
1310	Inventories	-	-	29,402	-
1323	Inventories (for construction business) (Notes XI and XXXII)	465,926	5	463,577	6
1410	Prepayments (Note XII)	53,591	1	419,594	5
1460	Non-current assets classified as held for sale (Note XIV)	457,839	5	140,725	2
1470	Other current assets	6,376	-	5,564	-
11XX	Total current assets	<u>8,416,966</u>	<u>92</u>	<u>7,647,907</u>	<u>90</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss (Note VII)	67,355	1	75,969	1
1517	Financial assets at fair value through other comprehensive income (Notes VIII and XXXII)	398,003	5	410,826	5
1535	Financial assets measured at amortized cost (Note IX and XXXII)	5,696	-	5,996	-
1550	Investments accounted for using equity method	-	-	9,652	-
1600	Property, plant, and equipment (Notes XV and XXXII)	33,577	1	126,042	1
1755	Right-of-use assets (Notes XVI and XXXII)	25,049	-	59,128	1
1760	Investment property (Notes XVII and XXXII)	122,643	1	175,427	2
1840	Deferred tax assets	30,965	-	17,021	-
1990	Other non-current assets (Note XXXII)	23,653	-	15,461	-
15XX	Total non-current assets	<u>706,941</u>	<u>8</u>	<u>895,522</u>	<u>10</u>
1XXX	Total assets	<u>\$ 9,123,907</u>	<u>100</u>	<u>\$ 8,543,429</u>	<u>100</u>
Code	Liabilities and Equity				
	Current liabilities				
2100	Bank loans (Note XVIII and XXXII)	\$ 15,000	-	\$ 53,750	1
2130	Contract liabilities (Note XXII)	435,964	5	261,026	3
2150	Notes payable	10,120	-	143,189	2
2170	Accounts payable (Note 19)	1,810,129	20	1,712,414	20
2200	Other payables	242,799	3	235,798	3
2230	Current tax liabilities	29,520	-	6,379	-
2260	Liabilities related to non-current assets classified as held for sale (Note XIV)	30,274	-	1,454	-
2310	Advanced received due to disposal of investments (Note XIV)	531,083	6	126,384	1
2320	Current portion of long-term bank loans, (Note XVIII)	449,292	5	-	-
2399	Other current liabilities (Notes XVI)	72,710	1	65,612	1
21XX	Total current liabilities	<u>3,626,891</u>	<u>40</u>	<u>2,606,006</u>	<u>31</u>
	Non-current liabilities				
2540	Long-term Bank loans (Note XVIII and XXXII)	499,850	5	948,991	11
2570	Deferred tax liabilities (Note XXIV)	457,330	5	518,591	6
2600	Other non-current liabilities (Notes XVI)	111,185	1	114,089	1
25XX	Total non-current liabilities	<u>1,068,365</u>	<u>11</u>	<u>1,581,671</u>	<u>18</u>
2XXX	Total liabilities	<u>4,695,256</u>	<u>51</u>	<u>4,187,677</u>	<u>49</u>
	Equity attributable to owners of the parent (Note XXI)				
	Capital				
3110	Common stock	2,574,401	28	2,674,401	31
3200	Additional paid-in capital	<u>204,852</u>	<u>2</u>	<u>201,627</u>	<u>2</u>
	Retained earnings				
3310	Legal reserve	645,464	7	626,554	7
3320	Special reserve	23,412	-	50,001	1
3350	Unappropriated earnings	1,038,788	12	800,246	10
3300	Total retained earnings	<u>1,707,664</u>	<u>19</u>	<u>1,476,801</u>	<u>18</u>
3400	Other equity	(58,266)	-	(4,089)	-
31XX	Total equity attributable to owners of the parent	<u>4,428,651</u>	<u>49</u>	<u>4,348,740</u>	<u>51</u>
36XX	Non-controlling interests	-	-	7,012	-
3XXX	Total equity	<u>4,428,651</u>	<u>49</u>	<u>4,355,752</u>	<u>51</u>
	Total liabilities and equity	<u>\$ 9,123,907</u>	<u>100</u>	<u>\$ 8,543,429</u>	<u>100</u>

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

Chairperson: Chang-shiou Wu

Manager: Chang-shiou Wu

Accounting Manager: Shu-fen Yang

Chien Kuo Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income

January 1 to December 31, 2020 and 2019

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

Code		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (Note XXII)	\$ 6,762,818	100	\$ 4,773,012	100
5000	Operating cost (Notes XXIII and XXXI)	6,250,304	93	4,431,879	93
5900	Gross profit	512,514	7	341,133	7
6000	Operating expenses (Notes XXIII and XXXI)	290,643	4	270,130	6
6900	Net operating income	221,871	3	71,003	1
	Non-operating income and expenses (Note XXIII and XXXI)				
7010	Other income	69,048	1	67,568	1
7020	Other gains and losses	105,130	2	(6,681)	-
7050	Finance costs	(11,811)	-	(16,444)	-
7060	Shares of profits of associates accounted for using the equity method	(426)	-	1,106	-
7000	Total non-operating income and expenses	161,941	3	45,549	1
7900	Income before income tax from continuing operations	383,812	6	116,552	2
7950	Income tax expense (Note XXIV)	81,837	1	65,216	1
8000	Net income from continuing operations	301,975	5	51,336	1
8100	Profit from discontinued operations (Note 24 and 23)	72,769	1	128,228	3
8200	Net income	374,744	6	179,564	4

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Code	Description	2020		2019	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	(\$ 936)	-	\$ 2,866	-
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(19,852)	-	130,662	3
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	187	-	(573)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of financial statements of foreign operations	(52,321)	(1)	(98,325)	(2)
8367	Unrealized loss from investments in debt instruments at fair value through other comprehensive income	-	-	45	-
8368	Gain or loss on hedging instruments (Note XXX)	(1,042)	-	1,042	-
8399	Income tax related to items that will be reclassified subsequently to profit or loss (Note XXIV)	<u>10,465</u>	<u>-</u>	<u>19,665</u>	<u>-</u>

8300	Other comprehensive income or loss (after tax)	(<u>63,499</u>)	(<u>1</u>)	<u>55,382</u>	<u>1</u>
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Code	2020		2019	
	Amount	%	Amount	%
8500 Total comprehensive income	\$ 311,245	5	\$ 234,946	5
Net income (loss) attributable to:				
8610 Owners of the parent	\$ 373,905	6	\$ 179,635	4
8620 Non-controlling interest	839	-	(71)	-
8600	<u>\$ 374,744</u>	<u>6</u>	<u>\$ 179,564</u>	<u>4</u>
Total comprehensive income attributable to:				
8710 Owners of the parent	\$ 310,406	5	\$ 235,017	5
8720 Non-controlling interest	839	-	(71)	-
8700	<u>\$ 311,245</u>	<u>5</u>	<u>\$ 234,946</u>	<u>5</u>
Earnings per share (Note XXV)				
From continuing and discontinued operations				
9750 Basic earnings per share	\$ 1.43		\$ 0.57	
9850 Diluted earnings per share	\$ 1.43		\$ 0.57	
From continuing operations				
9710 Basic earnings per share	\$ 1.16		\$ 0.16	
9810 Diluted earnings per share	\$ 1.15		\$ 0.16	

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

Chairperson: Chang-shiou Wu Manager: Chang-shiou Wu Accounting Manager: Shu-fen Yang

Code	Equity Attributable to Owners of the Parent											Non-controlling interest \$ 11,792	Total Equity \$ 4,961,265		
	Retained earnings					Others									
	Capital \$ 3,343,001	Additional paid-in capital \$ 201,627	Legal reserve \$ 605,987	Special reserve \$ 67,179	Unappropriated earnings \$ 788,857	Exchange differences on translation of financial statements of foreign operations (\$ 109,003)	Unrealized gains (losses) from financial assets at fair value through other comprehensive income \$ 51,825	Gains (losses) on hedging instruments \$ -	Treasury Stock \$ -	Total \$ 4,949,473					
A1	Balance, 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 retained earnings for 2018														
B1	Provision of legal reserve	-	-	20,567	-	(20,567)	-	-	-	-	-	-			
B3	Special capital reserve	-	-	-	(10,002)	10,002	-	-	-	-	-	-			
B5	Cash dividends appropriated to shareholders - NT\$0.50 per share	-	-	-	-	(167,150)	-	-	-	(167,150)	-	(167,150)			
B17	Reversal of special capital reserve due to disposal of subsidiaries and branches	-	-	-	(7,176)	7,176	-	-	-	-	-	-			
E1	Capital reduction	(668,600)	-	-	-	-	-	-	-	(668,600)	-	(668,600)			
O1	Cash dividends for stockholders of subsidiaries	-	-	-	-	-	-	-	-	-	(281)	(281)			
D1	Net income for 2019	-	-	-	-	179,635	-	-	-	179,635	(71)	179,564			
D3	Other comprehensive income (net of tax) for 2019	-	-	-	-	2,293	(78,659)	130,706	1,042	-	55,382	-	55,382		
D5	Total comprehensive income in 2019	-	-	-	-	181,928	(78,659)	130,706	1,042	-	235,017	(71)	234,946		
O1	Non-controlling interest	-	-	-	-	-	-	-	-	-	(4,428)	(4,428)			
Z1	Balance, December 31, 2019	2,674,401	201,627	626,554	50,001	800,246	(187,662)	182,531	1,042	-	4,348,740	7,012	4,355,752		
	Appropriation and distribution of retained earnings for 2019														
B1	Legal reserve	-	-	18,910	-	(18,910)	-	-	-	-	-	-			
B3	Special reserve	-	-	-	(18,090)	18,090	-	-	-	-	-	-			
B5	Cash dividends appropriated to shareholders - NT\$0.50 per share	-	-	-	-	(133,720)	-	-	-	(133,720)	-	(133,720)			
B17	Reversal of special capital reserve due to disposal of subsidiaries and branches	-	-	-	(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	Actual acquisition of partial equity of subsidiary	-	993	-	-	-	-	-	-	-	993	-	993		
L1	Purchase of treasury stock	-	-	-	-	-	-	-	-	(97,768)	(97,768)	-	(97,768)		
L3	Retirement of treasury stock	(100,000)	2,232	-	-	-	-	-	-	97,768	-	-	-		
D1	Net income for 2020	-	-	-	-	373,905	-	-	-	-	373,905	839	374,744		
D3	Other comprehensive income (net of tax) for 2020	-	-	-	-	(749)	(41,856)	(19,852)	(1,042)	-	(63,499)	-	(63,499)		
D5	Total comprehensive income in 2020	-	-	-	-	373,156	(41,856)	(19,852)	(1,042)	-	310,406	839	311,245		
O1	Non-controlling interest	-	-	-	-	-	-	-	-	-	-	(7,851)	(7,851)		
Z1	Balance, December 31, 2020	\$ 2,574,401	\$ 204,852	\$ 645,464	\$ 23,412	\$ 1,038,788	(\$ 229,518)	\$ 171,252	\$ -	\$ 4,428,651	\$ -	\$ 4,428,651			

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

Chien Kuo Construction Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

From January 1 to December 31, 2020 and 2019

Unit: NT\$ Thousands

Code		2020	2019
	Cash flows from operating activities		
A00010	Income before income tax from continuing operations	\$ 383,812	\$ 116,552
A00020	Income before income tax from discontinued operations	75,289	177,873
A10000	Income before income tax	459,101	294,425
A20010	Adjustments to reconcile income (loss):		
A29900	Net gain on disposal of subsidiaries	(99,306)	(34,466)
A22500	Gains on disposal of property, plant and equipment	(67,568)	(3,975)
A21200	Interest income	(44,231)	(50,117)
A20400	Net gain on financial assets at fair value through profit or loss	(37,265)	(11,958)
A20100	Depreciation expense	24,696	36,630
A21300	Dividend income	(23,481)	(27,213)
A24100	Foreign exchange (gain) losses	(33,664)	83,542
A20900	Finance costs	12,413	17,359
A20300	Expected credit loss (reversed gain)	(5,823)	2,927
A23200	Gain on disposal of associates accounted for using equity method	(3,510)	(39)
A24600	Impairment loss of investment properties	2,252	-
A22700	Loss on disposal of investment property	1,838	1,146
A20200	Amortization expenses	1,011	1,741
A22300	Shares of loss (profit) of associates accounted for using the equity method	426	(1,106)
A29900	Profit from lease modification	(208)	(198)
A29900	Other expenses transferred from investment property	-	280
A30000	Changes in operating assets and liabilities, net		
A31125	Contract assets	(629,546)	32,335
A31130	Notes receivable	91,345	(92,151)
A31150	Accounts receivables	1,198,742	421,800
A31180	Other receivables	(72,918)	6,695
A31200	Inventories	10,288	(3,525)
A31200	Construction in progress	(2,349)	-
A31230	Prepayments	361,732	197,552
A31240	Other current assets	(3,002)	(19,099)
A32125	Contract liabilities	184,136	188,284
A32130	Notes payable	(121,766)	(247,257)
A32150	Accounts payable	249,257	(2,369)
A32180	Other payables	6,174	18,453

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Code		2020	2019
A32230	Other current liabilities	(\$ 1,012)	(\$ 13,903)
A32990	Other non-current liabilities	(151)	(7,220)
A33000	Cash inflow generated from operations	1,457,611	788,573
A33100	Interest received	54,302	46,708
A33300	Interest paid	(12,365)	(15,968)
A33500	Income taxes paid	(210,908)	(61,846)
AAAA	Net cash flows from operating activities	<u>1,288,640</u>	<u>757,467</u>
	Cash flows from investing activities		
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	17,648	57,184
B00040	Acquisition of financial assets measured at amortized cost	(292,741)	-
B00100	Acquisition of financial assets at fair value through profit or loss	(3,321,445)	(389,535)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	1,593,516	458,391
B01900	Net cash inflow from disposal of associates	12,250	-
B02200	Net cash outflow from acquisition of subsidiaries	(6,858)	-
B02300	Net cash inflow (outflow) from disposal of subsidiaries	110,710	(12,922)
B02700	Acquisition of property, plant and equipment	(16,601)	(18,406)
B02800	Proceeds from disposal of property, plant and equipment	89,447	5,963
B03800	Decrease (increase) in refundable deposits	(4,140)	9,974
B04500	Acquisition of intangible assets	-	(1,904)
B05350	Proceeds from disposal of right-of-use assets	-	130,660
B05400	Acquisition of investment properties	-	(1,076)
B05500	Proceeds from disposal of investment properties	47,618	39,621
B06700	Decrease in pledged certificate of deposit	141,222	200,145
B07600	Dividends received	18,904	20,960
B09900	Advance received due to disposal of subsidiaries	<u>531,083</u>	<u>126,383</u>
BBBB	Net cash flows from investing activities	<u>(1,079,387)</u>	<u>625,438</u>
	Cash flows from financing activities		
C00100	Increase (decrease) in short-term loans	(38,608)	51,964
C00500	Increase in short-term bills payable	50,000	-
C00600	Decrease in short-term bills payable	(50,000)	-
C01600	Increase in long-term loans	-	149,860
C01700	Repayment of long-term loans	-	(450,000)
C03000	Increase in guarantee deposits received	14,760	18,954
C04020	Repayment of lease principal	(11,646)	(14,863)
C04500	Cash dividends paid	(133,720)	(167,150)
C04700	Capital reduction	-	(668,600)

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Code		2020	2019
C04900	Purchase of treasury stock	(\$ 97,768)	\$ -
C05800	Dividends paid to non-controlling interests	_____ -	(281)
CCCC	Net cash flows from financing activities	(266,982)	(1,080,116)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(14,099)	(68,409)
EEEE	Net increase (decrease) in cash and cash equivalents	(71,828)	234,380
E00100	Cash and cash equivalents at beginning of year	<u>2,690,165</u>	<u>2,455,785</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 2,618,337</u>	<u>\$ 2,690,165</u>

Reconciliation of cash and cash equivalents by the end of the year

Code		December 31, 2020	December 31, 2019
E00210	Cash and cash equivalents reported in the balance sheet	\$ 2,607,033	\$ 2,602,762
E00240	Cash and cash equivalents included in disposal groups classified as held for sale	<u>11,304</u>	<u>87,403</u>
E00200	Cash and cash equivalents at end of year	<u>\$ 2,618,337</u>	<u>\$ 2,690,165</u>

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

Chairperson: Chang-shiou Wu Manager: Chang-shiou Wu Accounting Manager: Shu-fen Yang

Chien Kuo Construction Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
From January 1 to December 31, 2020 and 2019
(Amount in Thousands of New Taiwan Dollars, Unless Otherwise Stated)

I. Company History

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

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

II. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements were published upon approval by the Board of Directors on March 25, 2021.

III. Application of New and Amended Standards and Interpretations

(I) The first-time application of the amended "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to as "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the following, the application of the amended "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the IFRSs endorsed and issued into effect by the FSC did not result in significant changes on 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) FSC-endorsed IFRSs that are applicable from 2021 onwards

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB
Amendment to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Date of issue
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 "Interest Rate Benchmark Reform (IRBR) - Phase 2"	Effective for annual reporting periods beginning on or after January 1, 2021
Amendment to IFRS 16, "Covid-19-Related Rent Concessions"	Effective for annual reporting periods beginning on or after June 1, 2020

As of the date the accompanying consolidated financial statements were authorized for issue, the combined company continues in evaluating the impact on its financial position and financial performance as a result of the amendment of the related standards or interpretations. The related impact will be disclosed when the combined company completes the evaluation.

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

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 2)
Amendment to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 4)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 5)
Amendment to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 6)
Amendment to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"	January 1, 2022 (Note 7)

Note 1. Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

Note 2. Amendment to IFRS 9 is effective to exchanges of a financial liability or modifications of terms incurred during the annual periods beginning on or after 1 January 2022. Amendment to IFRS 41 "Agriculture" is effective to fair value measurements for annual periods beginning on or after 1 January 2022. Amendment to IFRS 1 "First-time Adoption of IFRS" is retrospectively effective for annual periods beginning on or after 1 January 2022.

Note 3. The Company shall apply this amendment to business combinations for which the acquisition date is beginning on or after January 1, 2022.

Note 4. The Company shall apply this amendment prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 5. This amendment is effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period.

Note 6. The Company shall apply this amendment to the property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

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

1. Amendment to IAS 37 "Onerous Contracts—Cost of Fulfilling a Contract"

This amendment prescribes that, as assessing whether a contract is onerous, the 'cost of fulfilling' a contract comprises both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

When initially applying the amendments, the combined company shall recognize the cumulative effect to the retained earnings at the date of initial application.

2. Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendment clarifies whether or not a liability to be classified as non-current, the combined company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the

combined company will exercise that right. The amendment also clarifies that, if the right to defer settlement is subject to compliance with specified conditions, the combined company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendment stipulates that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the combined company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the combined company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation," the aforementioned terms would not affect the classification of the liability.

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

This amendment prescribes that the combined company shall apply the concept of materiality in making decisions about the disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in the combined company's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. This amendment also clarifies that:

Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed by the combined company.

Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial.

Not all accounting policy information relating to material transactions, other events or conditions is itself material.

Moreover, this amendment gives examples to explain that it is likely to consider accounting policy information material to the financial statements if that information relates to material transactions, other events or conditions and the accounting policy:

- (1) Has been changed during the period by the combined company, and this change results in a material change on information of the financial statements;
- (2) Was chosen properly by the combined company from alternatives permitted by IFRS Standards;
- (3) Was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS Standard that specifically applies;
- (4) Relates to an area for which the combined company is required to make significant judgments and assumptions;
- (5) Relates to complex accounting, and users of the combined company's financial statements would otherwise not understand the relating transactions, other events or conditions.

4. Amendment to IAS 8 "Definition of Accounting Estimates"

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

Except the above-mentioned impact, 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 the amendments to the related 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 report was prepared in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IFRSs endorsed and issued into effect by FSC.

(II) Basis of preparation

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

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

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
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 asset or liability.

(III) Criteria for Classification of Current and Non-current Assets and Liabilities

Current assets include:

1. Assets held primarily for trading purposes;
2. Assets that are expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents, excluding those that are restricted for being used to exchange or settle liabilities beyond 12 months after the balance sheet date.

Current liabilities include:

1. Liabilities held primarily for trading purposes;
2. Liabilities to be settled within 12 months after the balance sheet date; and
3. Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date.

The Company classifies all other assets or liabilities that are not specified above as non-current.

The combined company is engaged in the construction business, which has an operating cycle of over one year. The normal operating cycle applies when considering the classification of current or non-current for the construction-related assets and liabilities.

(IV) Basis for Consolidation

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

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

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

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

Please refer to Note 13 and Table 7 and 8 for details, shareholding ratios, and operating items of subsidiaries.

(V) Foreign Currency

In preparing each individual financial statement, transactions denominated in a currency other than the entity's functional currency (i.e. foreign currency) are translated into the entity's functional currency by using the exchange rate at the date of the transaction before they are recorded by each entity.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences arising on the settlement or on translating of monetary items are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss, except for items whose changes in fair value are recognized in other comprehensive income, where the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the exchange rates prevailing on the transaction dates and are not re-translated.

In preparing the consolidated financial statements, assets and liabilities of a foreign operation (i.e. a subsidiary or an associate of which the activities are based or conducted in a country or currency other than those of the Company) are translated into New Taiwan Dollars by using the exchange rates at each balance sheet date. Income and expense items are translated using the average exchange rates of the current period, with exchange differences arising therefrom recognized in other comprehensive income and attributed respectively to owners of the Company and to non-controlling interests.

Upon disposal by the combined company of its ownership interests in a foreign operation, all cumulative exchange differences that are attributable to owners of the Company and relating to such foreign operation are to be reclassified to profit or loss.

(VI) Property, Plant and Equipment

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

The depreciation of PP&E in its useful life is made on a straight-line basis for each major part/component separately. The combined company reviews the estimated useful lives, residual value and depreciation methods at least once at each financial year-end and applies the changes in accounting estimates prospectively.

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

(VII) Investment Property

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

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

Investment property under construction is recognized at cost less accumulated impairment loss. Costs include professional service fee and borrowing costs that are eligible for capitalization. Depreciation on such asset is recognized when it reaches the condition for expected use.

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

(VIII) Impairment of assets related to property, plant and equipment and right-of-use assets

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

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

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

(IX) Non-current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amounts are expected to be recovered mainly through sale rather than continuous usage. Non-current assets qualified for such classification must be available for immediate sale in their present condition and its sale must be highly probable. A sale is considered highly probable if management at an appropriate level commits to a plan to sell and such sale is expected to be completed within 12 months after the classification date.

If the sale will result in a loss of control over a subsidiary, all assets and liabilities of such subsidiary are classified as held for sale, regardless of whether the combined company will retain a non-controlling interest in the former subsidiary after such sale.

Non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated.

(X) Financial Instruments

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

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

1. Financial assets

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

(1) Types of measurement

Financial assets held by the combined company comprise financial assets measured at fair value through profit or loss (FVTPL), financial assets at amortized cost, investments in debt instruments measured at fair value through other comprehensive income (FVTOCI), and investments in equity instruments measured at FVTOCI.

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

Financial assets at fair value through profit or loss are financial assets mandatorily measured at fair value through profit or loss. Such assets include investments in equity instruments that are not designated by the combined company to be measured at fair value through other comprehensive income and investments in debt instruments that fail to meet the criteria as to be measured at amortized cost or at fair value through other comprehensive income.

Such assets are measured at fair value, of which any dividends and interest accrued are recognized as other revenue and remeasurement gains or losses are recognized in profit or loss. Please refer to Note XXX for the determination of fair value.

B. Financial assets measured at amortized cost

When the combined company's investments in financial assets satisfy the following two conditions simultaneously, they are classified as financial assets measured at amortized cost:

- a. Held under a business model whose purpose of holding such financial assets is to collect the contractual cash flows; and
- b. The contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such assets (including cash and cash equivalents, bills with repurchase agreement, restricted term deposit, notes receivable, accounts receivable and other receivables that are measured at amortized cost) are measured at the amortized cost equal to the gross carrying amount as determined using the effective interest method less any impairment loss; any foreign exchange gain or loss arising therefrom is recognized in profit or loss.

Except for the following two circumstances, interest revenue is calculated by multiplying effective interest rate by the gross carrying amount of such assets:

- a. In the case of purchased or originated credit-impaired financial assets, interest revenue is recognized by applying the credit-adjusted effective interest rate to the amortized cost.
- b. In the case of a financial asset that is not a purchased or originated credit-impaired financial asset but subsequently has become credit-impaired, interest revenue is calculated by applying the effective interest rate to the amortized cost.

Credit-impaired financial assets are those where the issuer or debtor has experienced major financial difficulties or defaults, the debtor is likely to claim bankruptcy or other financial restructuring, or disappearance of an active market for the financial asset due to financial difficulties.

Cash equivalents comprise time deposits that will mature within 6 months after the acquisition date, that are highly liquid and readily convertible to known amount of cash, and that are subject to an insignificant risk of changes in value. Cash equivalents are used to satisfy short-term cash commitments.

- C. Investment in equity instruments measured at fair value through other comprehensive income (FVTOCI)

The combined company may, at initial recognition, make an irrevocable election to designate an equity instrument that is neither held for trading nor contingent consideration arising from a business combination to be measured at FVTOCI.

Investments in an equity instrument measured at FVTOCI are measured at fair value, and any subsequent fair value changes are recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss upon their disposal; instead, they will be transferred to retained earnings.

Dividends of investments in equity instruments measured at FVTOCI are recognized in profit or loss when the combined company's right to receive payment is established, unless such dividends clearly represent the recovery of a part of the investment cost.

(2) Impairment of financial assets and contract assets

The combined company evaluates credit losses based on expected credit loss (ECL) at each balance sheet date for financial assets at amortized cost (including accounts receivable), investments in debt instruments at fair value through other comprehensive income, and impairment losses on contract assets.

Loss allowances are recognized against accounts receivable and contract assets based on the expected credit loss during the term of duration. For all other financial instruments, the combined company recognizes their loss allowance at an amount equal to 12-month expected credit losses if their credit risk has not increased significantly since initial recognition, or otherwise their lifetime expected credit losses.

An ECL is a weighted average credit loss with the risks of default as weights. The 12-month ECL on a financial instrument represents the portion of its lifetime ECL that is expected to result from possible default events within 12 months after the reporting date, whereas the lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument.

Through the loss allowance account, the carrying amount of all financial assets is reduced for the impairment loss, except for the investment in debt instruments measured at FVTOCI for which the impairment loss is recognized in other comprehensive income and does not reduce the carrying amount.

(3) Derecognition of financial assets

The combined company derecognizes financial assets when the contractual rights to the cash inflow from the asset expire or when the company transfers all the risks and rewards of ownership of the financial assets to other enterprises substantially.

On derecognition of a financial asset measured at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss. On derecognition of debt instruments measured at fair value through other comprehensive income in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. On derecognition of equity instruments measured at fair value through other comprehensive income in its entirety, the accumulated profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instruments

The repurchase of equity instruments issued by the Company is recognized in equity as a deduction. The purchase, sale, issue or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

All financial liabilities of the combined company are subsequently measured at amortized cost using the effective interest method.

When a financial liability is derecognized, the difference between the carrying amount and the consideration paid (including any non-cash asset transferred or liability assumed) is recognized in profit or loss.

4. Derivatives

The derivative agreements into which the combined company entered include forward foreign exchange contracts to manage the foreign exchange rate risk of the combined company.

If derivatives are embedded in the asset host contract within the scope of IFRS 9 "Financial Instruments," the classification of financial assets is determined by the overall agreement. If derivatives are embedded in the asset host contract out of the scope of IFRS 9 (e.g., embedded in the host contract of financial liabilities), and if the embedded derivatives meet the definition of a derivative instrument of which their risks and characteristics are not closely related to those of the host contract, and the hybrid contracts are not measured at fair value through profit or loss, the derivatives are recognized as separate derivatives.

(XI) Hedge Accounting

The combined company designates a portion of hedging instruments (including derivatives, embedded derivatives, and non-derivatives for hedging exchange rate risks) as cash flow hedges. Foreign exchange risk of a firm commitment is hedged with cash flow hedges.

Cash Flow Hedges

For a hedging instrument designated as and qualified for a cash flow hedge, the effective portion of fair value changes is recognized in other comprehensive income, whereas the ineffective portion is immediately recognized in profit or loss.

When a hedged item is recognized in profit or loss, the amount previously recognized in other comprehensive income is reclassified to profit or loss for the same period and recognized in the consolidated statements of comprehensive income under items associated with the hedged item. However, in case that a hedge of a forecast transaction will result in recognition of a non-financial asset or non-financial liability, the amount previously recognized in other comprehensive income is transferred from equity to the original cost of such a non-financial asset or non-financial liability.

The combined company prospectively suspends hedge accounting only when the hedge relationship ceases to meet the criteria of hedge accounting, i.e., when a hedging instrument is expired, sold, terminated, or executed. Prior to the occurrence of a forecast transaction, the amount that had previously been recognized in other comprehensive income in the period during which the hedge still remained effective is recognized in equity. However, in case the forecast transaction is no longer expected, the amount that had been previously recognized in other comprehensive income is immediately recognized in profit or loss.

(XII) Revenue Recognition

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

1. Revenue from the sale of goods

Revenue from the sale of goods comes from sales of concrete. When concrete is delivered to a customer's specified location, the customer has the right to use the product and bears the risk of obsolescence. Therefore, revenue and accounts receivable are recognized at that time.

2. Revenue from construction contracts

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

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

(XIII) Leases

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

1. The combined company as lessor

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

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

2. The combined company as lessee

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

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

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

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

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

(XIV) Employee benefits

1. Short-term employee benefits

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

2. Post-employment benefits

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

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

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

3. Termination benefits

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

(XV) Income Tax

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

1. Current-period income tax

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

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

2. Deferred income tax

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

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

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the combined company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deductible temporary differences associated with such investment and equity, when it is probable that sufficient taxable income will be available to realize such temporary difference, a deferred tax asset is recognized, but only to the extent of the amount that is expected to be reversed in the foreseeable future. The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. The carrying amount of items that were not previously recognized as a deferred tax asset is also reviewed at each balance sheet date and is raised when it becomes probable that sufficient taxable profit will be available in the future to recover all or part of the asset.

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

3. Current and deferred taxes for the year

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

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

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

The management shall continue to review the estimates and basic assumptions. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

Construction contracts

Revenue and cost 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 only be included in and recognized as contract revenue when relevant uncertainties are subsequently eliminated and the probability of reversing the amount of accumulated contract revenue is quite low.

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

VI. Cash and Cash Equivalents

	December 31, 2020	December 31, 2019
Cash on hand and revolving funds	\$ 2,670	\$ 2,195
Bank checks and demand deposits	1,155,328	676,954
Cash equivalents (time deposits with original maturity date within 6 months)		
Bank time deposits	1,449,035	1,923,613
	<u>\$ 2,607,033</u>	<u>\$ 2,602,762</u>

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

	December 31, 2020	December 31, 2019
Time deposits	0.40%~3.40%	0.15%~2.79%

VII. Financial Instruments at Fair Value through Profit or Loss

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Mandatorily measured at fair value through profit or loss</u>		
Current		
Derivative financial assets		
Structured notes (I)	\$ 399,851	\$ -
Structured deposits	465,688	-
Non-derivative financial assets		
Domestic listed stocks	75,770	-
Beneficiary certificates	<u>803,707</u>	<u>120,073</u>
	<u>1,745,016</u>	<u>120,073</u>
Non-current		
Private equity funds	<u>67,355</u>	<u>75,969</u>
	<u><u>\$ 1,812,371</u></u>	<u><u>\$ 196,042</u></u>

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

December 31, 2020

Subject Securities	Amount (Thousands)	Maturity Date	Interest rate	Exercise Price
ADOBE INC. (ADBE)	USD1,000	April 9, 2021	10%	USD396.1580
ADVANCED MICRO DEVICES, INC. (AMD)	USD1,000	March 18, 2021	12%	USD 72.7982
SALESFORCE.COM INC (CRM)	USD1,000	February 5, 2021	8%	USD206.2025
NETFLIX, INC. (NFLX)	USD1,000	March 31, 2021	12%	USD456.2408
NETFLIX, INC. (NFLX)	USD1,000	April 9, 2021	10%	USD401.5073
PAYPAL HOLDINGS, INC. (PYPL)	USD1,000	April 9, 2021	10%	USD172.0163
QUALCOMM INCORPORATED (QCOM)	USD1,000	April 9, 2021	10%	USD121.1840
SEA LIMITED (SE)	USD1,000	March 18, 2021	10%	USD146.5504
SHOPIFY INC (SHOP)	USD1,000	March 18, 2021	10%	USD841.6549
ISHARES SILVER TRUST (SLV)	USD1,000	March 3, 2021	8%	USD 18.9654
SQUARE, INC. (SQ)	USD1,000	March 18, 2021	12%	USD173.1476
TESLA, INC. (TSLA)	USD1,000	April 9, 2021	10%	USD341.2078
TESLA, INC. (TSLA)	USD1,000	March 18, 2021	10%	USD390.5603
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD (TSM)	USD1,000	March 18, 2021	10%	USD 87.1565

VIII. Financial assets at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
<u>Investment in equity instruments</u>		
Current		
Domestic listed stocks	\$ 24,569	\$ 28,825
Foreign listed stocks	-	20,742
	<u>24,569</u>	<u>49,567</u>
Non-current		
Domestic listed stocks	<u>398,003</u>	<u>410,826</u>
	<u><u>\$ 422,572</u></u>	<u><u>\$ 460,393</u></u>

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

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

IX. Financial Assets at Amortized Cost

	December 31, 2020	December 31, 2019
<u>Current</u>		
Restricted bank deposit (1)	\$ 63,364	\$ -
Restricted bank term deposit (1)	199,360	-
Restricted bills with repurchase agreement (1)	30,017	-
Pledged certificate of deposit	-	140,922
	<u>\$ 292,741</u>	<u>\$ 140,922</u>
<u>Non-current</u>		
Pledged certificate of deposit	<u>\$ 5,696</u>	<u>\$ 5,996</u>

(1) The above restricted financial assets are held by the combined company in accordance with The Management, Utilization, and Taxation of Repatriated Offshore Funds Act (hereinafter referred to as the "Repatriated Offshore Funds Act"), and their application is subject to the restriction of the Repatriated Offshore Funds Act.

The interest rate intervals of time deposits and bonds with repurchase agreement on the balance sheet date are as follows:

	December 31, 2020	December 31, 2019
Restricted bank term deposit	0.35%	-
Restricted bills with repurchase agreement	0.63%~0.75%	—
Pledged certificate of deposit	0.50%	0.15%~2.49%

Details of pledged financial assets measured at amortized cost are provided in Note XXXII.

X. Notes Receivables and Accounts Receivables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	<u>\$ 89,256</u>	<u>\$ 204,179</u>
 <u>Accounts receivables</u>		
Measured at amortized cost		
Gross Carrying Amount	\$ 555,335	\$ 2,229,438
Less: Allowance losses	(74,839)	(103,207)
	<u>\$ 480,496</u>	<u>\$ 2,126,231</u>

Accounts receivables

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

The combined company recognizes allowance for uncollectible accounts for accounts receivable as lifetime 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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Not overdue	<u>\$ 89,256</u>	<u>\$204,179</u>

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

	December 31, 2020	December 31, 2019
Not overdue	\$ 414,218	\$ 1,545,027
Less than 180 days	64,019	501,198
181~360 days	16,134	64,691
More than 361 days	60,964	118,522
Total	<u>\$ 555,335</u>	<u>\$ 2,229,438</u>

Changes in loss allowance for accounts receivable are as follows:

	2020	2019
Balance - beginning of year	\$ 103,207	\$ 104,195
Add: Impairment loss recognized (reversed)	(5,823)	2,927
Less: Reclassification of non-current assets held for sale	(23,459)	-
Exchange difference	914	(3,915)
Balance - end of year	<u>\$ 74,839</u>	<u>\$ 103,207</u>

XI. Inventories (for construction business)

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

The combined company acquired the land sitting at the northern part of the industrial zone in Xinzhuang Dist. 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 XVIII and XXXII.

XII. Prepayments

	December 31, 2020	December 31, 2019
Prepayments for construction contracts	\$ 37,210	\$ 44,985
Tax overpaid retained	7,926	6,597
Prepaid insurance	4,122	4,556
Prepayments for purchases	-	358,750
Others	<u>4,333</u>	<u>4,706</u>
	<u>\$ 53,591</u>	<u>\$419,594</u>

XIII. Subsidiaries

(I) Subsidiaries included in the consolidated financial statements

The entities of the Consolidated Financial Report are as follows:

Investor	Name of Subsidiary	Business Activities	Percentage of Ownership		Description
			December 31, 2020	December 31, 2019	
The Company	Golden Canyon Limited (Golden Canyon)	Investment	100%	100%	
	Silver Shadow Holding Limited (Silver Shadow)	Investment	100%	100%	
	Shun Long International Electrical Engineering Co., Ltd. (Shun Long)	Mechanical, electrical and plumbing engineering, undertaking and equipment/wholesale	100%	86.61%	Please refer to Note XXVII

Investor	Name of Subsidiary	Business Activities	Percentage of Ownership		Description
			December 31, 2020	December 31, 2019	
Subsidiaries of Golden Canyon and Shadow Silver	Chien Kuo Development Co., Ltd. (Chien Kuo Development)	Building construction commission; public housing lease	100%	100%	
	WeBIM Services Co., Ltd. (WeBIM Services)	Construction technology	(Note 1)	(Note 1)	Please refer to Notes XXVI and XXXI.
	Anping Property Co., Ltd. (Anping Property)	Housing and building development and lease	-	100%	(Note 2)
	Golden Canyon Venture Capital Investment Co., Ltd. (Golden Canyon Venture Capital)	Venture capital investment	100%	-	(Note 3)
		Engineering technology; procurement planning; installation consultation	-	100%	(Note 4)
		Investment	100%	100%	
	CK Asia Co., Ltd. (CK Asia)	Computer software technology development and consultation	100%	100%	
	CK Asia (Shanghai) Information Technology Co., Ltd. (Shanghai Information)	Production and sale of concrete and concrete products	100%	100%	
	Yangzhou Chien Yung Concrete Co., Ltd. (Yangzhou Chien Yung)	Production and sale of concrete and concrete products	-	100%	Please refer to Notes XIV and XXVI.
	Suzhou Chien Hua Concrete Co., Ltd. (Suzhou Chien Hua)	Production and sale of concrete and concrete products	100%	100%	Please refer to Notes XIV
Chien Ya (Yangzhou)	Wuxi Chien Bang Concrete Co., Ltd. (Wuxi Chien Bang)	Production and sale of concrete and concrete products	-	-	Please refer to Note XXVI.
	Nantong Chien Cheng Concrete Co., Ltd. (Nantong Chien Cheng)	Production and sale of concrete and concrete products	100%	100%	
	Chien Ya (Yangzhou) Technology Consultant Co., Ltd. (Chien Ya Yangzhou)	Computer software technology development and consultation	100%	100%	
	Chien Ya (Suzhou) Information Technology Consultant Co., Ltd. (Chien Ya Suzhou)	Computer software technology development and consultation	100%	100%	
	Chien Ya (Wuxi) Information Technology Consultant Co., Ltd. (Chien Ya Wuxi)	Computer software technology development and consultation	100%	-	(Note 5)

The subsidiaries of the consolidated financial statements are as follows:

- (1) Since January 22, 2019, the combined company has lost its control on WeBIM Services and adopted the equity method for valuation. The remaining equity of WeBIM Services was disposed of on August 17, 2020.
 - (2) Anping Property was liquidated in December 2020.
 - (3) Golden Canyon Venture Capital was established on August 17, 2020 as a wholly-owned subsidiary of the Company.
 - (4) Chien Kuo Construction Consultant was liquidated on May 20, 2020.
 - (5) Chien Ya Wuxi was divided from Wuxi Chien Bang and newly established.
- (II) Subsidiaries not included in the consolidated financial statements: None.

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

(I) Discontinued operations

On August 12, 2020, the combined company entered into a contract to dispose of Wuxi Chien Bang, a subsidiary responsible for concrete business of the combined company. No impairment loss was recognized in respect of the subsidiary classified as held for sale because the selling price exceeded the carrying amount of the relevant net assets. The disposal of the subsidiary in charge of concrete business is consistent with the combined company's long-term business strategy focusing on construction business. As the subsidiary meets the definition of a discontinued operation, it is expressed as a discontinued operation.

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

	2020	2019
Sales	\$ 450,448	\$ 1,558,745
Cost of goods sold	(416,587)	(1,349,673)
Gross profit	33,861	209,072
Selling and marketing expenses	(16,736)	(33,870)
General and administrative expenses	(18,945)	(73,048)
Net operating income (loss)	(1,820)	102,154
Other income	6,213	22,518
Other gains and losses	71,498	54,116
Finance costs	(602)	(915)
Income before income tax	75,289	177,873
Income tax expense	(2,520)	(49,645)
Gain from discontinued operations	<u>\$ 72,769</u>	<u>\$ 128,228</u>
Gain from discontinued operations attributable to:		
Owners of the parent	\$ 72,769	\$ 128,228
Non-controlling interest	<u>-</u>	<u>-</u>
Cash flows		
Operating activities	\$ 889,590	\$ 576,563
Investing activities	102,699	3,451
Financing activities	(41,608)	43,536
Net cash inflow	<u>\$ 950,681</u>	<u>\$ 623,550</u>

(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 to Kunshan Shen Kun United Concrete Co., Ltd. on June 11, 2019. As of December 31, 2019, advance transfer payment of \$126,383 thousand (RMB 29,409 thousand) was received. The disposal was completed on February 11, 2020. Please refer to Note XXVI for relevant information.

Assets and liabilities classified in disposal groups held for sale are as follows:

	December 31, 2019
Cash	\$ 87,403
Property, plant, and equipment	<u>53,322</u>
Total non-current assets held for sale	<u>\$ 140,725</u>
Other payables	\$ 1,454
Liabilities directly associated with non-current assets held for sale	<u>\$ 1,454</u>
Equity directly associated with non-current assets held for sale	(\$ 26,848)

2. The Board of Directors of the combined company resolved to sell all equity of Wuxi Chien Bang to Wuxi City De Kai New Material Technology Ltd. Co. (De Kai) on July 30, 2020. The two parties executed an equity transfer agreement on August 12, 2020. As of December 31, 2020, advance transfer payment of \$531,083 thousand (RMB 121,674 thousand) was received. The major terms of the equity transfer agreement are as follows:

- (1) The transfer date of assets was on September 14, 2020. The transfer date of equity was as the date of change in the registered stockholder from Wuxi Chien Bang to De Kai;
- (2) The total transfer price of the equity shall be not less than RMB 126,000 thousand, including accounts receivables, inventories, land, plants, machines and equipment, and remaining assets of non-cash or cash equivalents;
- (3) The liabilities incurred by Wuxi Chien Bang prior to the transfer date of assets was disposed of by Wuxi Chien Bang prior to the transfer date of equity;
- (4) The profit or loss incurred by Wuxi Chien Bang prior to the transfer date of business belonged to the combined company; and
- (5) If force majeure events occur after the transfer date of assets, making the equity transfer agreement unfulfillable, De Kai shall return the fixed assets of Wuxi Chien Bang in original condition as of the transfer date of assets to the combined company 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 disposal groups held for sale are as follows:

	December 31, 2020
Cash	\$ 10,256

	<u>December 31, 2020</u>
Notes receivable	16,923
Accounts receivables	326,980
Other receivables	12,102
Inventories	7,784
Prepayments	909
Other current assets	394
Property, plant, and equipment	78,098
Right-of-use assets	4,393
Total non-current assets held for sale	<u>\$ 457,839</u>
Accounts payable	\$ 9,693
Other payables	10,196
Contract liabilities	9,338
Other current liabilities	<u>1,047</u>
Liabilities directly associated with non-current assets held for sale	<u>\$ 30,274</u>
Equity directly associated with non-current assets held for sale	(\$ 83,092)

The combined company has completed all the above equity transfer procedures on February 5, 2021, and the proceeds of NT\$549,964 thousand (RMB 126,000 thousand) have been fully collected.

Since the proceeds expected to be received from the aforementioned transaction are anticipated to exceed the carrying amount of related net assets, recognition of a significant impairment loss is not required when classifying such units as disposal groups held for sale.

XV. Property, Plant and Equipment

	Freehold land	Buildings	Machinery equipment	Transportation equipment	Office equipment	Leasehold improvements	Other Equipment	Total
<u>Cost</u>								
Balance, January 1, 2019	\$ 15,742	\$ 118,804	\$ 171,567	\$ 75,056	\$ 17,672	\$ 17,942	\$ 92,261	\$ 509,044
Addition	- 3,388	6,202	1,027	790	115	6,884	18,406	
Disposal	- (336)	(18,850)	(44,561)	(5,022)	(595)	(697)	(70,061)	
Reclassified to held for sale	- (40,165)	(69,589)	-	(5,165)	-	(35,757)	(150,676)	
Net exchange differences	- (4,798)	(6,282)	(1,209)	(453)	-	(3,611)	(16,353)	
Balance, December 31, 2019	<u>\$ 15,742</u>	<u>\$ 76,893</u>	<u>\$ 83,048</u>	<u>\$ 30,313</u>	<u>\$ 7,822</u>	<u>\$ 17,462</u>	<u>\$ 59,080</u>	<u>\$ 290,360</u>
<u>Accumulated depreciation</u>								
Balance, January 1, 2019	\$ - 58,051	\$ 127,402	\$ 66,855	\$ 14,735	\$ 4,644	\$ 46,291	\$ 317,978	
Depreciation expense	- 4,518	5,173	1,952	762	3,149	4,187	19,741	
Disposal	- (229)	(17,967)	(41,922)	(4,865)	(464)	(296)	(65,743)	
Reclassified to held for sale	- (22,659)	(50,700)	-	(4,119)	-	(19,877)	(97,355)	
Net exchange differences	- (2,446)	(4,545)	(1,028)	(364)	-	(1,920)	(10,303)	
Balance, December 31, 2019	<u>\$ - 37,235</u>	<u>\$ 59,363</u>	<u>\$ 25,857</u>	<u>\$ 6,149</u>	<u>\$ 7,329</u>	<u>\$ 28,385</u>	<u>\$ 164,318</u>	
Net Worth as of December 31, 2019	<u>\$ 15,742</u>	<u>\$ 39,658</u>	<u>\$ 23,685</u>	<u>\$ 4,456</u>	<u>\$ 1,673</u>	<u>\$ 10,133</u>	<u>\$ 30,695</u>	<u>\$ 126,042</u>
<u>Cost</u>								

	Freehold land	Buildings	Machinery equipment	Transportatio n equipment	Office equipment	Leasehold improvements	Other Equipment	Total
Balance as of January 1, 2020	\$ 15,742	\$ 76,893	\$ 83,048	\$ 30,313	\$ 7,822	\$ 17,462	\$ 59,080	\$ 290,360
Addition	-	4,728	2,364	200	39	367	3,119	10,817
Disposal	-	(12,098)	(33,423)	(1,754)	(2,799)	(115)	(37,257)	(87,446)
Reclassified to held for sale	-	(76,046)	(51,554)	(25,336)	(1,577)	-	(14,207)	(168,720)
Reclassification of prepayment for equipment	-	7,092	-	-	-	-	-	7,092
Net exchange differences	—	1,173	645	488	42	-	92	2,440
Balance, December 31, 2020	<u>\$ 15,742</u>	<u>\$ 1,742</u>	<u>\$ 1,080</u>	<u>\$ 3,911</u>	<u>\$ 3,527</u>	<u>\$ 17,714</u>	<u>\$ 10,827</u>	<u>\$ 54,543</u>
Accumulated depreciation								
Balance as of January 1, 2020	\$ -	\$ 37,235	\$ 59,363	\$ 25,857	\$ 6,149	\$ 7,329	\$ 28,385	\$ 164,318
Depreciation expense	-	2,199	2,432	1,300	307	3,048	2,299	11,585
Disposal	-	(7,858)	(32,038)	(554)	(2,016)	(115)	(22,986)	(65,567)
Reclassified to held for sale	-	(30,830)	(29,607)	(25,185)	(1,303)	-	(3,697)	(90,622)
Net exchange differences	—	456	355	420	41	-	(20)	1,252
Balance, December 31, 2020	<u>\$ -</u>	<u>\$ 1,202</u>	<u>\$ 505</u>	<u>\$ 1,838</u>	<u>\$ 3,178</u>	<u>\$ 10,262</u>	<u>\$ 3,981</u>	<u>\$ 20,966</u>
Net Worth as of December 31, 2020	<u>\$ 15,742</u>	<u>\$ 540</u>	<u>\$ 575</u>	<u>\$ 2,073</u>	<u>\$ 349</u>	<u>\$ 7,452</u>	<u>\$ 6,846</u>	<u>\$ 33,577</u>

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

Buildings

Main buildings of plant	61 years
Rooftop construction	22 years
Dock construction	22 years
Others	22 years
Leasehold improvements	1~6 years
Machinery equipment	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 pledged by the combined company as collateral against its secured borrowings and credit lines for performance guarantee, please refer to Note XXXII.

XVI. Lease Agreements

(I) Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amount of right-of-use assets		
Land	\$ -	\$ 15,285
Buildings	23,543	40,389
Transportation equipment	1,506	3,454
	<u>\$ 25,049</u>	<u>\$ 59,128</u>

	2020	2019
Additions to right-of-use assets	<u>\$ 13,318</u>	<u>\$ 1,847</u>
Depreciation expense of right-of-use assets		
Land	\$ 239	\$ 1,961
Buildings	9,849	11,856
Transportation equipment	<u>1,947</u>	<u>1,786</u>
	<u>\$ 12,035</u>	<u>\$ 15,603</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 Miao Shou Section, Anping District, Tainan City. Such superficies had been terminated and acknowledged in August 2019. The right of use assets of \$181,607 thousand had been derecognized and a gain on lease modification of \$198 thousand recognized. The combined company had received the refunded right-of-use consideration of \$130,660 thousand on October 16, 2019.

For the amount of right-of-use assets pledged by the combined company as collateral against its secured borrowings, please refer to Note XXXII.

(II) Lease liabilities

	December 31, 2020	December 31, 2019
Carrying amount of lease liabilities		
Current (listed as other current liabilities)	<u>\$ 9,408</u>	<u>\$ 13,010</u>
Non-current (recognized in other non-current liabilities)	<u>\$ 15,955</u>	<u>\$ 31,204</u>

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

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

(III) Other lease information

	2020	2019
Short-term lease expense	<u>\$ 6,360</u>	<u>\$ 3,995</u>
Total cash outflow on lease	<u>\$ 18,006</u>	<u>\$ 18,858</u>

XVII. Investment Property

	2020	2019
<u>Cost</u>		
Balance - beginning of year	\$ 207,348	\$ 258,353
Addition	-	1,076
Disposal	(62,262)	(51,801)
Listed as other expense	-	(280)
Balance - end of year	<u>\$ 145,086</u>	<u>\$ 207,348</u>
<u>Accumulated depreciation and impairment</u>		
Balance - beginning of year	\$ 31,921	\$ 41,669
Depreciation expense	1,076	1,286
Impairment loss	2,252	-
Disposal	(12,806)	(11,034)
Balance - end of year	<u>\$ 22,443</u>	<u>\$ 31,921</u>
Net amount - end of year	<u>\$ 122,643</u>	<u>\$ 175,427</u>
Fair Value	<u>\$ 152,426</u>	<u>\$ 201,774</u>

Depreciation expenses of investment property are computed using the straight-line method over 3~50 years of useful lives.

The fair value of the investment property is derived by reference to the most recent closing prices of properties sold in the adjacent area.

For the amount of investment property pledged by the combined company as collateral against its secured borrowings, please refer to Note XXXII.

XVIII. Loans

(I) Short-term loans

	December 31, 2020	December 31, 2019
<u>Secured loans (Note XXXII)</u>		
Credit line loans	<u>\$ -</u>	<u>\$ 41,750</u>
Annual interest rate (effective rate)	-	4.57%
Date due	-	June 9, 2020
<u>Unsecured loans</u>		
Credit line loans	<u>\$ 15,000</u>	<u>\$ 12,000</u>
Annual interest rate (effective rate)	1.45%	1.68%
Date due	January 20, 2021	January 15, 2020

(II) Long term loan

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured loans (Note XXXII)</u>		
Bank loans (1)	<u>\$350,000</u>	<u>\$350,000</u>
<u>Unsecured loans</u>		
Long-term commercial paper payable (2)	600,000	600,000
Less: discount on long-term commercial paper payable	(858)	(1,009)
	599,142	598,991
Less: Current portion	(449,292)	-
	149,850	598,991
Long-term loans	<u>\$499,850</u>	<u>\$948,991</u>
Annual interest rate (effective rate)	1.35%~1.68%	1.49%~1.68%

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

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

December 31, 2020

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

December 31, 2019

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

XIX. 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.

XX. Post-retirement Benefit Plans

(I) Defined Contribution Plan

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

(II) Defined Benefit Plans

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

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations	\$ 38,752	\$ 36,027
Fair value of plan assets	(35,806)	(33,681)
Net defined benefit liabilities (listed as other non-current liabilities)	<u>\$ 2,946</u>	<u>\$ 2,346</u>

Changes in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
January 1, 2019	<u>\$ 41,152</u>	(\$ 34,143)	<u>\$ 7,009</u>
Service costs			
Current service cost	390	-	390
Past service cost and settlement gain or loss	(841)	-	(841)
Interest expense (income)	<u>408</u>	(345)	<u>63</u>
Recognized in profit and loss	(43)	(345)	(388)
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	(1,240)	(1,240)
Actuarial loss - Experience adjustments	(2,645)	-	(2,645)
Actuarial gain - Change in demographic and financial assumptions	<u>1,019</u>	-	<u>1,019</u>
Recognized in other comprehensive income	(1,626)	(1,240)	(2,866)
Contribution from employer	-	(1,409)	(1,409)
Benefits paid	(2,512)	2,512	-
Settlements	(944)	<u>944</u>	-
December 31, 2019	<u>36,027</u>	(33,681)	<u>2,346</u>
Service costs			
Current service cost	333	-	333
Interest expense (income)	<u>250</u>	(236)	<u>14</u>
Recognized in profit and loss	<u>583</u>	(236)	<u>347</u>
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	(1,206)	(1,206)
Actuarial loss - Experience adjustments	852	-	852
Actuarial gain - Change in demographic assumptions	<u>1,290</u>	-	<u>1,290</u>
Recognized in other comprehensive income	<u>2,142</u>	(1,206)	<u>936</u>
Contribution from employer	-	(683)	(683)
December 31, 2020	<u>\$ 38,752</u>	(\$ 35,806)	<u>\$ 2,946</u>

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

	2020	2019
By function		
Operating costs	\$ 202	\$ 318
Operating expenses	145	(706)
	<u>\$ 347</u>	<u>(\$ 388)</u>

The combined company has the following risks owing to the implementation of the pension system under the "Labor Standards Act":

1. Investment risk: The pension funds are invested in local and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor, or through its designated agencies. However, the rate of return on plan assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.
2. Interest rate risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation. However, the return on the debt investments of the plan assets will also increase. Those two will partially offset each other.
3. Payroll risk: The present value of the defined benefit obligation is calculated by reference to the future salary of plan participants. As such, an increase in the salary of the plan participants will raise the present value of the defined benefit obligation.

The present value of the combined company's defined benefit obligations is calculated by certified actuaries and the major assumptions on the measurement date are as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.30%	0.70%
Expected growth rate of salary	2.00%	2.00%

If reasonable changes occur in major actuarial assumptions respectively with other assumptions unchanged, the present value of defined benefit obligations will increase (decrease) as follows:

	December 31, 2020	December 31, 2019
Discount rate		
Increase by 0.25%	(\$ 813)	(\$ 810)
Decrease by 0.25%	<u>\$ 838</u>	<u>\$ 836</u>
Expected growth rate of salary		

	December 31, 2020	December 31, 2019
Increase by 0.25%	<u>\$ 822</u>	<u>\$ 823</u>
Decrease by 0.25%	<u>(\$ 802)</u>	<u>(\$ 802)</u>

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

	December 31, 2020	December 31, 2019
Expected contribution amounts within 1 year	<u>\$ 680</u>	<u>\$ 660</u>
Average maturity period of defined benefit obligations	8 years	9 years

XXI. Equity

(I) Capital

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

The par value of common stock issued is \$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 \$668,600 thousand, 66,860 thousand shares were subtracted and the capital reduction ratio was 20%. The share capital is 267,440 thousand shares after the capital reduction. The aforementioned capital reduction, after being approved and put into effect by the Financial Supervisory Commission on September 4, 2019, had its record date set on September 23, 2019 and had completed registration modification on October 8, 2019, and the capital reduction refunds were fully paid to shareholders in December 2019.

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

(II) Additional paid-in capital

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>May be used to offset deficits, appropriated as cash dividends or transferred to capital (1)</u>		
Stock issuance premium	\$ 190,053	\$ 197,435
Treasury stock transactions	13,528	3,914
Difference between the share price and carrying amount of the acquired shares of the subsidiary	993	-
<u>May only be used to offset deficits</u>		
Adjustment in additional paid-in capital of subsidiaries using equity method	73	73
<u>May not be used for any purpose</u>		
Employee stock options	<u>205</u>	<u>205</u>
	<u><u>\$ 204,852</u></u>	<u><u>\$ 201,627</u></u>

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

(III) Retained earnings and dividend policy

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

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

Please refer to Note XXIII (VI) - "Remuneration for Employees and Directors" for the policy of employee and director bonus distribution stipulated in the Articles of Incorporation.

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

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

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

The Company's proposals of earnings appropriation for 2019 and 2018 were resolved in the annual stockholders' meetings on June 23, 2020 and June 21, 2019, respectively, 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

The Company's proposal of earnings appropriation and dividends per share for 2020, as proposed by the Board of Directors on March 25, 2021, is as follows:

	Proposal of Earnings Appropriation	Dividends per share (NT\$)
Legal reserve	\$ 37,308	
Special capital reserve	34,854	
Cash dividends	205,952	\$ 0.80

The distribution of earnings for 2020 is subject to the resolution of the annual stockholders' meeting to be held on June 23, 2021.

(IV) Treasury Stock

Accounting Item	Purchase for Cancellation (In 1,000 Shares)
Number of shares as of January 1, 2020	\$ -
Increase for the year	10,000
Cancellation for the year	(10,000)
Number of shares as of December 31,2020	\$ -

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

XXII. Revenue

(I) Revenue from contracts with customers

	2020	2019
Revenue from construction	\$ 6,762,457	\$ 4,771,507
Others	361	1,505
	<u>\$ 6,762,818</u>	<u>\$ 4,773,012</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

	December 31, 2020		December 31, 2019	
	Construction Segment	Discontinued Segment	Construction Segment	Discontinued Segment
Accounts receivable (Note X)	\$ 401,058	\$ 79,438	\$ 587,678	\$ 1,538,553
Contract assets				
Property construction	\$ 1,161,737	\$ -	\$ 654,002	\$ -
Construction Retainage Receivable	766,689	-	644,878	-
	<u>\$ 1,928,426</u>	<u>\$ -</u>	<u>\$ 1,298,880</u>	<u>\$ -</u>
Contract liabilities				
Property construction	\$ 435,964	\$ -	\$ 250,748	\$ -
Receipts in advance	-	-	-	10,278
	<u>\$ 435,964</u>	<u>\$ -</u>	<u>\$ 250,748</u>	<u>\$ 10,278</u>

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

The aggregate amount of the amortized transaction price of which the performance obligations have not been satisfied and the anticipated years to recognize the revenue for the construction contracts signed by the combined company as of December 31, 2020 are as follows:

<u>Anticipated years to recognize revenue</u>	<u>December 31, 2020</u>
2021 ~ 2024	<u>\$ 8,893,381</u>

XXIII. Net income from continuing operations

(I) Other Income

	2020	2019
Interest income	\$ 44,231	\$ 50,117
Dividend income	23,481	27,213
Non-payable warranty liability transferred to revenue	-	10,504
Others	7,549	2,252
Less: Discontinued operations	<u>(6,213)</u>	<u>(22,518)</u>
	<u><u>\$ 69,048</u></u>	<u><u>\$ 67,568</u></u>

(II) Other Gains and Losses

	2020	2019
Gain from disposal of subsidiaries, net	\$ 99,306	\$ 34,324
Loss on foreign currency exchange, net	(18,815)	(25,070)
Gain on valuation of financial assets at fair value through profit or loss	37,265	11,958
Gain on disposal of associates, net	3,510	-
Impairment loss on investment properties	(2,252)	-
Loss on disposal of investment property	(1,838)	(1,146)
Gain on disposal of property, plant and equipment, net	67,568	3,975
Litigation compensation gain (loss)	(2,394)	13,878
Gain on lease modification	208	198
Others	(5,930)	9,318
Less: Discontinued operations	<u>(71,498)</u>	<u>(54,116)</u>
	<u><u>\$105,130</u></u>	<u><u>(\$ 6,681)</u></u>

(III) Finance Costs

	2020	2019
Interest expenses		
Interest on bank loan	\$ 11,851	\$ 16,008
Interest on lease liabilities	562	1,351
Less: Discontinued operations	<u>(602)</u>	<u>(915)</u>
	<u><u>\$ 11,811</u></u>	<u><u>\$ 16,444</u></u>

(IV) Depreciation and Amortization Expenses

	2020	2019
Property, plant, and equipment	\$ 11,585	\$ 19,741
Right-of-use assets	12,035	15,603
Investment property	1,076	1,286
Intangible assets	1,011	1,741
Total	<u><u>\$ 25,707</u></u>	<u><u>\$ 38,371</u></u>

Depreciation expenses by function

Operating costs	\$ 1,856	\$ 2,336
Operating expenses	15,955	17,464
Other gains and losses	1,038	1,247
Discontinued operations	<u><u>5,847</u></u>	<u><u>15,583</u></u>

	2020	2019
	<u>\$ 24,696</u>	<u>\$ 36,630</u>
Amortization expenses by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>1,011</u>	<u>1,741</u>
	<u><u>\$ 1,011</u></u>	<u><u>\$ 1,741</u></u>

(V) Employee Benefits

	2020	2019
	<u>\$ 505,906</u>	<u>\$ 360,119</u>
Short-term employee benefits		
Post-employment benefits		
Defined contribution plans	18,456	14,370
Defined benefit plans	347	(388)
Termination benefits	<u>23,909</u>	<u>1,855</u>
	<u><u>\$ 548,618</u></u>	<u><u>\$ 375,956</u></u>
By function		
Operating costs	\$ 271,425	\$ 140,690
Operating expenses	221,040	108,767
Discontinued operations	<u>56,153</u>	<u>126,499</u>
	<u><u>\$ 548,618</u></u>	<u><u>\$ 375,956</u></u>

(VI) Remuneration for Employees and Directors

According to the Articles of Incorporation, the Company appropriates 0.1% to 3% of its income before tax and remuneration for employees and directors as employee remuneration, and no more than 3% of such income as directors' remuneration. Remunerations for employees and directors for 2020 and 2019 were resolved by the Board of Directors on March 25, 2021 and March 27, 2020 respectively.

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

If changes are made to the amount after the publication of the consolidated annual financial report, they apply in accordance with accounting estimation changes and will be included in the financial statements of the following year.

For information on the Company's remunerations for employee and Directors as resolved by the Board of Directors in 2021, please visit the "Market Observation Post System" of Taiwan Stock Exchange.

XXIV. Income Tax

(I) Income Tax Recognized in Profit or Loss

Major components of income tax expenses are as follows:

	2020	2019
Current period income tax		
Income tax expenses recognized in the current year	\$ 68,721	\$ 98,363
Additional tax on undistributed earnings	2,728	1,684
Adjustments for previous years	(89)	(1,805)
Tax levied separately by the Repatriated Offshore Funds Act	<u>77,550</u>	-
	<u>148,910</u>	<u>98,242</u>
Deferred income tax		
Income tax expenses recognized in the current year	(64,553)	16,619
Less: Income tax from discontinued operations	(<u>2,520</u>)	(<u>49,645</u>)
Income tax expenses recognized in profit or loss	<u>\$ 81,837</u>	<u>\$ 65,216</u>

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

	2020	2019
Income before income tax from continuing operations	\$ 383,812	\$ 116,552
Income before income tax from discontinued operations	<u>75,289</u>	<u>177,873</u>
Income before income tax	<u>\$ 459,101</u>	<u>\$ 294,425</u>
Income tax expenses calculated based on income before income tax and the statutory tax rate	\$ 111,695	\$ 66,275
Effects on the deferred income tax of subsidiaries' earnings	(93,618)	48,641
Permanent difference	221	6,949
Exemptions	(12,631)	(5,056)
Unrecognized loss carryforwards	(13,456)	-
Adjustments on income tax expenses of prior years	(89)	(1,805)
Additional tax on undistributed earnings	2,728	1,684
Tax levied separately by the Repatriated Offshore Funds Act	77,550	-
Tax on capital gain from disposal of subsidiaries	13,665	-
Realized loss from domestic investment using equity method	(3,913)	-
Others	2,205	(1,827)
Less: Income tax from discontinued operations	<u>(2,520)</u>	<u>(49,645)</u>

	2020	2019
Income tax expenses recognized in profit or loss	<u>\$ 81,837</u>	<u>\$ 65,216</u>
(II) Income tax recognized in other comprehensive income		
	2020	2019
<u>Deferred income tax</u>		
Income tax expenses recognized in the period		
Exchange differences arising from translation of financial statements of foreign operations	\$ 10,465	\$ 19,665
Remeasurement of defined benefit plans	<u>187</u>	(<u>573</u>)
Income tax recognized in other comprehensive income	<u>(\$ 10,652)</u>	<u>(\$ 19,092)</u>

(III) Deferred Income Tax Assets and Liabilities

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

2020

	Balance - beginning of year	Recognized in profit and loss	Recognized in other comprehensive income	Balance - end of year
<u>Deferred income tax assets</u>				
Warranty Cost	\$ 4,533	\$ 1,034	\$ -	\$ 5,567
Construction proceeds temporarily estimated	5,084	13,380	-	18,464
Unrealized construction loss	3,492	49	-	3,541
Impairment loss	2,679	(1,783)	-	896
Loss carryforwards	282	(282)	-	-
Others	<u>951</u>	<u>1,359</u>	<u>187</u>	<u>2,497</u>
	<u><u>\$ 17,021</u></u>	<u><u>\$ 13,757</u></u>	<u><u>\$ 187</u></u>	<u><u>\$ 30,965</u></u>
<u>Deferred tax liabilities</u>				
Gains or losses from investment accounted for using equity method	\$ 491,035	(\$ 50,796)	\$	\$ 440,239
Exchange differences on translation of foreign operations	15,827	-	(10,465)	5,362
Reserve for land value increment tax	10,814	-	-	10,814
Others	<u>915</u>	<u>-</u>	<u>(\$ 10,465)</u>	<u>915</u>
	<u><u>\$ 518,591</u></u>	<u><u>(\$ 50,796)</u></u>	<u><u>(\$ 10,465)</u></u>	<u><u>\$ 457,330</u></u>

2019

	Balance - beginning of year	Recognized in profit and loss	Recognized in other comprehensive income	Balance - end of year
Deferred tax assets				
Warranty Cost	\$ 3,506	\$ 1,027	\$ -	\$ 4,533
Construction proceeds temporarily estimated	1,914	3,170	-	5,084
Unrealized construction loss	3,043	449	-	3,492
Impairment loss	4,705	(2,026)	-	2,679
Loss carryforwards	64,028	(63,746)	-	282
Others	2,547	(1,023)	(573)	951
	<u>\$ 79,743</u>	<u>(\$ 62,149)</u>	<u>(\$ 573)</u>	<u>\$ 17,021</u>
Deferred tax liabilities				
Gains or losses from investment accounted for using equity method	\$ 533,638	(\$ 42,603)	\$ -	\$ 491,035
Exchange differences on translation of foreign operations	35,492	-	(19,665)	15,827
Reserve for land value increment tax	10,814	-	-	10,814
Unrealized exchange gains	2,927	(2,927)	-	-
Others	915	-	-	915
	<u>\$ 583,786</u>	<u>(\$ 45,530)</u>	<u>(\$ 19,665)</u>	<u>\$ 518,591</u>

(IV) Income Tax Approval

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

Company Name	Approval year
The Company	2018
Chien Kuo Building Co., Ltd.	2018
Shun Long International Electrical Engineering Co., Ltd.	2018

XXV. Earnings Per Share

	Unit: NT\$	
	2020	2019
Basic earnings per share		
From continuing operations	\$ 1.16	\$ 0.16
From discontinued operations	0.27	0.41
Total basic earnings per share	<u>\$ 1.43</u>	<u>\$ 0.57</u>
Diluted earnings per share		
From continuing operations	\$ 1.15	\$ 0.16
From discontinued operations	0.28	0.41
Total diluted earnings per share	<u>\$ 1.43</u>	<u>\$ 0.57</u>

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

Net income

	2020	2019
Net income attributable to owners of the Company	\$373,905	\$179,635
Less: Net income from discontinued operations used for calculation of basic earnings per share of discontinued operations	(<u>72,769</u>)	(<u>128,228</u>)
Net income used for calculation of basic/diluted earnings per share of continuing operations	<u>\$301,136</u>	<u>\$ 51,407</u>

Number of shares

	Unit: In 1,000 Shares	
	2020	2019
Weighted average number of shares of common stock used for the calculation of basic earnings per share	260,603	315,982
Effect of potentially dilutive shares of common stock:		
Employee remuneration	<u>1,296</u>	<u>944</u>
Weighted average number of shares of common stock used for the calculation of diluted earnings per share	<u>261,899</u>	<u>316,926</u>

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

XXVI. Disposal of Subsidiaries

The combined company completed the disposal of all equity of Suzhou Chien Hua and Nantong Chien Cheng and partial equity of WeBIM Services 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 Services were \$250,662 thousand (RMB 60,620 thousand), \$129,079 thousand (RMB 29,500 thousand), and \$5,500 thousand, respectively.

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

	Suzhou Chien Hua	Nantong Chien Cheng	WeBIM Services
Current assets			
Cash and cash equivalents	\$ 13,569	\$ 2,218	\$ 16,204
Notes and accounts receivables	135,065	9,078	6,146
Other receivables	58,648	37,470	-
Inventories	11,376	246	-
Prepayments	2,160	283	-
Other current assets	-	259	-
Non-current assets			
Property, plant, and equipment	51,306	26,630	328
Deferred income tax assets	-	-	283
Right-of-use assets	4,358	-	-
Other non-current assets	-	12,064	577
Current liabilities			
Notes payable	(10,865)	-	-
Other payables	(140,941)	(2,019)	(4,562)
Deferred tax liabilities	-	-	(28)
Other current liabilities	-	(9,089)	(103)
Net assets disposed	<u>\$ 124,676</u>	<u>\$ 77,140</u>	<u>\$ 18,845</u>

(II) Gain (loss) on disposal of subsidiaries

	Suzhou Chien Hua	Nantong Chien Cheng	WeBIM Services
Consideration received	\$ 250,662	\$ 129,079	\$ 5,500
Net assets disposed of (Suzhou Chien Hua and Chien Cheng: 100%; WeBIM Services: 76.5%)	(124,676)	(77,140)	(14,417)
Remaining equity listed as investment using equity method at fair value (49%)	-	-	8,546
Accumulated exchange difference due to net assets of a subsidiary reclassified from equity to profit or loss as a result of losing control over the subsidiary	(26,680)	(17,102)	(371)
Gains (losses) on disposal	<u>\$ 99,306</u>	<u>\$ 34,837</u>	<u>(\$ 371)</u>

(III) Net cash outflow from disposal of subsidiaries

	Suzhou Chien Hua	Nantong Chien Cheng	WeBIM Services
Consideration received in cash and cash equivalents	\$ 250,662	\$ 129,079	\$ 5,500
Less: Advance receipts - beginning of year	(126,383)	(129,079)	-
Less: Balance of cash and cash equivalents disposed	(<u>13,569</u>)	(<u>2,218</u>)	(<u>16,204</u>)
	<u>\$ 110,710</u>	<u>(\$ 2,218)</u>	<u>(\$ 10,704)</u>

XXVII. Equity Transactions with Non-controlling Interests

On March 12, 2020, the combined company acquired 13.39% of Shun Long Electrical Engineering's equity from the Company's employees and the Chairman resulting in an increase on the shareholding ratio 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 that should be transferred out of non-controlling interest with calculations based on the changes in equity	(<u>7,851</u>)
Difference in equity transactions	<u>(\$ 993)</u>

Adjustment account for difference in equity transactions

Additional paid-in capital - difference between the share price and carrying amount of the acquired shares of the subsidiary	\$ 993
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The aforementioned cash consideration of \$6,858 thousand was paid in full on April 6, 2020.

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

By the end of 2020, financial assets at fair value through profit or loss of \$7,884 thousand and \$141,759 thousand that the combined company purchased and disposed of are recognized as other payables and other receivables, respectively, at the year-end due to settlement-date lag.

XXIX. 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 combined company may adjust dividends paid to stockholders, refund capital to stockholders or issue new shares to lower its debts.

XXX. 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 that are measured at fair value on a recurring basis

1. Fair value level

December 31, 2020

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured at fair value through profit or loss</u>				
Structured notes	\$ 399,851	\$ -	\$ 399,851	
Domestic listed stocks	75,770	-	-	75,770
Domestic funds	529,819	-	-	529,819
Foreign Fund	273,888	-	-	273,888
Private equity funds	-	-	67,355	67,355
Structured deposits	-	465,688	-	465,688
Total	<u>\$ 879,477</u>	<u>\$ 865,539</u>	<u>\$ 67,355</u>	<u>\$1,812,371</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Domestic listed stocks	<u>\$ 422,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,572</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets measured 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>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Domestic listed stocks	<u>\$ 460,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 460,393</u>
<u>Financial assets for hedging</u>				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 1,011</u>	<u>\$ -</u>	<u>\$ 1,011</u>

There was no transfer between Level 1 and Level 2 fair value measurements in 2020 and 2019.

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

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

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

Fair value of private equity is estimated by using the valuation reports of the fund companies.

The unobservable inputs applied by the combined company were a 10% discount for lack of liquidity and a 10% discount for lack of minority interest as of December 31, 2020 and 2019. When other inputs are held constant, a 1% discount would decrease the fair value by NT\$1,639 thousand and NT\$844 thousand, respectively.

(III) Types of financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$ 1,812,371	\$ 196,042
Financial assets for hedging	-	1,011
Financial assets measured at amortized cost (Note 1)	3,630,327	5,099,868
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments	422,572	460,393
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	3,027,190	3,094,142

Note 1. The balance includes financial assets at amortized cost, which comprise cash and cash equivalents, restricted bank deposit, term deposit, and bills with repurchase agreement, notes receivable, accounts receivable, other receivables, and pledged certificate of deposit.

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

(IV) Financial risk management objectives and policies

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

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

1. Market risk

(1) Foreign exchange rate risk

The combined company has repatriated its offshore funds with the applicable Repatriated Offshore Funds Act; therefore, the combined company is exposed to the risk of fluctuation in the exchange rate.

Please refer to Note XXXV for details on carrying amounts of non-functional currency valuation assets 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 positive figures in the table below show the increases in income before tax when the currency appreciates by 1% against the combined entity's functional currency.

	Effect on Profit or Loss	
	2020	2019
RMB	\$ 3,986	\$ 160
USD	2,004	-

Hedge accounting

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

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

December 31, 2019

Unit: In 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	\$ -

For the above forward exchange contract designated as hedging instrument for cash flow hedge, a hedging loss of \$1,042 thousand and a hedging gain of \$1,042 thousand were recognized in other comprehensive income for the year ended December 31, 2020 and 2019.

(2) Interest rate risk

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

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

	December 31, 2020	December 31, 2019
Fair value interest rate risk		
- Financial assets	\$ 1,684,108	\$ 2,070,531
- Financial liabilities	489,655	547,165
Cash flow interest rate risk		
- Financial assets	1,218,692	676,954
- Financial liabilities	499,850	499,790

Sensitivity analysis

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

If interest rate increases/decreases by 100 basis points, other variables held constant, the combined company's income before tax will increase/decrease by \$7,188 thousand and \$1,772 thousand for 2020 and 2019, respectively.

(3) Other price risk

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

Sensitivity analysis

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

For the years ended December 31, 2020 and 2019, if equity prices rise/fall by 10%, the pre-tax income would increase/decrease by \$181,237 thousand and \$19,604 thousand, respectively, due to the increase/decrease in the fair value of financial assets measured at fair value through profit or loss.

For the years ended December 31, 2020 and 2019, if equity prices rise/fall by 10%, the pre-tax other comprehensive income would increase/decrease by \$42,257 thousand and \$46,039 thousand, respectively, due to the increase/decrease in the fair value of financial assets measured 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 its operations.
- (2) The following tables detail the combined company's non-derivative financial liabilities grouped by the maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flows disclosed below, including those of interest and principals, are undiscounted.

December 31, 2020

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

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

(3) Financing facilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Credit line of unsecured bank loan		
- Amount used	\$ 615,000	\$ 612,000
- Amount unused	<u>1,651,429</u>	<u>1,489,817</u>
	<u><u>\$ 2,266,429</u></u>	<u><u>\$ 2,101,817</u></u>
Credit line of secured bank loan		
- Amount used	\$ 350,000	\$ 391,750
- Amount unused	<u>100,000</u>	<u>273,123</u>
	<u><u>\$ 450,000</u></u>	<u><u>\$ 664,873</u></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 payables. However, if such derecognized drafts fail to be accepted by banks when due, the suppliers are entitled to demand for a settlement to be made by the combined company. Therefore, the combined company still has continuing involvement in such drafts.

The maximum risk exposure of the combined company's continuing involvement in the above derecognized drafts is their face amount, which totaled \$62,291 thousand and \$323,907 thousand as of December 31, 2020 and 2019, respectively, and will be due within 5 months and 9 months after the balance sheet date, respectively. Having considered the credit risks of such derecognized drafts, the combined company determines that the fair value of its continuing involvement is immaterial.

For the annual periods ended December 31, 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.

XXXI. Related Party Transactions

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

(I) Names and relationships of related parties

Name of Related Party	Relationship with the combined company
WeBIM Services	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.
Mark 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

Category of related parties	2020	2019
Associates	\$ 1,124	\$ 2,045

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

2. Lease agreements as a lessee

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

Accounting item	Category of Related		2020	2019
	Parties			
Acquisition of right-of-use assets	Other related parties		\$ 12,532	\$ -
Lease liabilities	Category of Related	December 31,	December 31,	
	Parties	2020	2019	
	Other related parties	\$ 10,088	\$ 21,847	

Accounting item	Category of Related		2020	2019
	Parties			
Interest expenses	Other related parties		\$ 224	\$ 400
Rental Expenses	Other related parties		\$ 100	\$ 72

3. Lease agreements as a lessor (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.

Accounting item	Category of Related		2020	2019
	Parties			
Rent income	Other related parties		\$ 1,143	\$ -

4. Equity transactions

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

5. Donation expenditure

Category of Related Parties	2020	2019
Other related parties	\$ 1,800	\$ 1,800

The combined company donated broadcast production fees to associates.

6. Acquisition of financial assets

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

(III) Remuneration to key management

	2020	2019
Short-term employee benefits	\$ 82,132	\$ 50,881
Termination benefits	-	280
Post-employment benefits	1,237	1,196
	<u>\$ 83,369</u>	<u>\$ 52,357</u>

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

XXXII. Pledged Assets

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

	December 31, 2020	December 31, 2019
Inventories (for construction business)	\$ 463,577	\$ 463,577
Financial assets at fair value through other comprehensive income - non-current	129,939	133,177
Pledged time deposit certificates (classified as financial assets at amortized cost)	5,696	146,918
Investment property	30,974	31,548
Property, plant, and equipment	-	16,382
Right-of-use assets	-	4,414
Other restricted assets (classified as other non-current assets)	13,897	8,833
	<u>\$ 644,083</u>	<u>\$ 804,849</u>

XXXIII. Significant Contingent Liabilities and Unrecognized Contract Commitments

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

- (I) The construction project of the National Kaohsiung Center for the Arts (Weiuying) (hereinafter referred to as "the Project") undertaken by the combined company was completed on December 16, 2016, and the Ministry of Culture of the Republic of China (hereinafter referred to as "the Ministry") began the initial acceptance inspection on February 20, 2017. Per instructions of the Ministry during the acceptance inspection process, work completed in phases was delivered for use, while other interface projects were still undergoing construction within the same space. The Ministry even allowed public access to some facilities without turning on related equipment to maintain appropriate temperature and humidity, which resulted in unexpected damage and deficiencies to the Project. The Ministry required the combined company to repair the damaged part, which caused the Project's failure to conform to the acceptance procedures within the time limit. As a result, the Ministry proposed to impose a default penalty on the combined company for the delay. The combined company deemed such application of law was wrong and in violation of the principles of fairness and reasonableness. Therefore, it filed a request for mediation to the Complaint Review Board for Government Procurement under the Public Construction Commission of the Executive Yuan (hereinafter referred to as the "Commission") on October 9, 2018. Due to no consensus reached during the mediation of the Commission, the combined company submitted a request for arbitration on August 6, 2020. The arbitration association planned to process the last arbitration meeting on May 17, 2021, and to make a judgment on the arbitration in mid-September 2021. The arbitration board is still judging the related evidence such that results of the arbitration are difficult to evaluate.
- (II) Shing Tzung Development Co., Ltd (hereinafter referred to as "Shing Tzung") and its responsible person, Kuo-feng Lu, 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 \$25 million plus the statutory delay interest

accrued thereon from them. In 2018, the court held an initial judgment that Shing Tzung had also paid related expenses for such an incident and thus agreed to the contention of Shing Tzung that the expenses already paid by Shing Tzung should offset the credit rights to which the 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 \$25 million that was previously recognized as "payment on behalf of another party."

In addition, Shing Tzung claimed that it had suffered loss from the incident and should have demanded compensation from the subcontractor responsible for constructing the diaphragm wall. However, Shing Tzung turned to the combined company for compensation for the incident because the subcontractor had insufficient capital. The combined company also had suffered loss from the incident and, consequently, filed a claim against Shing Tzung for compensation (including expenses incurred by the combined company's participation in the repair work) and demanded that Shing Tzung return the promissory notes of performance guarantee to the combined company. Regarding the two lawsuits, the Kaohsiung Qiaotou District Court ruled that the combined company shall pay Shing Tzung \$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 \$27,382 thousand plus interest calculated at 5% per annum from October 30, 2015 to the settlement date. The two parties appealed to the Taiwan High Court Kaohsiung Branch Court during the legal period and the first court hearing was held on January 4, 2021. The lawyer of Shing Tzung stated that it took more time to prepare the related document due to the change of lawyer, such that the court scheduled to conduct a second verbal argument on April 22, 2021. The judge is currently processing the preparation procedures, such that results of the judgment are unable to evaluate.

- (III) On March 15, 2013, the combined company and Kingland Property Corporation Ltd. (formerly known as DSG Technology Inc., hereinafter referred to as "Kingland") signed a construction contract, under which two parties covenanted to contract the combined company for the construction project named "Fu-yi River Residential Construction Project" on Land No. 440, Zhuangjing Section, Xindian District, New Taipei City. The combined company had completed the various stages of work as specified by the contract and, together with Kingland, completed the acceptance of the residential units and inspection of communal facilities. Due to a large portion of the residential units being unsold and thus the condominium management committee

failed to be established, Kingland, by putting up various excuses, refused to make progress with any follow-up inspections or acceptance, and furthermore refused to make the remaining contract payments and additional payments due to the combined company. 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 \$57,370 thousand to the combined company. The arbitration meeting was finished on March 5, 2021 and an arbitration judgment by the arbitration court is expected by the end of April 2021.

- (IV) As of December 31, 2020, the performance guarantee letters issued by the bank for construction projects of the combined company amounted to \$1,561,871 thousand.
- (V) As of December 31, 2020, the guaranteed bills issued by the combined company for business needs amounted to \$342,013 thousand.

XXXIV. Other Matters

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.

XXXV. Information on Foreign-Currency-Denominated Assets and Liabilities with Significant Influence

Information on financial assets and liabilities of the combined company which are denominated in foreign currencies with significant influence is as follows:

Unit: Foreign currency/NT\$1,000

December 31, 2020

Financial assets	Foreign Currency	Exchange Rate	Carrying Amount
<u>Monetary items</u>			
RMB	\$ 91,320	0.1433 (RMB:USD)	\$ 398,594
USD	7,036	28.48 (USD:NTD)	<u>200,385</u>
			\$ 598,979

December 31, 2019

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

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

	2020		2019	
	Exchange Rate	Gain (Loss) on Foreign Currency Exchange, Net	Exchange Rate	Loss on Foreign Currency Exchange, Net
		Exchange, Net		Exchange, Net
<u>Financial assets</u>				
RMB	0.1449 (RMB:USD)	\$ 10,372	0.1450 (RMB:USD)	(\$ 8,284)
USD	29.55 (USD:TWD)	(7,130)	30.91 (USD:TWD)	-
		\$ 3,242		(\$ 8,284)

XXXVI. Supplementary Disclosures

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

1. **Loaning Provided to Others:** Please refer to Appendix 1.
2. **Endorsements/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. **Engaging in Derivatives Trading:** Please refer to Note VII and XXX.
10. **Others: Inter-company Business 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 endorsements/guarantees or collateral provided.
 - (5) The maximum balance, ending balance, interest rate range and total amount of current-period interest of financing facilities.
 - (6) Other transactions with significant impact on profit or loss or financial position for the period, such as provision or receipt of service.

(IV) Information on major shareholders: List of all shareholders with ownership of 5% or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Please refer to Appendix 9.

XXXVII. Segment Information

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

(I) Major Customers

Individual customers from whom at least 10% of net revenue of the combined company is generated are as follows:

	December 31, 2020	December 31, 2019
10381719	\$ 1,300,628	\$ 706,025
10326634	1,117,447	935,262
10335434	862,406	437,978
10286230	800,879	546,859
10461612	<u>735,555</u>	<u>-</u>
	<u>\$ 4,816,915</u>	<u>\$ 2,626,124</u>

Chien Kuo Construction Co. Ltd. and Subsidiaries

Loans Provided to Others

January 1 to December 31, 2020

Appendix 1

Unit: NT\$ Thousands

No.	Financing Company	Counter-party	Financial Statement Account	Related Party (Y/N)	Maximum Balance	Ending Balance	Actual Amount Used	Interest Rate Range	Nature of Financing (Note 1)	Amount of Transaction	Reason for short-term financing	Allowance for Doubtful Debts	Collateral		Limit on Loans Granted to a Single Party	Total Loan Limit	Note
													Item	Value			
0	Chien Kuo Construction Co., Ltd.	Chien Kuo Building Co., Ltd.	Other receivables	Yes	\$ 300,000	\$ -	\$ -	1.2%	(1)	\$ -	Operating capital	\$ -	-	\$ -	20% of the parent's net worth	40% of the parent's net worth	
1	Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	Other receivables	Yes	245,459	-	-	5%	(1)	-	Operating capital	-	-	-	\$ 860,487 100% of the Company's net worth	\$ 1,720,974 100% of the company's net worth	
2	Chien Kuo Building Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Other receivables	Yes	20,000	20,000	20,000	1.45%~1.68%	(1)	-	Operating capital				257,298 20% of the company's net worth	40,027 40% of the company's net worth	257,298 40,054

Note 1. The nature of financing is described as follows:

(1) For the purpose of short-term financing.

Note 2. Where there involves a foreign currency, it is translated to New Taiwan Dollars by using the exchange rate as of December 31, 2020 (RMB1=NT\$4.3648).

Chien Kuo Construction Co. Ltd. and Subsidiaries

Endorsements/Guarantees Provided for Others

January 1 to December 31, 2020

Appendix 2

Unit: NT\$ Thousands

No.	Endorsements/guarantees Provider Company Name	Parties Being Endorsed/guaranteed		Limit of Endorsements/guarantees for a Single Entity (Note 1)	Highest Balance up to the Current Month	Outstanding Endorsements/guarantees - Ending	Actual Amount Used	Endorsements/guarantees Secured with Collateral	Ratio of Cumulative Endorsements/guarantees to the Net Equity Stated in the Latest Financial Statements	Limit of Endorsements/guarantees (Note 2)	Endorsements /guarantees Provided by Parent for Subsidiary	Endorsements /guarantees Provided by Subsidiary for Parent	Endorsements /guarantees for Entities in China	Note
		Company Name	Relationship											
0	Chien Kuo Construction Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Subsidiary	\$ 2,151,218	\$ 100,000	\$ 100,000	\$ 24,730	\$ -	2.32%	\$ 4,302,435	Y	N	N	Financing endorsements/guarantees
0	Chien Kuo Construction Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	Sub-subsidiary	2,151,218	448,293	-	-	-	-	4,302,435	Y	N	Y	Financing endorsements/guarantees

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

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

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

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

Chien Kuo Construction Co. Ltd. and Subsidiaries
 Marketable Securities Held at the End of the Period
 December 31, 2020

Appendix 3

Unit: NT\$ Thousands

Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	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>							
	Eastspring Investments Export Fund	-	Financial assets at fair value through profit or loss - current	200	\$ 11,261	-	\$ 11,261	-
	Allianz Global Investors Taiwan Technology Fund	-	"	211	18,558	-	18,558	-
	Union Money Type Fund	-	"	6,011	80,000	-	80,000	-
	Jih Sun Money Type Fund	-	"	6,020	90,000	-	90,000	-
	FSITC Money Type Fund	-	"	445	80,000	-	80,000	-
	Capital Money Type Fund	-	"	4,918	80,000	-	80,000	-
	Mega Diamond Money Type Fund	-	"	7,115	90,000	-	90,000	-
	Taishin Ta-Chong Money Type Fund	-	"	5,586	80,000	-	80,000	-
	Wan Chan Venture Capital Co. Ltd.	-	Financial assets at fair value through profit or loss - non-current	1,800	17,100	0.05	17,100	-
	<u>Stock</u>							
	United Microelectronics Corporation	-	Financial assets at fair value through profit or loss - current	150	7,072	-	7,072	-
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	"	11	5,830	-	5,830	-
	Novatek Microelectronics Corp.	-	"	20	7,380	-	7,380	-
	FOCALTECH SYSTEMS CO., LTD.	-	"	30	2,805	0.01	2,805	-
	Alchip Technologies, Ltd.	-	"	10	6,210	0.02	6,210	-
	RichWave Technology Corp.	-	"	10	3,945	0.02	3,945	-
	Visual Photonics Epitaxy Co., Ltd.	-	"	35	3,920	0.02	3,920	-
	Yageo Corporation	-	"	7	3,626	-	3,626	-
	Walsin Technology Corp.	-	"	15	3,458	-	3,458	-
	Unimicron Technology Corporation	-	"	66	5,768	-	5,768	-
	eMemory Technology Inc.	-	"	5	2,975	0.01	2,975	-
	Gudeng Precision Industry Co., Ltd.	-	"	12	3,276	0.02	3,276	-
	Parade. Technologies, Ltd.	-	"	1	1,110	-	1,110	-
	Sino-American Silicon Products Inc.	-	"	28	4,970	-	4,970	-
	Advanced Wireless Semiconductor Co.	-	"	70	9,450	0.04	9,450	-
	Hong Plastic Technology Co., Ltd.	-	"	10	3,975	0.03	3,975	-

(Continued on next page)

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Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	Financial Statement Account	Ending Balance				Note
				Number of Shares (in Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Golden Canyon Limited Company	Chia Hsin Cement Corporation	-	Financial assets at fair value through other comprehensive income - current	1,114	\$ 21,231	0.14	\$ 21,231	-
	Taiwan Cement Corporation	-	Financial assets at fair value through other comprehensive income - non-current	6,191	267,453	0.11	267,453	(Note 2)
	Chia Hsin Cement Corporation Funds	-	"	6,853	130,550	0.88	130,550	(Note 3)
	iShares MSCI USA Value Factor ETF	-	Financial assets at fair value through profit or loss - current	2	5,940	-	5,940	-
	US Technology Fund	-	"	9	21,557	-	21,557	-
	Global Healthcare Fund	-	"	1	13,191	-	13,191	-
	PVG GCN VENTURES, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	22,118	5.00	22,118	-
Silver Shadow Holding Limited	CSVI VENTURES, L.P. Stock	(Note 1)	"	-	28,137	5.16	28,137	-
	Chia Hsin Cement Corporation Funds	-	Financial assets at fair value through other comprehensive income - current	175	3,338	0.02	3,338	-
	BlackRock Global Funds	-	Financial assets at fair value through profit or loss - current	21	31,686	-	31,686	-
	iShares MSCI Brazil ETF	-	"	25	26,500	-	26,500	-
	iShares Global Clean Energy ETF	-	"	8	6,675	-	6,675	-
	iShares MSCI India ETF	-	"	21	24,055	-	24,055	-
	iShares Russell 2000 ETF	-	"	1	7,259	-	7,259	-
CK Asia (Shanghai) Information Technology Co., Ltd.	US Global Jets ETF	-	"	14	8,796	-	8,796	-
	iShares PHLX SOX Semiconductor	-	"	2	20,734	-	20,734	-
	iShares MSCI USA Value Factor ETF Funds	-	"	12	28,712	-	28,712	-
	Harvest Shanghai and Shenzhen 300 Exchange-Traded Fund	-	"	500	11,349	-	11,349	-
	China International Enron Return Commingled Securities Investment Fund	-	"	7,962	44,036	-	44,036	-
	China International Frontline Technology Flexible Configuration Commingled Securities Investment Fund	-	"	1,801	23,398	-	23,398	-

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

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

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

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

Chien Kuo Construction Co., Ltd. and Subsidiaries
 Purchases from or Sales to Related Parties Amounting to NT\$100 Million or 20% of the Paid-in Capital or More
 January 1 to December 31, 2020

Appendix 4

Unit: NT\$ Thousands

Company name	Related party	Relationship	Transaction Situation				Situations and Reasons of Transaction Terms Different from General Transaction Terms (Note 1)		Notes and Accounts Receivable (Payable)		Note (Note 2)
			Purchases (Sales)	Amount	Ratio to Total Purchases (Sales)	Credit period	Unit Price	Credit period	Balance	Ratio to Total Notes or Accounts Receivable (Payable)	
Chien Kuo Construction Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Subsidiary	Purchases	\$ 1,017,246	16.15%	Pursuant to the agreement	-	-	(\$ 374,180)	19.02%	
Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Construction Co., Ltd.	Parent	Sales	1,017,246	99.15%	Pursuant to the agreement	-	-	374,180	96.97%	

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

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

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

Chien Kuo Construction Co., Ltd. and Subsidiaries
 Receivables from Related Parties Amounting to NT\$100 Million or 20% of the Paid-in Capital or More
 January 1 to December 31, 2020

Appendix 5

Unit: NT\$ Thousands, unless otherwise specified

Company Name	Related party	Relationship	Balance Dues from Related Parties	Turnover Rate	Overdue Receivables from Related Parties		Subsequently Recovered Amount from Related Party (Note 1)	Loss Allowance Provided
					Amount	Action Taken		
Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Construction Co., Ltd.	Parent	Accounts receivables \$374,180	3.16	\$ -	\$ -	\$ 272,806	\$ -

Note 1. Amount received as of March 25, 2021.

Chien Kuo Construction Co., Ltd. and Subsidiaries
 Inter-company Business Relationships and Significant Inter-company Transactions
 January 1 to December 31, 2020

Appendix 6

Unit: NT\$ Thousands

No.	Company Name	Counter-party	Nature of Relationship (Note 1)	Transaction Details			
				Financial Statement Account	Amount	Transaction Terms	Ratio to total Revenue or Total Assets
0	Chien Kuo Construction Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	(1)	Other prepayments	\$ 20,163	Note 2	0.22%
				Construction costs	1,017,246	Note 2	15.04%
				Contract assets - property construction	1,951,937	Note 2	21.39%
				Accounts payable	374,180	Note 2	4.10%
				Accounts payable - provisional estimate	76,240	Note 2	0.84%
				Other payables	20,000	Note 3	0.22%
1	Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Building Co., Ltd.	(3)				

Note 1. 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. Loan funds.

Chien Kuo Construction Co., Ltd. and Subsidiaries
 Information on Invested Companies and Their Locations, etc.
 January 1 to December 31, 2020

Appendix 7

Unit: NT\$ Thousands

Investor	Invested Company	Location	Main Businesses	Original Investment Amount		End of the Current Period			Profit or Loss of Invested Company in the Current Period	Investment Profit/Loss Recognized in the Current Period	Note
				December 31, 2020	December 31, 2019	Shares	Ratio (%)	Carrying Amount			
Chien Kuo Construction Co., Ltd.	Golden Canyon Limited	British Virgin Islands	Investment	\$ 272,267	\$ 272,267	8,714	100.00	\$ 1,446,600	\$ 96,200	\$ 96,200	Subsidiary
	Silver Shadow Holding Limited	British Virgin Islands	Investment	815,907	815,907	25,038	100.00	1,812,134	117,907	117,907	Subsidiary
	Chien Kuo Building Co., Ltd.	Taiwan	Building construction commission; public housing lease	144,065	144,065	10,000	100.00	100,855	720	720	Subsidiary
	Shun Long International Electrical Engineering Co., Ltd.	Taiwan	Mechanical, electrical and plumbing engineering, undertaking and equipment/wholesale and retail	51,219	44,361	7,000	100.00	79,430	27,064	26,225	Subsidiary
	WeBIM Services Co., Ltd.	Taiwan	Construction technology	-	8,546	-	-	-	(870)	(426)	Note 4 Subsidiary
	Anping Property Co., Ltd.	Taiwan	Housing and building development and lease	-	140,000	-	-	-	(66)	(66)	
	Golden Canyon Venture Capital Investment Co., Ltd.	Taiwan	Venture capital business	401,000	-	40,100	100.00	400,331	(669)	(669)	Subsidiary
Silver Shadow Holding Limited	CK Asia Co., Ltd.	British Virgin Islands	Investment	878,510	878,510	1,685	54.78	1,042,245	186,831	Note 3	Sub-subsidiary
Golden Canyon Limited	CK Asia Co., Ltd.	British Virgin Islands	Investment	782,106	782,106	1,391	45.22	860,366	186,831	Note 3	Sub-subsidiary

Note 1. Where there involves a foreign currency, it is translated into New Taiwan Dollars by using the exchange rate at December 31, 2020 (US\$1=NT\$28.48), except for profit or loss items, which are translated into New Taiwan Dollars by using the average exchange rate over January 1 - December 31, 2020 (US\$1=NT\$29.55).

Note 2. For investment in investees in mainland China, please refer to Appendix 8.

Note 3. The gains or losses of an invested company are incorporated into those of its 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

January 1 to December 31, 2020

Appendix 8

Unit: NT\$ Thousand, unless otherwise specified.

Investee in Mainland China	Main Businesses	Paid-in Capital	Method of Investment	Cumulative Investment Amount Remitted from Taiwan - Beginning of the Period	Investment Amount Remitted or Received for the Current Period		Ending balance of Accumulated Outflow of Investment from Taiwan	Profit or Loss of Invested Company in the Current Period	Percentage of Ownership (Direct or Indirect)	Investment Gains (Losses) Recognized for the Current Period (Note 1)	Carrying Amount - End of the period (Note 1)	Investment Gains Repatriated by the End of the Current Period	Note
					Remitted	Received							
Shanghai Chien Kuo Concrete Co., Ltd.	Production and sale of concrete and concrete products	\$ 142,742	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	122,872	Investment through a company founded in a third region	68,326	-	-	68,326	2,848	100%	2,848	176,115	41,113	
Suzhou Chien Hua Concrete Co., Ltd.	Production and sale of concrete and concrete products	113,920	Investment through a company founded in a third region	182,036	-	-	182,036	7,070	-	7,070	-	-	Note 4
Chien Ya (Suzhou) Information Technology Consultant Co., Ltd.	Computer software technology development and consultation	276,968	Investment through a company founded in a third region	-	-	-	-	(15,308)	100%	(15,308)	241,668	-	Note 5
Kunshan Jianshan New Timbering Co., Ltd.	Production and sale of concrete and concrete products	284,800	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	142,400	Investment through a company founded in a third region	214,059	-	-	214,059	6,909	100%	6,909	323,680	32,445	
Chien Ya (Wuxi) Information Technology Consultant Co., Ltd.	Computer software technology development and consultation	264,152	Investment through a company founded in a third region	-	-	-	-	(1,473)	100%	(1,473)	277,233	-	Note 6
Changzhou Chien An Concrete Co., Ltd.	Production and sale of concrete and concrete products	71,200	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	57,672	Investment through a company founded in a third region	34,672	-	34,672	-	-	-	-	-	221,161	Note 4
Chien Ya (Nantong) Information Technology Consultant Co., Ltd.	Computer software technology development and consultation	142,400	Investment through a company founded in a third region	161,500	-	-	161,500	-	-	-	-	4,405	Note 4, 7
Yangzhou Chien Yung Concrete Co., Ltd.	Production and sale of concrete and concrete products	56,960	Investment through a company founded in a third region	197,041	-	-	197,041	66,882	100%	66,882	102,053	168,105	
Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	Computer software technology development and consultation	230,688	Investment through a company founded in a third region	-	-	-	-	7,953	100%	7,953	265,405	-	Note 8
Shanghai Chien Chung Concrete Co., Ltd.	Production and sale of concrete and concrete products	71,200	Investment through an existing company in a third region	-	-	-	-	-	-	-	-	-	Note 4

Investee in Mainland China	Main Businesses	Paid-in Capital	Method of Investment	Cumulative Investment Amount Remitted from Taiwan - Beginning of the Period	Investment Amount Remitted or Received for the Current Period		Ending balance of Accumulated Outflow of Investment from Taiwan	Profit or Loss of Invested Company in the Current Period	Percentage of Ownership (Direct or Indirect)	Investment Gains (Losses) Recognized for the Current Period (Note 1)	Carrying Amount - End of the period (Note 1)	Investment Gains Repatriated by the End of the Current Period	Note
					Remitted	Received							
Changzhou Changlong Stevedoring Co., Ltd.	Cargo handling	2,182	Investment through an existing company in a third region	-	-	-	-	-	-	-	-	-	Note 4
Jiangsu Solid Construction & Engineering Co., Ltd.	Construction consultation	59,808	Investment through a company founded in a third region	-	-	-	-	-	-	-	-	14,562	Note 4
Chien Kuo Construction Consultant (Kunshan) Co., Ltd.	Construction consultation	17,088	Investment through a company founded in a third region	-	-	-	-	398	-	398	-	5,368	Note 4
A total of seven invested companies including Loudi Chien Kuo Mining Co., Ltd.	Quarrying	1,134,074	Investment through an existing company in a third region and others	36,840	-	36,840	-	-	-	-	-	1,681,827	Note 4

Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Upper limit on investment authorized by MOEAIC
\$868,785 (Note 3)	\$958,162 (Note 2)	\$ 2,657,191

Note 1. The amount was recognized based on the audited financial statements of investees in the same period.

Note 2. The amount authorized by the Investment Commission, MOEA was \$1,512,351 thousand, of which \$554,189 thousand was the earnings of invested companies in mainland China remitted to the third regions, and was not included in the calculation of the limit on investment.

Note 3. The amount remitted from Taiwan of \$868,785 thousand included the following expenditures:

(1) Loss on investment:

Investee in Mainland China	Original Investment Amount	Repatriated Investment Amount	Loss on Investment
Shanghai Chien Chung Concrete Co., Ltd.	\$ 33,553	\$ 14,058	\$ 19,495
Shanghai Ruihui Trading Co., Ltd.	9,210	916	8,294
Nanjing Jianxing Concrete Co., Ltd.	25,728	25,618	110
Jianxiang Management Consultant (Shanghai) Co., Ltd.	1,779	-	1,779

(2) Of the amount, \$163,869 thousand (USD 5,682 thousand) originated from the funds of the third regions.

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

Note 5. New shares divided from Suzhou Chien Hua Concrete Co., Ltd.

Note 6. New shares divided from Wuxi Chien Bang Concrete Co., Ltd.

Note 7. New shares divided from Nantong Chien Cheng Concrete Co., Ltd.

Note 8. New shares divided from Yangzhou Chien Yung Concrete Co., Ltd.

Chien Kuo Construction Co., Ltd. and Subsidiaries

Information on Major Shareholders

December 31, 2020

Appendix 9

Unit: In 1,000 Shares

Name of Major Stockholders	Shares	
	Number of Shares Held	Percentage of Shares Held
Chien Hwei Investment Co., Ltd.	46,012	17.87%
Chi-te Chen	18,844	7.31%
Chen-ching Chen	13,586	5.27%

Note: Information on major shareholders in this table is provided by Taiwan Depository & Clearing Corporation according to information on shareholders holding at least 5% or greater of ordinary shares and preferred shares (including treasury shares) that have been issued and delivered without physical registration by the Company on the last business day at the end of the current quarter. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.