

Chien Kuo Construction Co., Ltd.

**Financial Statements
and Independent Auditors' Report**
For the Years Ended December 31, 2020 and 2019

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Independent Auditors' Report

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

Audit Opinions

We have audited the Balance Sheets of Chien Kuo Construction Co., Ltd. as of December 31, 2020 and 2019, the Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes to the 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 Financial Statements present fairly, in all material respects, the financial position of Chien Kuo Construction Co. Ltd. as of December 31, 2020 and 2019, and its financial performance and 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."

Basis for Audit Opinion

We conducted our audits of the financial statements as of and for the year ended December 31, 2020 in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants," and the auditing standards generally accepted in the Republic of China. 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 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 financial statements of Chien Kuo Construction Co., Ltd. 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 financial statements of Chien Kuo Construction Co., Ltd. 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 XIX.

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

It is the management's responsibility to fairly present the 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 Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the Financial Statements, the responsibility of management includes assessing the ability of Chien Kuo Construction Co., Ltd. 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. 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. (including the Audit Committee) have the responsibility to oversee the process by which the financial statements are prepared.

The Accountants' Responsibility in Auditing the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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. to cease to continue as a going concern.
5. Assessed the overall presentation, structure and content of the Financial Statements (including the related notes), and determined whether the 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. in order to express an opinion on the 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.

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 financial statements of Chien Kuo Construction Co., Ltd. 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
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March 25, 2021

Chien Kuo Construction Co., Ltd.

Balance Sheets

December 31, 2020 and 2019

Unit: NT\$ Thousands

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current assets				
1100	Cash (Notes VI)	\$ 329,047	4	\$ 380,687	5
1110	Financial assets at fair value through profit or loss (Note VII)	605,589	7	-	-
1120	Financial assets at fair value through other comprehensive income (Note VIII)	21,231	-	24,909	-
1136	Financial assets measured at amortized cost (Note IX and XXXII)	292,741	3	16,500	-
1140	Contract assets (Note IXX)	1,586,371	19	1,298,880	17
1150	Notes receivable (Note X)	7,500	-	13,125	-
1170	Accounts receivable (Notes X and IXX)	389,456	5	578,046	7
1200	Other receivables	51,305	1	7,723	-
1323	Inventories (for construction business) (Notes XI and XXVII)	465,926	6	463,577	6
1410	Prepayments	64,921	1	96,574	1
1470	Other current assets	6,371	-	5,279	-
11XX	Total current assets	<u>3,820,458</u>	<u>46</u>	<u>2,885,300</u>	<u>36</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss (Note VII)	17,100	-	8,100	-
1520	Financial assets at fair value through other comprehensive income (Notes VIII and XXXII)	398,003	5	410,826	5
1550	Investments accounted for using equity method (Note XII)	3,839,350	46	4,362,248	55
1600	Property, plant, and equipment (Notes XXXII)	31,262	1	33,053	1
1755	Right-of-use assets (Notes XVI)	25,049	-	32,178	1
1760	Investment property (Notes XVII and XXVII)	97,761	1	150,507	2
1840	Deferred tax assets (Note XXI)	29,616	1	15,534	-
1990	Other non-current assets (Note XXVII)	23,635	-	15,393	-
15XX	Total noncurrent assets	<u>4,461,776</u>	<u>54</u>	<u>5,027,839</u>	<u>64</u>
1XXX	Total assets	<u>\$ 8,282,234</u>	<u>100</u>	<u>\$ 7,913,139</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities				
2130	Contract liabilities (Note IXX)	\$ 86,448	1	\$ 245,696	3
2170	Notes payable (Note XVI and XXVI)	1,966,847	24	1,549,723	19
2200	Other payables	209,576	3	145,350	2
2230	Current tax liabilities	20,092	-	2,071	-
2320	Current portion of long-term bank loans, (Note XV)	449,292	5	-	-
2399	Other current liabilities (Notes XIII)	60,982	1	56,750	1
21XX	Total current liabilities	<u>2,793,237</u>	<u>34</u>	<u>1,999,590</u>	<u>25</u>
	Non-current liabilities				
2540	Long-term Bank loans (Note XV)	499,850	6	948,991	12
2570	Deferred tax liabilities (Note XXI)	457,330	6	518,591	7
2600	Other non-current liabilities (Notes XIII and XVII)	103,166	1	97,227	1
25XX	Total non-current liabilities	<u>1,060,346</u>	<u>13</u>	<u>1,564,809</u>	<u>20</u>
2XXX	Total liabilities	<u>3,853,583</u>	<u>47</u>	<u>3,564,399</u>	<u>45</u>
	Equity (Note XVIII)				
	Capital				
3110	Common stock	2,574,401	31	2,674,401	34
3200	Additional paid-in capital	204,852	2	201,627	3
	Retained earnings				
3310	Legal reserve	645,464	8	626,554	8
3320	Special reserve	23,412	-	50,001	1
3350	Unappropriated earnings	1,038,788	13	800,246	9
3300	Total retained earnings	1,707,664	21	1,476,801	18
3400	Other equity	(58,266)	(1)	(4,089)	-
3XXX	Total equity	<u>4,428,651</u>	<u>53</u>	<u>4,348,740</u>	<u>55</u>
	Total liabilities and equity	<u>\$ 8,282,234</u>	<u>100</u>	<u>\$ 7,913,139</u>	<u>100</u>

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

Chairperson: Chang-shiou Wu

Manager: Chang-shiou Wu

Accounting Manager: Shu-fen Yang

Chien Kuo Construction Co., Ltd.
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)	\$ 6,753,748	100	\$ 4,756,126	100
5000	Operating cost (Notes XX and XXVI)	<u>6,300,283</u>	<u>93</u>	<u>4,440,872</u>	<u>94</u>
5900	Gross profit	453,465	7	315,254	6
6000	Operating expenses (Notes XX and XXVI)	<u>272,776</u>	<u>4</u>	<u>242,905</u>	<u>5</u>
6900	Net operating income	<u>180,689</u>	<u>3</u>	<u>72,349</u>	<u>1</u>
	Non-operating income and expenses				
7010	Other income (Notes XX and XXVI)	44,882	1	41,290	1
7020	Other gains and losses (Notes XX)	(25,523)	-	(10,827)	-
7050	Finance costs (Notes XX and XXVI)	(11,081)	-	(15,448)	-
7060	Shares of profits of associates accounted for using the equity method (Notes XII)	<u>239,891</u>	<u>3</u>	<u>157,599</u>	<u>3</u>
7000	Total non-operating income and expenses	<u>248,169</u>	<u>4</u>	<u>172,614</u>	<u>4</u>
7900	Income before income tax	428,858	7	244,963	5
7950	Income tax expense (Note XXI)	<u>54,953</u>	<u>1</u>	<u>65,328</u>	<u>1</u>
8200	Net income	<u>373,905</u>	<u>6</u>	<u>179,635</u>	<u>4</u>
8310	Other comprehensive income Items that will not be reclassified subsequently to profit or loss:				

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Code		2020		2019	
		Amount	%	Amount	%
8311	Remeasurement of defined benefit plans (Note XVII)	(\$ 936)	-	\$ 2,866	-
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(16,501)	-	131,227	3
8330	Shares of other comprehensive income from subsidiaries accounted for using the equity method	(3,351)	-	(565)	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss (Note XXI)	187	-	(573)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8380	Shares of other comprehensive income from subsidiaries accounted for using the equity method	(53,363)	(1)	(97,238)	(2)
8399	Income tax related to items that will be reclassified subsequently to profit or loss (Note XXI)	<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>
8500	Total comprehensive income	<u>\$ 310,406</u>	<u>5</u>	<u>\$ 235,017</u>	<u>5</u>
	Earnings per share (Note XXII)				
9750	Basic earnings per share	<u>\$ 1.43</u>		<u>\$ 0.57</u>	
9850	Diluted earnings per share	<u>\$ 1.43</u>		<u>\$ 0.57</u>	

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

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

Chien Kuo Construction Co., Ltd.
Statements of Changes in Equity
From January 1 to December 31, 2020 and 2019

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

Code		Retained earnings					Others				
		Capital	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized gains (losses) from financial assets at fair value through other comprehensive income	Gains (losses) on hedging instruments	Treasury Stock	Total Equity
A1	Balance, January 1, 2019	\$ 3,343,001	\$ 201,627	\$ 605,987	\$ 67,179	\$ 788,857	(\$ 109,003)	\$ 51,825	\$ -	\$ -	\$ 4,949,473
	Appropriation and distribution of retained earnings for 2018										
B1	Legal reserve	-	-	20,567	-	(20,567)	-	-	-	-	-
B17	Reversal of special reserve	-	-	-	(10,002)	10,002	-	-	-	-	-
B5	Cash dividends - NT\$0.50 per share	-	-	-	-	(167,150)	-	-	-	-	(167,150)
B17	Reversal of special capital reserve due to disposal of subsidiaries and branches	-	-	-	(7,176)	7,176	-	-	-	-	-
E3	Capital reduction	(668,600)	-	-	-	-	-	-	-	-	(668,600)
D1	Net income for 2019	-	-	-	-	179,635	-	-	-	-	179,635
D3	Other comprehensive income (net of tax) for 2019	-	-	-	-	2,293	(78,659)	130,706	1,042	-	55,382
D5	Total comprehensive income in 2019	-	-	-	-	181,928	(78,659)	130,706	1,042	-	235,017
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
	Appropriation and distribution of retained earnings for 2019										
B1	Legal reserve	-	-	18,910	-	(18,910)	-	-	-	-	-
B17	Reversal of special reserve	-	-	-	(18,090)	18,090	-	-	-	-	-
B5	Cash dividends appropriated to shareholders - NT\$0.50 per share	-	-	-	-	(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
L1	Purchase of treasury stock	-	-	-	-	-	-	-	-	(97,768)	(97,768)
L3	Retirement of treasury stock	(100,000)	2,232	-	-	-	-	-	-	97,768	-
D1	Net income for 2020	-	-	-	-	373,905	-	-	-	-	373,905
D3	Other comprehensive income (net of tax) for 2020	-	-	-	-	(749)	(41,856)	(19,852)	(1,042)	-	(63,499)
D5	Total comprehensive income in 2020	-	-	-	-	373,156	(41,856)	(19,852)	(1,042)	-	310,406
Z1	Balance, December 31, 2020	<u>\$ 2,574,401</u>	<u>\$ 204,852</u>	<u>\$ 645,464</u>	<u>\$ 23,412</u>	<u>\$ 1,038,788</u>	<u>(\$ 229,518)</u>	<u>\$ 171,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,428,651</u>

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

Chairperson: Chang-shiou Wu

Manager: Chang-shiou Wu

Accounting Manager: Shu-fen Yang

Chien Kuo Construction Co., Ltd.

Statements of Cash Flows

From January 1 to December 31, 2020 and 2019

Unit: NT\$ Thousands

Code		2020	2019
	Cash flows from operating activities		
A10000	Income before income tax	\$ 428,858	\$ 244,963
A20010	Adjustments to reconcile income (loss):		
A22400	Shares of profits of subsidiaries and associates accounted for using equity method	(239,891)	(157,599)
A21300	Dividend income	(22,755)	(26,178)
A20100	Depreciation expense	17,322	16,448
A20400	Net gain on financial assets at fair value through profit or loss	(14,617)	-
A20900	Finance costs	11,081	15,448
A24100	Foreign exchange (gain) loss	7,528	3
A23200	Gain on disposal of associates accounted for using equity method	(3,510)	-
A24600	Impairment loss of investment properties	2,252	-
A22700	Loss on disposal of investment property	1,838	1,146
A21200	Interest income	(1,197)	(2,151)
A20200	Amortization expenses	1,011	1,741
A29900	Profit from on lease modification	(96)	-
A22500	Net loss on disposal of property, plant and equipment	3	131
A29900	Net loss on disposal of subsidiaries	-	371
A30000	Changes in operating assets and liabilities, net		
A31115	Financial assets at fair value through profit or loss	-	(8,100)
A31125	Contract assets	(287,491)	5,419
A31130	Notes receivable	5,625	13,713
A31150	Accounts receivables	188,590	(317,075)
A31180	Other receivables	(22)	555
A31200	Construction in progress	(2,349)	-
A31230	Prepayments	31,653	26,070
A31240	Other current assets	(1,092)	667
A32125	Contract liabilities	(159,248)	187,966
A32150	Accounts payable	417,124	386,375
A32180	Other payables	56,237	26,688
A32230	Other current liabilities	4,348	(898)
A32990	Other non-current liabilities	(335)	(7,221)
A33000	Cash inflow generated from operations	440,867	408,482
A33100	Interest received	1,174	2,156

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Code		2020	2019
A33300	Interest paid	(\$ 10,206)	(\$ 14,826)
A33500	Income taxes paid	(94,057)	(46,070)
AAAA	Net cash flows from operating activities	<u>337,778</u>	<u>349,742</u>
	Cash flows from investing activities		
B00100	Acquisition of financial assets at fair value through profit or loss	(725,964)	-
B00040	Acquisition of financial assets at amortized cost	(292,741)	-
B00200	Proceeds and disposal of financial assets at fair value through profit or loss	89,371	-
B01900	Net cash inflow from disposal of associates	12,250	-
B02200	Net cash outflow from acquisition of subsidiaries	(407,858)	-
B02300	Net cash inflow from disposal of subsidiaries	5,767	5,500
B02400	Capital reduction and return of share proceeds from subsidiary	120,000	453,474
B02700	Acquisition of property, plant and equipment	(3,429)	(4,133)
B03800	Decrease (increase) in refundable deposits	(4,190)	343
B04500	Acquisition of intangible assets	-	(1,904)
B05400	Acquisition of investment properties	-	(1,076)
B05500	Proceeds from disposal of investment properties	47,618	39,621
B06700	Decrease (increase) in pledged certificate of deposit	16,500	(8,800)
B07600	Dividends received	<u>991,513</u>	<u>477,964</u>
BBBB	Net cash flows from investing activities	(<u>151,163</u>)	<u>960,989</u>
	Cash flows from financing activities		
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	11,695	15,317
C04020	Repayment of lease principal	(10,934)	(11,098)
C04500	Cash dividends paid	(133,720)	(167,150)
C04700	Capital reduction	-	(668,600)
C04900	Purchase of treasury stock	(<u>97,768</u>)	<u>-</u>
CCCC	Net cash flows from financing activities	(<u>230,727</u>)	(<u>1,131,671</u>)
DDDD	Effect of exchange rate changes on cash	(<u>7,528</u>)	(<u>3</u>)

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<u>Code</u>		<u>2020</u>	<u>2019</u>
EEEE	Net increase (decrease) in cash	(\$ 51,640)	\$ 179,057
E00100	Cash at beginning of year	<u>380,687</u>	<u>201,630</u>
E00200	Cash at end of year	<u>\$ 329,047</u>	<u>\$ 380,687</u>

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

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

Chien Kuo Construction Co., Ltd.

Notes to the 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 the Taipei exchange since February 1, 1999, were transferred to be listed on Taiwan Stock Exchange in October 2003.

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

II. Date and Procedures of Authorization of the Financial Statements

The 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 Company:

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

The 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 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 financial statements were authorized for issue, the 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 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 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 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 Company will exercise that right. The amendment also clarifies that, if the right to defer settlement is subject to compliance with specified conditions, the 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 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 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 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 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 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 Company, and this change results in a material change on information of the financial statements
- (2) Was chosen properly by the 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 Company is required to make significant judgments and assumptions
- (5) Relates to complex accounting, and users of the 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 financial statements were authorized for issue, the 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 financial statements were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

(II) Basis of preparation

The 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.

When preparing the financial statements, the Company accounts for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the consolidated financial statements of this year, the differences of the accounting treatment between the basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates, share of other comprehensive income of subsidiaries in the financial statements, and other related equity items.

(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, 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 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) Foreign currencies

In preparing the financial statement, transactions denominated in a currency other than the Company's functional currency (i.e. foreign currency) are translated into

the Company's functional currency by using the exchange rate at the date of the transaction before they are recorded.

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 financial statements, assets and liabilities of a foreign operation (i.e. a subsidiary 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. The income and expense items are translated at the average rate of the year. The exchange differences arising are recognized in other comprehensive income.

Upon disposal by the 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.

(V) Investment on Subsidiaries

The Company has adopted the equity method to account for investments in subsidiaries.

Subsidiaries are entities controlled by the Company.

Under the equity method, an investment is initially recognized at cost. The carrying amount of investment is adjusted thereafter for the post-acquisition changes in the Company's share of profit or loss and other comprehensive income and profit distribution of the subsidiary. In addition, changes in other equity of the subsidiary attributable to the Company shall be recognized in accordance with the Company's shareholding percentage.

When a change in the Company's ownership interests in a subsidiary does not cause it to lose control of the subsidiary, it shall be accounted for as equity transaction. The difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

(VI) Investment in associates

Associates are entities over which the Company has significant influence and which is neither a subsidiary nor a joint venture.

The combined company uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in associates are initially recognized at cost and adjusted thereafter to recognize the Company's shares of the profit or loss and other comprehensive income of the associates.

(VII) Property, Plant and Equipment

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

Except for freehold land which is not depreciated, the depreciation of PP&E in its useful life is made on a straight-line basis for each major part/component separately. The 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.

(VIII) 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 Company.

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.

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

On each balance sheet date, the 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

Company estimates the recoverable amount of such asset. If it is not possible to estimate the recoverable amount of an individual asset, the 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.

(X) Financial Instruments

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

Financial assets and liabilities are recognized initially based on fair value plus transaction costs of their acquisition or issuance, 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 Company comprise financial assets measured at fair value through profit or loss (FVTPL), financial assets at amortized cost, investments in equity instruments measured at fair value through other comprehensive income (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 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 XXV for the determination of fair value.

B. Financial assets measured at amortized cost

When the 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, bills payable 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 at the effective interest rate times the gross carrying amount of financial 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.

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

The 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 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 Company evaluates credit losses based on expected credit loss (ECL) at each balance sheet date for financial assets at amortized cost (including accounts receivable) 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 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 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 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 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.

(XI) Revenue Recognition

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

Revenue from construction contracts

For real estate construction contracts, the 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 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 Company adequately completes all its contractual obligations. Such retention receivables are recognized as contract assets until the 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.

(XII) Leases

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

1. The 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 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 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 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 balance sheets.

(XIII) 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 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).

(XIV) 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 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 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 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 Company takes into account the economic impact of the COVID-19 outbreak in its significant accounting estimates and 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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and revolving funds	\$ 2,422	\$ 1,772
Bank checks and demand deposits	<u>326,625</u>	<u>378,915</u>
	<u>\$ 329,047</u>	<u>\$ 380,687</u>

VII. Financial Instruments at Fair Value through Profit or Loss

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
Current		
Domestic listed stocks	\$ 75,770	\$ -
Beneficiary certificates	<u>529,819</u>	<u>-</u>
	<u>605,589</u>	<u>-</u>
Non-current		
Private equity funds	<u>17,100</u>	<u>8,100</u>
	<u>\$ 622,689</u>	<u>\$ 8,100</u>

VIII. Financial assets at fair value through other comprehensive income

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Investment in equity instruments		
Domestic listed stocks		
Current	\$ 21,231	\$ 24,909
Non-current	<u>398,003</u>	<u>410,826</u>
	<u>\$ 419,234</u>	<u>\$ 435,735</u>

The Company invested in domestic 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 XXVII.

IX. Financial Assets at Amortized Cost

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Restricted bank deposit	\$ 63,364	\$ -
Restricted bank term deposit	199,360	-
Restricted bills with repurchase agreement	30,017	-
Pledged certificate of deposit	<u>-</u>	<u>16,500</u>
	<u>\$ 292,741</u>	<u>\$ 16,500</u>

The above restricted financial assets are held by the 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:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Restricted bank term deposit	0.35%	-
Restricted bills with repurchase agreement	0.63%~0.75%	-
Pledged certificate of deposit	-	0.15%

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

X. Notes Receivables and Accounts Receivables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	<u>\$ 7,500</u>	<u>\$ 13,125</u>
<u>Accounts receivables</u>		
Measured at amortized cost		
Gross Carrying Amount	\$ 398,542	\$ 587,132
Less: Allowance losses	(<u>9,086</u>)	(<u>9,086</u>)
	<u>\$ 389,456</u>	<u>\$ 578,046</u>

Accounts receivables

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

The 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 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 Company is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Not overdue	<u>\$ 7,500</u>	<u>\$ 13,125</u>

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Not overdue	\$ 360,417	\$ 576,176
Less than 180 days	18,605	-
181~360 days	8,460	-
More than 361 days	<u>11,060</u>	<u>10,956</u>
Total	<u>\$ 398,542</u>	<u>\$ 587,132</u>

Loss allowance for accounts receivable did not change for the year ended December 31, 2020 and 2019.

XI. Inventories (for construction business)

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

The Company acquired the land sitting at the northern part of the industrial zone in Xinzhuang Dist. in July 2017 with purpose of holding such land to construct commercial buildings for sale. The land is also pledged to financial institutions for loans. Please refer to Notes XV and XXVII.

XII. Investments accounted for using equity method

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Investment in subsidiaries	\$ 3,839,350	\$ 4,352,596
Investment in associates	<u>-</u>	<u>9,652</u>
	<u>\$ 3,839,350</u>	<u>\$ 4,362,248</u>

(I) Investment in subsidiaries

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Golden Canyon Limited	\$ 1,446,600	\$ 2,356,663
Silver Shadow Holding Limited	1,812,134	1,718,013
Chien Kuo Building Co., Ltd.	100,855	100,135
Shun Long International Electrical Engineering Co., Ltd.	79,430	45,354
Anping Property Co., Ltd.	-	132,431
Golden Canyon Venture Capital Investment Co., Ltd.	<u>400,331</u>	<u>-</u>
	<u>\$ 3,839,350</u>	<u>\$ 4,352,596</u>

The percentage of ownership and voting rights of the above-mentioned investee companies on the balance sheet date are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Golden Canyon Limited	100%	100%
Silver Shadow Holding Limited	100%	100%
Chien Kuo Building Co., Ltd.	100%	100%
Shun Long International Electrical Engineering Co., Ltd.	100%	86.61%
Anping Property Co., Ltd.	-	100%
Golden Canyon Venture Capital Investment Co., Ltd.	100%	-

The recognition of shares of profits and shares of other comprehensive income from subsidiaries accounted for using the equity method in 2020 and 2019 was based on the financial statements audited by certified public accountants of subsidiaries for the same periods.

(II) Investments in associates

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Associates not individually significant</u>		
WeBIM Services Co., Ltd. (Note 1)	<u>\$ -</u>	<u>\$ 9,652</u>

Summary Information on Associates Not Individually Significant

	<u>2020</u>	<u>2019</u>
Shares attributable to the Company		
Net income (loss) from continuing operations	(\$ 426)	\$ 1,106
Total comprehensive income	(\$ 426)	\$ 1,106

Note 1: The Company disposed of 27.5% equity ownership in WeBIM Services on January 22, 2019 with a disposal consideration of \$5,500 thousand, and a loss on disposal of \$371 thousand was recognized for the part of the disposal consideration lower than the net value. After the disposal, the Company lost control over WeBIM Services and adopted the equity method for valuation. The remaining equity of WeBIM Services was disposed of on August 17, 2020 with a gain on disposal of \$3,510 thousand recognized.

XIII. Lease Agreement

(I) Right-of-use assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount of right-of-use assets		
Buildings	\$ 23,543	\$ 28,724
Transportation Equipment	<u>1,506</u>	<u>3,454</u>
	<u>\$ 25,049</u>	<u>\$ 32,178</u>
	<u>2020</u>	<u>2019</u>
Additions to right-of-use assets	<u>\$ 13,318</u>	<u>\$ 1,847</u>
Depreciation expense of right-of-use assets		
Buildings	\$ 9,120	\$ 8,940
Transportation Equipment	<u>1,947</u>	<u>1,787</u>
	<u>\$ 11,067</u>	<u>\$ 10,727</u>

(II) Lease liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Carrying amount of lease liabilities		
Current (listed as other current liabilities)	<u>\$ 9,408</u>	<u>\$ 10,142</u>
Non-current (listed as other non-current liabilities)	<u>\$ 15,955</u>	<u>\$ 22,312</u>

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

	<u>2020</u>	<u>2019</u>
Buildings	1.65%	1.65%
Transportation Equipment	3.00%	3.00%

(III) Other lease information

	<u>2020</u>	<u>2019</u>
Short-term lease expense	<u>\$ 5,480</u>	<u>\$ 2,790</u>
Total cash outflow on lease	<u>\$ 16,414</u>	<u>\$ 13,888</u>

XIV. Investment Property

	<u>2020</u>	<u>2019</u>
<u>Cost</u>		
Balance - beginning of year	\$ 182,312	\$ 233,037
Addition	-	1,076
Disposal	(<u>62,262</u>)	(<u>51,801</u>)
Balance - end of year	<u>\$ 120,050</u>	<u>\$ 182,312</u>

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	2020	2019
<u>Accumulated depreciation and impairment</u>		
Balance - beginning of year	\$ 31,805	\$ 41,592
Depreciation expense	1,038	1,247
Impairment loss	2,252	-
Disposal	(12,806)	(11,034)
Balance - end of year	<u>\$ 22,289</u>	<u>\$ 31,805</u>
Net amount - end of year	<u>\$ 97,761</u>	<u>\$ 150,507</u>
Fair Value	<u>\$ 118,405</u>	<u>\$ 169,145</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 Company as collateral against its secured borrowings, please refer to Note XXVII.

XV. Loans

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured loans (Note XXVII)</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	-
	<u>149,850</u>	<u>598,991</u>
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 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 Company are issued cyclically according to the contract. Since the original contract period is more than 12 months and the 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>	1.360%	None
	<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 Commercial and Savings Bank	\$ 300,000	(\$ 526)	\$ 299,474	1.648%	None
Entie Commercial Bank	150,000	(273)	149,727	1.678%	None
Mega International Commercial Bank	<u>150,000</u>	<u>(210)</u>	<u>149,790</u>	1.487%	None
	<u>\$ 600,000</u>	<u>(\$ 1,009)</u>	<u>\$ 598,991</u>		

XVI. 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 Company.

XVII. Post-retirement Benefit Plans

(I) Defined Contribution Plan

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

(II) Defined Benefit Plans

The 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 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 Company does not have rights to influence its investment management strategy.

The funds for defined benefit plans included in the 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	(<u>35,806</u>)	(<u>33,681</u>)
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:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
January 1, 2019	<u>\$ 41,152</u>	(<u>\$ 34,143</u>)	<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>	(<u>345</u>)	<u>63</u>
Recognized in profit and loss	(<u>43</u>)	(<u>345</u>)	(<u>388</u>)
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>-</u>	<u>1,019</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Recognized in other comprehensive income	(<u>1,626</u>)	(<u>1,240</u>)	(<u>2,866</u>)
Contribution from employer	-	(<u>1,409</u>)	(<u>1,409</u>)
Benefits paid	(<u>2,512</u>)	2,512	-
Settlements	(<u>944</u>)	<u>944</u>	-
December 31, 2019	<u>36,027</u>	(<u>33,681</u>)	<u>2,346</u>
Service costs			
Current service cost	333	-	333
Interest expense (income)	<u>250</u>	(<u>236</u>)	<u>14</u>
Recognized in profit and loss	<u>583</u>	(<u>236</u>)	<u>347</u>
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	(<u>1,206</u>)	(<u>1,206</u>)
Actuarial loss - Experience adjustments	852	-	852
Actuarial gains - Change in demographic assumptions	<u>1,290</u>	-	<u>1,290</u>
Recognized in other comprehensive income	<u>2,142</u>	(<u>1,206</u>)	<u>936</u>
Contribution from employer	-	(<u>683</u>)	(<u>683</u>)
December 31, 2020	<u>\$ 38,752</u>	(<u>\$ 35,806</u>)	<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 cost	\$ 202	\$ 318
Operating expenses	<u>145</u>	(<u>706</u>)
	<u>\$ 347</u>	(<u>\$ 388</u>)

The 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 Company's defined benefit obligations is calculated by certified actuaries and the major assumptions on the measurement date are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
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:

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

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

XVIII. Equity

(I) Capital

Common stock

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
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,</u>		
<u>appropriated as cash dividends or</u>		
<u>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	205	205
	<u>\$ 204,852</u>	<u>\$ 201,627</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 XX (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	(<u>10,000</u>)
Number of shares as of December 31, 2020	<u>-</u>

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.

XIX. Revenue

(I) Revenue from contracts with customers

	2020	2019
Revenue from construction	<u>\$ 6,753,748</u>	<u>\$ 4,756,126</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 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
Accounts receivable (Note X)	<u>\$ 389,456</u>	<u>\$ 578,046</u>
Contract assets		
Property construction	\$ 819,682	\$ 654,002
Construction Retainage Receivable	768,203	646,392
Less: Allowance losses	(<u>1,514</u>)	(<u>1,514</u>)
	<u>\$ 1,586,371</u>	<u>\$ 1,298,880</u>
Contract liabilities		
Property construction	<u>\$ 86,448</u>	<u>\$ 245,696</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 Company as of December 31, 2020 are as follows:

<u>Anticipated years to recognize revenue</u>	<u>December 31, 2020</u>
2021 ~ 2024	<u>\$ 8,885,920</u>

XX. Net Income

Net income for the current year comprises the following items:

(I) Other Income

	<u>2020</u>	<u>2019</u>
Dividend income	\$ 22,755	\$ 26,178
Revenue from manpower support	18,000	-
Interest income	1,197	2,151
Non-payable warranty liability transferred to revenue	-	10,504
Others	<u>2,930</u>	<u>2,457</u>
	<u>\$ 44,882</u>	<u>\$ 41,290</u>

(II) Other Gains and Losses

	<u>2020</u>	<u>2019</u>
Loss on foreign currency exchange, net	(\$ 30,663)	(\$ 2,417)
Gain (loss) on valuation of financial assets at fair value through profit or loss	14,617	(900)
Gain on disposal of associates accounted for using the equity method	3,510	-
Litigation compensation loss	(2,394)	-
Impairment loss on investment properties	(2,252)	-
Loss on disposal of investment property, net	(1,838)	(1,146)
Gains on lease modification	96	-
Loss from disposal of property, plant and equipment, net	(3)	(131)
Loss on disposal of subsidiaries	-	(371)
Others	<u>(6,596)</u>	<u>(5,862)</u>
	<u>(\$ 25,523)</u>	<u>(\$ 10,827)</u>

(III) Finance Costs

	2020	2019
Interest expenses		
Interest on bank loan	\$ 10,565	\$ 14,799
Interest on lease liabilities	<u>516</u>	<u>649</u>
	<u>\$ 11,081</u>	<u>\$ 15,448</u>

(IV) Depreciation and Amortization Expenses

	2020	2019
Property, plant, and equipment	\$ 5,217	\$ 4,474
Right-of-use assets	11,067	10,727
Investment property	1,038	1,247
Intangible assets	<u>1,011</u>	<u>1,741</u>
	<u>\$ 18,333</u>	<u>\$ 18,189</u>
Depreciation expenses by function		
Operating cost	\$ 1,649	\$ 653
Operating expenses	14,635	14,548
Other gains and losses	<u>1,038</u>	<u>1,247</u>
	<u>\$ 17,322</u>	<u>\$ 16,448</u>
Amortization expenses by function		
Operating cost	\$ -	\$ -
Operating expenses	<u>1,011</u>	<u>1,741</u>
	<u>\$ 1,011</u>	<u>\$ 1,741</u>

(V) Employee Benefits

	2020	2019
Short-term employee benefits	\$ 445,513	\$ 360,119
Post-employment benefits		
Defined contribution plans	16,177	14,370
Defined benefit plans (Note XVII)	347	(388)
Termination benefits	<u>1,329</u>	<u>1,855</u>
Total employee benefit expenses	<u>\$ 463,366</u>	<u>\$ 375,956</u>
By function		
Operating cost	\$ 245,749	\$ 196,337
Operating expenses	<u>217,617</u>	<u>179,619</u>
	<u>\$ 463,366</u>	<u>\$ 375,956</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>	3%	<u>7,799</u>	3%
	<u>\$ 27,372</u>		<u>\$ 15,598</u>	

If changes are made to the amount after the publication of the 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.

XXI. Income Tax

(I) Major components of income tax expenses recognized in profit or loss are as follows:

	2020	2019
Current period income tax		
Income tax expenses recognized in the current year	\$ 40,522	\$ 46,889
Additional tax on undistributed earnings	2,728	1,684
Adjustments for previous years	(1,156)	20
Tax levied separately by the Repatriated Offshore Funds Act	<u>77,550</u>	<u>-</u>
	<u>119,644</u>	<u>48,593</u>
Deferred income tax		
Income tax expenses recognized in the current year	(<u>64,691</u>)	<u>16,735</u>
Income tax expenses recognized in profit or loss	<u>\$ 54,953</u>	<u>\$ 65,328</u>

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

	2020	2019
Income before income tax	<u>\$ 428,858</u>	<u>\$ 244,963</u>
Income tax expenses calculated based on income before income tax and the statutory tax rate	\$ 85,772	\$ 48,993
Effects on the deferred income tax of subsidiaries' earnings	(93,618)	17,070
Permanent difference	221	2,617
Exemptions	(12,631)	(5,056)
Additional tax on undistributed earnings	2,728	1,684
Adjustments on income tax expenses of prior years	(1,156)	20

	2020	2019
Realized loss from domestic investment using equity method	(3,913)	-
Tax levied separately by the Repatriated Offshore Funds Act	<u>77,550</u>	<u>-</u>
Income tax expenses recognized in profit or loss	<u>\$ 54,953</u>	<u>\$ 65,328</u>

(II) Income tax recognized in other comprehensive income

	2020	2019
<u>Deferred income tax</u>		
Translation 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 comprehensiv e income	Balance - end of year
<u>Deferred income tax assets</u>				
Warranty Cost	\$ 4,533	\$ 694	\$ -	\$ 5,227
Construction proceeds temporarily estimated	5,084	12,668	-	17,752
Unrealized construction loss	2,287	957	-	3,244
Defined benefit pension plan	469	(67)	187	589
Impairment loss	2,679	(1,783)	-	896
Unrealized exchange losses	2	1,426	-	1,428
Expected credit losses	<u>480</u>	<u>-</u>	<u>-</u>	<u>480</u>
	<u>\$ 15,534</u>	<u>\$ 13,895</u>	<u>\$ 187</u>	<u>\$ 29,616</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>-</u>	<u>915</u>
	<u>\$ 518,591</u>	<u>(\$ 50,796)</u>	<u>(\$ 10,465)</u>	<u>\$ 457,330</u>

2019

	Balance - beginning of year	Recognized in profit and loss	Recognized in other comprehensiv e income	Balance - end of year
<u>Deferred income tax assets</u>				
Warranty Cost	\$ 3,506	\$ 1,027	\$ -	\$ 4,533
Construction proceeds temporarily estimated	1,914	3,170	-	5,084
Unrealized construction loss	1,672	615	-	2,287
Defined benefit pension plan	1,402	(360)	(573)	469
Impairment loss	4,705	(2,026)	-	2,679
Unrealized exchange losses	-	2	-	2
Loss carryforwards	64,028	(64,028)	-	-
Expected credit losses	1,145	(665)	-	480
	<u>\$ 78,372</u>	<u>(\$ 62,265)</u>	<u>(\$ 573)</u>	<u>\$ 15,534</u>
<u>Deferred tax liabilities</u>				
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 through 2018.

XXII. Earnings Per Share

Unit: NT\$

	2020	2019
Basic earnings per share	<u>\$ 1.43</u>	<u>\$ 0.57</u>
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:

	2020	2019
Net income	<u>\$ 373,905</u>	<u>\$ 179,635</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 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.

XXIII. 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 \$44,505 thousand that the Company purchased and disposed of are recognized as other payables and other receivables, respectively, at the year-end due to settlement-date lag.

XXIV. Capital Risk Management

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

XXV. Financial Instruments

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

Please refer to the information stated in the balance sheets. The management of the 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 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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at fair value through profit or loss</u>				
Domestic listed stocks	\$ 75,770	\$ -	\$ -	\$ 75,770
Domestic funds	529,819	-	-	529,819
Private equity funds	-	-	17,100	17,100
Total	<u>\$ 605,589</u>	<u>\$ -</u>	<u>\$ 17,100</u>	<u>\$ 622,689</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Domestic listed stocks	<u>\$ 419,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 419,234</u>

December 31, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets measured at fair value through profit or loss</u>				
Private equity funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,100</u>	<u>\$ 8,100</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Domestic listed stocks	<u>\$ 435,735</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 435,735</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 3 fair value measurement

Fair value of private equity is estimated by using the asset-based approach.

The asset-based approach measures its fair value with reference to the net asset value provided by the fund companies. The unobservable inputs applied by the 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 \$1,080 thousand and \$90 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	\$ 622,689	\$ 8,100
Financial assets measured at amortized cost (Note 1)	1,070,049	996,081
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments	419,234	435,735
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	3,125,565	2,644,064

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

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

(IV) Financial risk management objectives and policies

The daily operations of the 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 Company focuses on the uncertainties in the financial market to reduce the potentially adverse effects on the financial position and performance of the Company.

Financial risk management of the Company is carried out by its finance department based on the policies approved by the Board of Directors. Through cooperation with the 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 Company has repatriated its offshore funds with the applicable Repatriated Offshore Funds Act; therefore, the Company is exposed to the risk of fluctuation in the exchange rate.

Please refer to Note XXIX for details on carrying amounts of non-functional currency valuation assets on the balance sheet dates.

Sensitivity analysis

The Company is exposed mainly to USD fluctuations.

The following table details the 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 figure in the table below shows the increase in income before tax when the currency appreciates by 1% against NTD.

	Effect on Profit or Loss	
	2020	2019
USD	\$ 2,004	\$ -

(2) Interest rate risk

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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Fair value interest rate risk		
- Financial assets	\$ 229,377	\$ 16,500
- Financial liabilities	474,655	481,655
Cash flow interest rate risk		
- Financial assets	389,989	378,915
- 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.

If interest rate increases/decreases by 100 basis points, other variables held constant, the Company's income before tax will increase/decrease by \$1,099 thousand and \$1,209 thousand for 2020 and 2019, respectively.

(3) Other price risk

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

Sensitivity analysis

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

For the years ended December 31, 2020 and 2019, if equity prices rise/fall by 10%, the pre-tax income would increase/decrease by \$62,269 thousand and \$810 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 \$41,923 thousand and \$43,574 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 Company arising from default by clients or counterparties of financial instruments on the contractual obligations. The Company's established internal credit policy requires that all entities within the 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 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 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

	Less than 1 Year	1~2 Year(s)	2~5 Years
Non-interest-bearing liabilities	\$ 2,099,176	\$ 60,271	\$ 16,976
Lease liabilities	10,557	9,628	5,724
Fixed interest rate instruments	449,292	-	-
Floating interest rate instruments	-	499,850	-
	<u>\$ 2,559,025</u>	<u>\$ 569,749</u>	<u>\$ 22,700</u>

December 31, 2019

	Less than 1 Year	1~2 Year(s)	2~5 Years
Non-interest-bearing liabilities	\$ 1,618,998	\$ 70,174	\$ 5,901
Lease liabilities	10,619	9,265	13,301
Fixed interest rate instruments	-	299,474	149,727
Floating interest rate instruments	-	-	499,790
	<u>\$ 1,629,617</u>	<u>\$ 378,913</u>	<u>\$ 668,719</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.

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(3) Financing facilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Credit line of unsecured bank loan		
- Amount used	\$ 600,000	\$ 600,000
- Amount unused	<u>1,616,429</u>	<u>1,489,817</u>
	<u>\$ 2,216,429</u>	<u>\$ 2,089,817</u>
Credit line of secured bank loan		
- Amount used	\$ 350,000	\$ 350,000
- Amount unused	<u>100,000</u>	<u>100,000</u>
	<u>\$ 450,000</u>	<u>\$ 450,000</u>

XXVI. Related Party Transactions

In addition to those disclosed in other notes, material transactions between the Company and other related parties are as follows.

(I) Names and relationships of related parties

Name of Related Party	Relations with the Company
Shun Long International Electrical Engineering Co., Ltd. (Shun Long)	Subsidiary
Golden Canyon Limited (Golden Canyon)	Subsidiary
Chien Kuo Asia Co., Ltd. (Chien Ya)	Sub-subsubsidiary
Wuxi Chien Bang Concrete Co., Ltd. (Chien Bang)	Sub-subsubsidiary
WeBIM Services Co., Ltd. (WeBIM Services)	It became an associate of the Company since January 22, 2019.
Chien Hwei Investment Co., Ltd. (Chien Hwei Investment)	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) Construction projects undertaken

Category/Name of Related Party	No. of Contract	Total amount of contract	Construction costs recognized in the current year	Accumulated construction costs recognized	Accounts payable
<u>2020</u>					
Shun Long	101C1502	\$ 419,685	\$ 15,222	\$ 419,685	\$ 44,311
	101C1504	234,813	34,716	226,814	24,522
	101C1603	77,098	2,078	74,282	7,836
	101C1605	264,576	31,816	262,876	24,704
	101C1702	299,708	177,142	274,967	78,672
	101C1703	558,431	264,545	509,675	70,669
	101C1707	420,584	266,198	319,104	60,652
	101C1701	115,510	51,568	101,976	16,379
	101C1802	426,440	141,252	147,410	38,910
	101C1803	198,302	29,869	34,834	7,525
	101C1901	3,136	1,430	3,136	-
	101C1902	294	228	294	-
	101C1903	196	130	196	-
	Other sporadic construction projects	8,304	1,052	7,167	-
		<u>\$ 3,027,077</u>	<u>\$ 1,017,246</u>	<u>\$ 2,382,416</u>	<u>\$ 374,180</u>
<u>2019</u>					
Shun Long	101C1502	\$ 419,685	\$ 4,821	\$ 404,463	\$ 43,798
	101C1504	234,813	101,511	192,097	41,052
	101C1603	77,424	40,684	72,203	12,728
	101C1605	269,210	129,889	231,060	35,949
	101C1702	297,919	84,742	97,824	59,096
	101C1703	553,935	198,093	245,130	113,448
	101C1707	420,042	50,526	52,906	31,201
	101C1701	109,339	41,719	50,408	19,352
	101C1802	426,440	5,754	6,158	6,158
	101C1803	198,302	4,705	4,965	4,312
	101C1901	251,995	1,706	1,706	1,706
	101C1902	273,116	66	66	66
	101C1903	97,857	66	66	66
	101C1503	50,892	3,042	50,892	542
		<u>\$ 3,680,969</u>	<u>\$ 667,324</u>	<u>\$ 1,409,944</u>	<u>\$ 369,474</u>

The contract price and payment terms of the construction contract between the Company and the related parties are equivalent to those of the non-related person.

(III) Business transaction

<u>Accounting item</u>	<u>Category of Related Parties</u>	<u>2020</u>	<u>2019</u>
Construction costs	Associates	<u>\$ 1,124</u>	<u>\$ 2,045</u>
Operating expenses	Associates	<u>\$ -</u>	<u>\$ 520</u>
Other revenues	Associates	<u>\$ -</u>	<u>\$ 1,093</u>
Other revenues	Subsidiary	<u>\$ 18,000</u>	<u>\$ -</u>

They are the costs paid for entrusting associates to provide services such as architectural model drawing or the revenues from manpower supply to the subsidiaries, and are handled in accordance with general terms and conditions.

(IV) Other related party transactions

1. Lease agreements as a lessee

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

<u>Accounting item</u>	<u>Category of Related Parties</u>	<u>2020</u>	<u>2019</u>
Acquisition of right-of-use assets	Other related parties	<u>\$ 12,532</u>	<u>\$ -</u>

<u>Accounting item</u>	<u>Category of Related Parties</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Lease liabilities	Other related parties	<u>\$ 10,088</u>	<u>\$ 10,087</u>

<u>Accounting item</u>	<u>Category of Related Parties</u>	<u>2020</u>	<u>2019</u>
Interest expenses	Other related parties	<u>\$ 178</u>	<u>\$ 185</u>

2. Lease agreements as a lessor (operating lease)

The 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.

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

3. Equity transactions

The 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.

4. Donation expenditure

Category of Related Parties	2020	2019
Other related parties	<u>\$ 1,800</u>	<u>\$ 1,800</u>

The Company donated broadcast production fees to associates.

(V) Endorsement/guarantee

The Company as endorser

Category/Name of Related Party	December 31, 2020	December 31, 2019
Shun Long	\$ 100,000	\$ 80,000
Chien Bang	-	440,289
	<u>\$ 100,000</u>	<u>\$ 520,289</u>

(VI) Remuneration to key management

	2020	2019
Short-term employee benefits	\$ 79,110	\$ 45,044
Termination benefits	-	280
Post-employment benefits	1,237	1,196
	<u>\$ 80,347</u>	<u>\$ 46,520</u>

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

XXVII. Pledged Assets

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

	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
Investment property	30,974	31,548
Pledged time deposit certificates (classified as financial assets at amortized cost)	-	16,500
Other restricted assets (classified as other non-current assets)	13,897	8,833
Property, plant, and equipment	-	6,264
	<u>\$ 638,387</u>	<u>\$ 659,899</u>

XXVIII. Significant Contingent Liabilities and Unrecognized Contract Commitments

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

- (I) The construction project of the National Kaohsiung Center for the Arts (Weiwuying) (hereinafter referred to as "the Project") undertaken by the Company was completed on December 16, 2016, and the Ministry of Culture of the Republic of China (hereinafter referred to as "the Ministry") began the initial acceptance inspection on February 20, 2017. Per instructions of the Ministry during the acceptance inspection process, work completed in phases was delivered for use, while other interface projects were still undergoing construction within the same space. The Ministry even allowed public access to some facilities without turning on related equipment to maintain appropriate temperature and humidity, which resulted in unexpected damage and deficiencies to the Project. The Ministry required the Company to repair the damaged part, which caused the Project's failure to conform to the acceptance procedures within the time limit. As a result, the Ministry proposed to impose a default penalty on the Company for the delay. The 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 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 Company's active participation in the repair work, a total of 25 house owners transferred a certain amount of their creditors' rights to the Company, by which the 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 Company might be entitled. Therefore, the plaintiff's case was rejected. Based on the court judgment, the 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 Company for compensation for the incident because the subcontractor had insufficient capital. The Company also had suffered loss from the incident and, consequently, filed a claim against Shing Tzung for compensation (including expenses incurred by the Company's participation in the repair work) and demanded that Shing Tzung return the promissory notes of performance guarantee to the Company. Regarding the two lawsuits, the Kaohsiung Qiaotou District Court ruled that the Company shall pay Shing Tzung \$10,477 thousand plus interest calculated at 5% per annum from July 8, 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 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 Company for the construction project named "Fu-yi River Residential Construction Project" on Land No. 440, Zhuangjing Section, Xindian District, New Taipei City. The 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 Company. As a consequence, on October 22, 2019, the Company submitted a request for arbitration, demanding Kingland to pay the payables due and the loss suffered by the Company of \$57,370 thousand to the 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 Company amounted to \$1,561,871 thousand.
- (V) As of December 31, 2020, the guaranteed bills issued by the Company for business needs amounted to \$342,013 thousand.

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

The following information was summarized by foreign currencies other than the functional currency of the Company. The exchange rates disclosed were those used to translate the foreign currencies into the functional currency. Information on financial assets and liabilities of the Company which are denominated in foreign currencies with significant influence is as follows:

Unit: Foreign currency/NT\$1,000

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 7,036	28.48 (USD:NTD)	<u>\$ 200,385</u>
<u>Non-monetary items</u>			
USD	114,422	28.48 (USD:NTD)	<u>\$ 3,258,734</u>

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Non-monetary items</u>			
USD	\$ 135,913	29.98 (USD:NTD)	<u>\$ 4,074,676</u>

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

	2020		2019	
	Exchange Rate	Loss on Foreign Currency Exchange, Net	Exchange Rate	Loss on Foreign Currency Exchange, Net
<u>Financial assets</u>				
USD	29.55 (USD:NTD)	(\$ <u>7,130</u>)	30.91 (USD:NTD)	\$ <u> </u> -

XXX. 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: None.
10. Information on Invested Companies: Please refer to Appendix 6.

(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 7.
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 8.

Chien Kuo Construction Co. Ltd.
Loans Provided to Others
January 1 to December 31, 2020

Appendix 1Unit: 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 \$ 860,487	40% of the parent's net worth \$ 1,720,974	
1	Chien Ya (Yangzhou) Technology Consultant Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	Other receivables	Yes	245,459	-	-	5%	(1)	-	Operating capital	-	-	-	100% of the company's net worth 257,298	100% of the company's net worth 257,298	
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	-	-	-	20% of the company's net worth 20,027	40% of the company's net worth 40,054	

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

Note 2. Where 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.
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.
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	—

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	
	Hong Plastic Technology Co., Ltd.	—	"	10	3,975	0.03	3,975	—

(Continued on next page)

(Continued from the previous page)

Holding Company	Type and Name of Marketable Securities	Relationship with the Marketable Security Issuer	Financial Statement Account	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	-	"	6,853	130,550	0.88	130,550	(Note 3)
	<u>Funds</u>	-						
	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	-
	CSVI VENTURES, L.P.	(Note 1)	"	-	28,137	5.16	28,137	-
	<u>Stock</u>							
Silver Shadow Holding Limited	Chia Hsin Cement Corporation	-	Financial assets at fair value through other comprehensive income - current	175	3,338	0.02	3,338	-
	<u>Funds</u>							
	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	-
	US Global Jets ETF	-	"	14	8,796	-	8,796	-
	iShares PHLX SOX Semiconductor	-	"	2	20,734	-	20,734	-
	iShares MSCI USA Value Factor ETF	-	"	12	28,712	-	28,712	-
CK Asia (Shanghai) Information Technology Co., Ltd.	<u>Funds</u>							
	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 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.

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 (Sell)	Amount	Ratio to Total Purchase (Sell)	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%	Subject 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.
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.
Information on Invested Companies and Their Locations, etc.
January 1 to December 31, 2020

Appendix 6

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 and sale	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	Chien Kuo Asia Co., Ltd.	British Virgin Islands	Investment	878,510	878,510	1,685	54.78	1,042,245	186,831	Note 3	Sub-subsubsidiary
Golden Canyon Limited	Chien Kuo Asia Co., Ltd.	British Virgin Islands	Investment	782,106	782,106	1,391	45.22	860,366	186,831	Note 3	Sub-subsubsidiary

- 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.
Information on Investments in Mainland China
January 1 to December 31, 2020

Appendix 7

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 8

Unit: In 1,000 Shares

Name of Major Stockholders	Shares	
	Number of Shares Held	Percentage of Ownership
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 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.

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Chien Kuo Construction Co., Ltd.
Statement of Accounts Receivables
December 31, 2020

Form of Statement I

Unit: NT\$ Thousands

<u>Customers' Name</u>	<u>Amount</u>
Customer A	\$ 90,432
Customer B	90,082
Customer C	59,538
Customer D	40,689
Customer E	34,418
Customer F	29,989
Customer G	20,300
Other (Note)	<u>24,008</u>
	<u>\$ 389,456</u>

Note. The balance for each customer did not exceed 5% of the balance of this account.

Chien Kuo Construction Co., Ltd.

Statement of Changes in Contract Assets and Contract Liabilities

January 1 to December 31, 2020

Form of Statement II

Unit: NT\$ Thousands

Project	Amount paid for this year				Amount received for this year				Contract assets	Contract liabilities
	Balance - beginning of year	Construction costs	Project completed and transferred	Balance - end of year	Balance - beginning of year	Increase for this year	Amount carried down upon completion	Balance - end of year		
101C0910	\$ 2,980,239	\$ 2,062	\$ 2,982,301	\$ -	\$ 2,982,301	\$ -	\$ 2,982,301	\$ -	\$ -	\$ -
101C1007	1,964,638	47,652	2,012,290	-	1,861,721	150,569	2,012,290	-	-	-
101C1301	432,220	9,624	441,844	-	411,855	29,989	441,844	-	-	-
101C1403	370,723	1,306	372,029	-	372,442	(413)	372,029	-	-	-
101C1405	162,811	893	163,704	-	163,704	-	163,704	-	-	-
101C1502	2,200,682	29,567	2,230,249	-	2,226,965	3,284	2,230,249	-	-	-
101C1504	976,456	136,707	-	1,113,163	948,000	158,000	-	1,106,000	7,164	-
101C1601	798,664	31,256	829,920	-	829,920	-	829,920	-	-	-
101C1603	430,307	36,387	-	466,694	435,478	9,210	-	444,688	22,005	-
101C1604	666,472	31,930	-	698,402	661,959	34,822	-	696,781	1,622	-
101C1605	1,018,550	87,809	-	1,106,359	975,494	133,327	-	1,108,821	-	2,461
101C1701	456,467	255,764	-	712,231	443,715	274,874	-	718,589	-	6,359
101C1702	667,355	636,162	-	1,303,517	576,079	721,676	-	1,297,755	5,762	-
101C1703	1,573,499	1,117,446	-	2,690,945	1,282,846	1,287,289	-	2,570,135	120,810	-
101C1705	1,286,251	800,879	-	2,087,130	1,278,629	770,834	-	2,049,463	37,667	-
101C1707	914,818	1,300,629	-	2,215,447	952,354	933,453	-	1,885,807	329,638	-
101C1802	250,044	629,681	-	879,725	202,595	591,759	-	794,354	85,371	-
101C1803	124,147	262,878	-	387,025	176,750	217,150	-	393,900	-	6,875
101C1901	32,920	226,244	-	259,164	121,093	208,824	-	329,917	-	70,753
101C1902	3,359	109,343	-	112,702	-	-	-	-	112,702	-
101C1903	1,053	46,215	-	47,268	-	-	-	-	47,268	-
101C1904	531	186,302	-	186,833	-	160,452	-	160,452	26,381	-
101C2001	-	735,555	-	735,555	-	723,327	-	723,327	12,228	-
101C2002	-	13	-	13	-	-	-	-	13	-
101C2003	-	22,136	-	22,136	-	11,086	-	11,086	11,050	-
	<u>\$17,312,206</u>	<u>\$ 6,744,440</u>	<u>\$ 9,032,337</u>	<u>\$15,024,309</u>	<u>\$16,903,900</u>	<u>\$ 6,419,512</u>	<u>\$ 9,032,337</u>	<u>\$14,291,075</u>	<u>\$ 819,681</u>	<u>\$ 86,448</u>

Chien Kuo Construction Co., Ltd.

Statement of Financial Assets at Fair Value through Profit or Loss - Current

December 31, 2020

Form of Statement III

Unit: Shares in 1,000 Shares, Amount in NT\$ thousand

Name of Financial Instruments	Summary	Shares or Units	Face Value	Total Amount	Acquisition Cost	Fair Value	
						Unit Price (NT\$)	Total Amount
Financial assets at fair value through profit or loss							
Stock	United Microelectronics Corporation	150	\$ 10	\$ 1,500	\$ 7,178	\$ 47.15	\$ 7,072
	Taiwan Semiconductor Manufacturing Co., Ltd.	11	10	110	4,916	530.00	5,830
	Novatek Microelectronics Corp.	20	10	200	7,074	369.00	7,380
	Focaltech Systems Co., Ltd.	30	10	300	2,951	93.50	2,805
	Alchip Technologies, Ltd.	10	10	100	6,359	621.00	6,210
	RichWave Technology Corp.	10	10	100	2,861	394.50	3,945
	Visual Photonics Epitaxy Co., Ltd	35	10	350	3,194	112.00	3,920
	Yageo Corporation	7	10	70	3,076	518.00	3,626
	Walsin Technology Corp.	15	10	150	3,023	230.50	3,458
	Unimicron Technology Corporation	66	10	660	5,549	87.40	5,768
	eMemory Technology Inc.	5	10	50	2,749	595.00	2,975
	Gudeng Precision Industry Co., Ltd.	12	10	120	3,528	273.00	3,276
	Parade. Technologies, Ltd.	1	10	10	1,101	1,110.00	1,110
	Sino-American Silicon Products Inc.	28	10	280	4,458	177.50	4,970
	Advanced Wireless Semiconductor Co.	70	10	700	7,757	135.00	9,450
	Hong Plastic Technology Co., Ltd.	10	10	100	3,963	397.50	3,975
Beneficiary certificates	Eastspring Investments Export Fund	200			10,665	56.41	11,261
	Allianz Global Investors Taiwan Technology Fund	211			17,927	87.91	18,558
	Union Money Type Fund	6,011			80,000	13.31	80,000
	Jih Sun Money Type Fund	6,020			90,000	14.95	90,000
	FSITC Money Type Fund	445			80,000	179.85	80,000
	Capital Money Type Fund	4,918			80,000	16.27	80,000
	Mega Diamond Money Type Fund	7,115			90,000	12.65	90,000
	Taishin Ta-Chong Money Type Fund	5,586			80,000	14.32	80,000
							<u>\$ 605,589</u>

Chien Kuo Construction Co., Ltd.

Statement of Changes in Financial Assets at Fair Value through Other Comprehensive Income - Non-Current

January 1 to December 31, 2020

Form of Statement IV

Unit: Shares in 1,000 Shares; Amount in NT\$ thousand, unless otherwise specified

Invested Company	Balance - beginning of year		Increase for this year		Decrease for this year		Change in unrealized gain or loss on financial asset	Balance - end of year	
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount
Current									
Domestic listed companies									
Chia Hsin Cement Corporation	1,114	\$ 24,909	-	\$ -	-	\$ -	(\$ 3,678)	1,114	\$ 21,231
Non-current									
Domestic listed companies									
Taiwan Cement Corporation	5,896	\$ 257,661	295	\$ -	-	\$ -	\$ 9,792	6,191	\$ 267,453
Chia Hsin Cement Corporation	6,853	153,165	-	-	-	-	(22,615)	6,853	130,550
		\$ 410,826		\$ -		\$ -	(\$ 12,823)		\$ 398,003

Note 1. Par value of \$10 per share

Note 2. 2,000 thousand shares of Chia Hsin Cement Corporation are pledged to the bank as collateral for the performance of construction contracts.

Note 3. 2,126 thousand shares of Taiwan Cement Corporation are pledged to the Court as collateral against the litigation between the Company and Shing Tzung.

Note 4. The increase for the current year is due to the allotment of stock dividend.

Chien Kuo Construction Co., Ltd.
Statement of Changes in Investments Accounted for Using Equity Method
January 1 to December 31, 2020

Form of Statement V

Unit: NT\$ thousand, unless otherwise specified

Name of investee	Balance - beginning of year		Increase for this year		Decrease for this year		Gain (loss) on investment	Exchange differences on translating the financial statements of foreign operations (Note 2)	Unrealized loss of financial asset (Note 2)	Cash flow hedge (Note 2)	Balance - end of year				
	Number of Shares (In 1,000 Shares)	Amount	Number of Shares (In 1,000 Shares)	Amount	Number of Shares (In 1,000 Shares)	Amount					Number of Shares (In 1,000 Shares)	Percentage of Ownership (%)	Amount	Endorsements and guarantees provided	Note
Subsidiary															
Non-public company															
Golden Canyon Limited	8,714	\$ 2,356,663	-	\$ -	-	\$ 973,335	\$ 96,200	(\$ 30,724)	(\$ 1,733)	(\$ 471)	8,714	100	\$ 1,446,600	None	Note 3
Silver Shadow Holding Limited	25,038	1,718,013	-	-	-	-	117,907	(21,597)	(1,618)	(571)	25,038	100	1,812,134	None	
Chien Kuo Building Co., Ltd.	11,100	100,135	-	-	1,100	-	720	-	-	-	10,000	100	100,855	None	Note 4
Shun Long International Electrical Engineering Co., Ltd.	6,063	45,354	937	7,851	-	-	26,225	-	-	-	7,000	100	79,430	None	Note 5
Anping Property Co., Ltd.	14,000	132,431	-	-	14,000	132,365	(66)	-	-	-	-	-	-	None	Note 6
Golden Canyon Venture Capital Investment Co., Ltd.	-	-	40,100	401,000	-	-	(669)	-	-	-	40,100	100	400,331	None	Note 7
		<u>\$ 4,352,596</u>		<u>\$ 408,851</u>		<u>\$ 1,105,700</u>	<u>\$ 240,317</u>	<u>(\$ 52,321)</u>	<u>(\$ 3,351)</u>	<u>(\$ 1,042)</u>			<u>\$ 3,839,350</u>		
Associates															
Non-public company															
WeBIM Services Co., Ltd.	980	<u>\$ 9,652</u>	-	<u>\$ -</u>	980	<u>\$ 9,226</u>	<u>(\$ 426)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-	-	<u>\$ -</u>	None	Note 8

Note 1. Except that the par values of Golden Canyon Limited and Silver Shadow Holding Limited is US\$1 per share, and that Shun Long International Electrical Engineering Co., Ltd. has no par value, the par values of the remaining companies are NT\$10 per share.

Note 2. Including the balance of other equity using equity method.

Note 3. The decrease for the current year is due to the allotment of dividend.

Note 4. The decrease for the current year is due to the capital reduction for offsetting accumulated deficits.

Note 5. The increase for the current year is due to the acquisition of minority Interest.

Note 6. The decrease for the current year is due to the application of capital reduction and liquidation.

Note 7. The increase for the current year is due to the Company's 100% investment set up on August 17, 2020.

Note 8. The decrease for the current year is due to the allotment of dividend amounted to 486 thousand and the sales of equity ownership amounted to 8,740 thousand.

Chien Kuo Construction Co., Ltd.
Statement of Long-term Loans
December 31, 2020

Form of Statement VI

Unit: NT\$ Thousands

Creditor	Repayment method	Mature within one year	Mature after one year	Total	Term of the agreement	Effective Interest Rate	Collaterals or guarantees
Secured loans from banks							
Land Bank of Taiwan	Interest should be paid monthly, and the principal should be repaid in full upon maturity	\$ -	\$ 350,000	\$ 350,000	July 13, 2017 - July 12, 2022	1.35%	Land held for construction
Long-term commercial paper payable							
Shanghai Commercial and Savings Bank	Interest is paid in the beginning of the period, and the principal should be repaid in full upon maturity (90 days) with revolving credit limit within the term of contract.	149,767	-	149,767	December 27, 2018 - December 26, 2021	1.65%	None
Shanghai Commercial and Savings Bank	Interest is paid in the beginning of the period, and the principal should be repaid in full upon maturity (90 days) with revolving credit limit within the term of contract.	149,767	-	149,767	March 29, 2018 - September 29, 2021	1.65%	None
Entie Commercial Bank	Interest is paid in the beginning of the period, and the principal should be repaid in full upon maturity (90 days) with revolving credit limit within the term of contract.	149,758	-	149,758	September 28, 2018 - September 29, 2021	1.68%	None
Mega International Commercial Bank	Interest is paid in the beginning of the period, and the principal should be repaid in full upon maturity (90 days) with revolving credit limit within the term of contract.	-	149,850	149,850	June 27, 2029 - June 26, 2022	1.36%	None
		449,292	149,850	599,142			
		\$ 449,292	\$ 499,850	\$ 949,142			

Chien Kuo Construction Co., Ltd.

Table of Accounts Payable

December 31, 2020

Form of Statement VII

Unit: NT\$ Thousands

<u>Customers' Name</u>	<u>Amount</u>
Customer A	\$ 450,421
Customer B	103,726
Other (Note)	<u>1,412,700</u>
	<u>\$ 1,966,847</u>

Note. The balance for each customer did not exceed 5% of the balance of this account.

Chien Kuo Construction Co., Ltd.
Statement of Operating Revenue and Cost
January 1 to December 31, 2020

Form of Statement VIII

Unit: NT\$ Thousands

<u>Construction item</u>	<u>Operating revenue</u>	<u>Operating cost</u>	<u>Gross profit</u>
Residential construction	\$ 2,068,805	\$ 1,949,414	\$ 119,391
Public construction	1,785,169	1,634,189	150,980
Commercial Office, Factory Office and others	<u>2,899,774</u>	<u>2,716,680</u>	<u>183,094</u>
	<u>\$ 6,753,748</u>	<u>\$ 6,300,283</u>	<u>\$ 453,465</u>

Chien Kuo Construction Co., Ltd.
Statement of General and Administrative Expenses
January 1 to December 31, 2020

Form of Statement IX

Unit: NT\$ Thousands

Item	Amount
Salary and Bonus	\$ 195,065
Depreciation expense	14,635
Other expense (Note)	<u>63,076</u>
	<u>\$ 272,776</u>

Note: The balance for each item did not exceed 5% of the balance of this account.

Chien Kuo Construction Co., Ltd.

Summary Table of Employee Benefits, Depreciation and Amortization Expenses Incurred During the Current Period
For the Years Ended December 31, 2020 and 2019

Form of Statement X

Unit: NT\$ Thousands

	2020				2019			
	Belongs to Operating cost	Belongs to Operating expense	Belongs to Other gain and loss	Total	Belongs to Operating cost	Operating expense	Other gain and loss	Total
Employee Benefits Expenses (Note)								
Salary expense	\$ 203,585	\$ 176,001	\$ -	\$ 379,586	\$ 163,143	\$ 142,353	\$ -	\$ 305,496
Labor Insurance and National								
Health Insurance expense	19,273	9,746	-	29,019	15,420	10,457	-	25,877
Pension expense	10,823	5,701	-	16,524	8,775	5,207	-	13,982
Remuneration to Directors	-	19,304	-	19,304	-	13,245	-	13,245
Other employee benefits								
expenses	12,068	6,865	-	18,933	8,999	8,357	-	17,356
	<u>\$ 245,749</u>	<u>\$ 217,617</u>	<u>\$ -</u>	<u>\$ 463,366</u>	<u>\$ 196,337</u>	<u>\$ 179,619</u>	<u>\$ -</u>	<u>\$ 375,956</u>
Depreciation expense	<u>\$ 1,649</u>	<u>\$ 14,635</u>	<u>\$ 1,038</u>	<u>\$ 17,322</u>	<u>\$ 653</u>	<u>\$ 14,548</u>	<u>\$ 1,247</u>	<u>\$ 16,448</u>
Amortization expenses	<u>\$ -</u>	<u>\$ 1,011</u>	<u>\$ -</u>	<u>\$ 1,011</u>	<u>\$ -</u>	<u>\$ 1,741</u>	<u>\$ -</u>	<u>\$ 1,741</u>

Note 1. As of December 31, 2020 and 2019, the number of employees of the Company was 409 and 327, respectively, and the number of directors who are not the employees is 11 for both years.

Note 2. The average employee benefit expenses were \$1,116 thousand and \$1,148 thousand for the year ended December 31, 2020 and 2019, respectively.

Note 3. The average salary expenses were \$954 thousand and \$967 thousand for the year ended December 31, 2020 and 2019, respectively.