Stock Code: 5515

Chien Kuo Construction Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Certified Public Accountant Report

For the Years Ended December 31, 2019 and 2018

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Statement to the Consolidated Financial Statements

In the year 2019 (from January 1 to December 31, 2019), pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the Company's entities that shall be included in preparing the Consolidated Financial Statements for Affiliates and the Parent-Subsidiary Consolidated Financial Statements for International Financial Reporting Standards (IFRS) 10 are the same. Moreover, the disclosure information required for the Consolidated Financial Statements for Affiliates has been fully disclosed in the aforementioned Parent-Subsidiary Consolidated Financial Statements; hence, a separate Consolidated Financial Statements for Affiliates will not be prepared.

Hereby declare by

Company Name: Chien Kuo Construction Co. Ltd.

Responsible person: Chang-shiou Wu

March 27, 2020

Independent Auditors' Report

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

Audit Opinions

We have audited the Consolidated Balance Sheets of Chien Kuo Construction Co. Ltd. and its subsidiaries as of December 31, 2019 and 2018, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to Consolidated Financial Statements (including Summary of Significant Accounting Policies) for the annual period from January 1 to December 31, 2019 and 2018.

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of Chien Kuo Construction Co. Ltd. as of December 31, 2019 and 2018, and its consolidated financial performance and consolidated cash flows for the annual periods ended December 31, 2019 and 2018 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) to the extent endorsed and effected by the Financial Supervisory Commission.

Basis for Audit Opinion

We conducted our audits of the financial statements as of and for the year ended December 31, 2019 in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants," Order No. 1090360805 issued by the Financial Supervisory Commission on February 25, 2020 and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the financial statement as of and for the year ended December 31, 2018 in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants," and the auditing standards generally accepted in the Republic of China. Our responsibility under the above mentioned regulations will be further explained in the section titled "The Accountants' Responsibility in Auditing the Consolidated Financial Statements." We have stayed independent from Chien Kuo Construction Co. Ltd. as required by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the norm. We believe that we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2019 consolidated financial statements of Chien Kuo Construction Co. Ltd. and its subsidiaries. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters for the consolidated financial statements of Chien Kuo Construction Co. Ltd. and its subsidiaries for 2019 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 at 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. Since the estimates of total costs are made by the management's judgment on the types, periods, execution, and techniques of construction, and are prone to influence from changes in commodity prices, labor prices and construction items, 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 contract are deemed a key audit matter.

Our audit procedures included, among others, understanding the procedures by which the management estimates the total costs of long -term construction contracts; assessing on the management estimates the total costs of long-term construction contracts; examining the accompanying construction documents to assess comprehensively the completeness and reasonableness of the estimates of total costs of long-term construction contracts; and assessing the important changes in the cost of construction contracts after the completion of construction projects.

For information about construction contracts, please refer to Note 22.

Assessment of Impairment of Accounts Receivable

As stated in Note 5 to the consolidated financial statements, the expected credit loss rate used for impairment assessment of the receivables derived from concrete business involves past historical experience, current market conditions and forward-looking information, and possesses uncertainty that requires professional judgment. Therefore, the estimation of impairment of accounts receivable is identified as a key audit matter.

The procedures by which our CPA performed our audit, among others, are stated as follows.

1. Understanding the assessment procedures by which the management determines the credit lines for customers, including whether customers are assigned appropriate risk levels, credit lines, and credit terms in line with their credit checks.
2. Understanding and assessing the reasonableness of the methods, data, assumptions, and formulas undertaken by the management for provision of impairment, as well as reviewing such calculations.
3. Testing the properness of the classification of customers and completeness of accounts receivables on the accrual form, which is used as a basis for calculation of allowance for doubtful accounts.
4. Performing subsequent collection test, on a sample basis, on the year-end accounts receivables in order to assess their recoverability.

For impairment of accounts receivables, please refer to Note 10.

Other Matters

Chien Kuo Construction Co. Ltd. has also compiled Individual Financial Statements for 2019 and 2018, and they have also received audit opinion of no reservations from our CPA for your reference.

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

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

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

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

The Accountants' Responsibility in Auditing the Consolidated Financial Statements

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

We have utilized our professional judgment and maintained professional skepticism when exercising auditing work according to GAAS. We have also:

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

5. Assessed the overall presentation, structure and content of the Consolidated Financial Statements (including the related notes), and determined whether the Consolidated Financial Statements present fairly the related transactions and events.
6. Obtained sufficient and appropriate audit evidence regarding financial information of entities within Chien Kuo Construction Co. Ltd. and its subsidiaries in order to express opinions on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion on Chien Kuo Construction Co. Ltd. and its subsidiaries.

We communicate 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 identify during our audit.

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

From the matters communicated with those charged with governance, we determine the key audit matters of the 2019 consolidated financial statements of Chien Kuo Construction Co. Ltd. and its subsidiaries. Such matters have been explicitly stated in our audit report, unless laws or regulations prevent their disclosures, or, in extremely rare cases, we decide 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 Taiwan CPA: I-Wen Wang Approval number by the Financial Supervisory Commission FSC - 0980032818

CPA: Wen-Ching Lin Approval number by the Securities and Futures Commission Taiwan-Finance-Securities - 0920123784

March 27, 2020

Chien Kuo Construction Co., Ltd. and Subsidiaries

Consolidated Balance Sheets for the Year Ended

December 31, 2019 and 2018

Unit: NT$ Thousand

Code	Assets	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	$ 2,602,762	31	$ 2,437,312	26
1110	Financial Assets at Fair Value through Profit or Loss (Note 7 and 29)	120,073	1	159,157	2
1120	Financial assets at fair value through other comprehensive income (Note 8)	49,567	1	41,347	-
1135	Financial assets for hedging	1,011	-	-	-
1140	Contract assets (Note 22)	1,298,880	15	1,331,215	14
1150	Notes receivable (Note 10)	204,179	2	111,011	1
1170	Accounts receivable (Note 10 and 22)	2,126,231	25	2,609,969	28
1200	Other receivables	28,669	-	31,875	-
1310	Inventories	29,402	-	27,102	-
1323	Land held for construction (Note 13 and Note 30)	463,577	6	463,577	5
1410	Prepayments (Note 12)	419,594	5	632,002	7
1460	Non-current assets classified as held for sale (Note 14)	140,725	2	75,602	1
1470	Other current assets (Note 13)	163,237	2	191,253	2
11XX	Total current assets	7,647,907	90	8,111,422	86
	Non-current assets				
1510	Financial assets at fair value through profit or loss (Note 7)	75,969	1	95,174	1
1520	Financial assets at fair value through other comprehensive income (Notes 8, 9, and 30)	410,826	5	346,411	4
1550	Investments accounted for using equity method (Note 13)	9,652	-	-	-
1600	Property, plant, and equipment (Notes 15 and 30)	126,042	1	191,066	2
1755	Right-of-use asset (Note 16 and 30)	59,128	1	-	-
1760	Investment property (Notes 17 and 30)	175,427	2	216,684	2
1840	Deferred tax assets (Note 24)	17,021	-	79,743	1
1980	Pledged certificate of deposit (Note 31)	5,996	-	205,844	2
1985	Long-term prepaid rents (Notes 30)	-	-	148,101	2
1990	Other non-current assets	15,461	-	19,018	-
15XX	Total non-current assets	895,522	10	1,302,041	14
1XXX	Total assets	$ 8,543,429	100	$ 9,413,463	100
Code	**Liabilities and Equity**				
	Current liabilities				
2100	Bank loans (Note 18)	$ 53,750	1	$ -	-
2130	Contract liabilities (Note 22)	261,026	3	72,742	1
2150	Notes payable	143,189	2	385,388	4
2170	Accounts payable (Note 19)	1,712,414	20	1,701,653	18
2200	Other payables	235,798	3	216,759	2
2230	Current tax liabilities	6,379	-	13,316	-
2260	Liabilities related to non-current assets classified as held for sale (Note 14)	1,454	-	4,935	-
2320	Long-term Bank loans, current portion (Note 18)	-	-	450,000	5
2399	Other current liabilities (Notes 16)	191,996	2	151,507	2
21XX	Total current liabilities	2,606,006	31	2,996,300	32
	Non-current liabilities				
2540	Long-term Bank loans (Note 18)	948,991	11	799,131	8
2570	Deferred tax liabilities (Note 24)	518,591	6	583,786	6
2600	Other non-current liabilities (Note 16 and 20)	114,089	1	72,981	1
25XX	Total non-current liabilities	1,581,671	18	1,455,898	15
2XXX	Total liabilities	4,187,677	49	4,452,198	47
	Equity attributable to shareholders of the parent (Note 21)				
	Capital stock				
3110	Capital from common stock	2,674,401	31	3,343,001	36
3200	Capital surplus	201,627	2	201,627	2
	Retained earnings				
3310	Appropriated as legal capital reserve	626,554	7	605,987	7
3320	Appropriated as special capital reserve	50,001	1	67,179	1
3350	Unappropriated earnings	800,246	10	788,857	8
3300	Total retained earnings	1,476,801	18	1,462,023	16
3400	Others	(4,089)	-	(57,178)	(1)
31XX	Total equity attributable to shareholders of the parent	4,348,740	51	4,949,473	53
36XX	Non-controlling interest	7,012	-	11,792	-
3XXX	Total equity	4,355,752	51	4,961,265	53
	Total liabilities and equity	$ 8,543,429	100	$ 9,413,463	100

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

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

Chien Kuo Construction Co. Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
From January 1 to December 31, 2019 and 2018
Unit : Thousands of New Taiwan Dollars, Except for Basic Earnings Per Share (in Dollars)

Code		2019 Amount	%	2018 Amount	%
4000	Operating Revenue (Note 22)	$ 6,331,757	100	$ 6,824,128	100
5000	Operating cost (Notes 23 and 29)	5,781,552	91	6,082,369	89
5900	Gross profit	550,205	9	741,759	11
	Operating expenses (Notes 23 and 29)				
6100	Marketing expenses	33,870	1	34,612	1
6200	General and administrative expenses	343,178	5	346,867	5
6000	Total operating expenses	377,048	6	381,479	6
6900	Net operating income	173,157	3	360,280	5
	Non-operating income and expenses (Note 23)				
7010	Other income	90,086	1	75,602	1
7020	Other gains and losses	47,435	1	(34,394)	(1)
7050	Finance costs	(17,359)	-	(26,365)	-
7060	Shares of profits of associates accounted for using the equity method	1,106	-	-	-
7000	Total non-operating income and expenses	121,268	2	14,843	-
7900	Income before income tax	294,425	5	375,123	5
7950	Income tax expense (Note 24)	114,861	2	167,415	2
8200	Net income in the current year	179,564	3	207,708	3
	Other comprehensive income				
	Items that will not be reclassified to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 20)	2,866	-	1,695	-

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Code		2019 Amount	%	2018 Amount	%
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income	$ 130,662	2	$ 15,664	-
8349	Income tax related to items that will not be reclassified	(573)	-	(475)	-
8310		132,955	2	16,884	-
	Items that may be reclassified to profit or loss:				
8361	Exchange differences arising on translation of financial statements of foreign operations	(98,325)	(2)	6,579	-
8367	Unrealized loss on investments in debt instruments at fair value through other comprehensive income	45	-	(314)	-
8368	Gain or loss on hedging instrument	1,042	-	-	-
8399	Income tax related to items that will be reclassified (Notes 24)	19,665	-	(6,442)	-
8360		(77,573)	(2)	(177)	-
8300	Other comprehensive income or loss (after tax)	55,382	-	16,707	-
8500	Total comprehensive income	$ 234,946	3	$ 224,415	3
	Net profit (loss) attributable to:				
8610	Shareholders of the parent	$ 179,635	3	$ 205,671	3
8620	Non-controlling interest	(71)	-	2,037	-
8600		$ 179,564	3	$ 207,708	3
	Total comprehensive income attributable to:				
8710	Shareholders of the parent	$ 235,017	3	$ 222,378	3
8720	Non-controlling interest	(71)	-	2,037	-
8700		$ 234,946	3	$ 224,415	3
	Earnings Per Share (Note 25)				
9750	Basic earnings per share	$ 0.57		$ 0.62	
9850	Diluted earnings per share	$ 0.57		$ 0.61	

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

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

Chien Kuo Construction Co. Ltd.

Subsidiaries Consolidated Statements of Changes in Equity

From January 1 to December 31, 2019 and 2018

Unit: NT$ Thousand

		Equity Attributable to Shareholders of the Parent												
				Retained earnings			Others							
Code		Capital stock	Capital surplus	Appropriated as legal capital reserve	Appropriated as special capital reserve	Unappropriated earnings	Exchange differences arising from translation of financial statements of foreign operations Foreign Currency Translations Exchange differences	Unrealized gain (loss) on available-for-sale financial assets Financial assets Unrealized gain or loss	Financial assets at fair value through other comprehensive income Unrealized gain or loss	Profit or loss of hedging instrument	Treasury stock	Total	Non-controlling interest	Total equity
A1	Adjusted balance as of January 1, 2018	$ 3,379,001	$ 200,462	$ 588,869	$ 39,088	$ 794,325	($ 109,140)	$ -	$ 36,475	$ -	($ 34,835)	$ 4,894,245	$ 10,355	$ 4,904,600
	Appropriation and distribution of retained earnings for 2017													
B1	Provision of legal reserve	-	-	17,118	-	(17,118)	-	-	-	-	-	-	-	-
B3	Special capital reserve	-	-	-	28,091	(28,091)	-	-	-	-	-	-	-	-
B5	Cash dividends appropriated to shareholders - NT$0.50 per share	-	-	-	-	(167,150)	-	-	-	-	-	(167,150)	-	(167,150)
O1	Cash dividends for shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(600)	(600)
D1	Net profit for 2018	-	-	-	-	205,671	-	-	-	-	-	205,671	2,037	207,708
D3	Other comprehensive income (loss) (net of tax) for 2018	-	-	-	-	1,220	137	-	15,350	-	-	16,707	-	16,707
D5	Total comprehensive income (loss) in 2018	-	-	-	-	206,891	137	-	15,350	-	-	222,378	2,037	224,415
L3	Retirement of treasury shares	(36,000)	1,165	-	-	-	-	-	-	-	34,835	-	-	-
Z1	Balance, December 31, 2018	3,343,001	201,627	605,987	67,179	788,857	(109,003)	-	51,825	-	-	4,949,473	11,792	4,961,265
	Appropriation and distribution of retained earnings for 2018													
B1	Provision of legal reserve	-	-	20,567	-	(20,567)	-	-	-	-	-	-	-	-
B3	Special capital reserve	-	-	-	(10,002)	10,002	-	-	-	-	-	-	-	-
B5	Cash dividends appropriated to shareholders - NT$0.50 per share	-	-	-	-	(167,150)	-	-	-	-	-	(167,150)	-	(167,150)
												-		-
B17	Reversal of special capital reserve due to disposal of subsidiaries and branches	-	-	-	(7,176)	7,176	-	-	-	-	-	-	-	-
E1	Capital reduction	(668,600)	-	-	-	-	-	-	-	-	-	(668,600)	-	(668,600)
												-		-
O1	Cash dividends for shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(281)	(281)
D1	Net profit for 2019	-	-	-	-	179,635	-	-	-	-	-	179,635	(71)	179,564
												-		-
D3	Other comprehensive income (net of tax) for 2019	-	-	-	-	2,293	(78,659)	-	130,706	1,042	-	55,382	-	55,382
D5	Total comprehensive income in 2019	-	-	-	-	181,928	(78,659)	-	130,706	1,042	-	235,017	(71)	234,946
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(4,428)	(4,428)
Z1	Balance, December 31, 2019	$ 2,674,401	$ 201,627	$ 626,554	$ 50,001	$ 800,246	($ 187,662)	$ -	$ 182,531	$ 1,042	$ -	4,348,740	$ 7,012	$ 4,355,752

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

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

Chien Kuo Construction Co. Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
From January 1 to December 31, 2019 and 2018

Unit: NT$ Thousand

Code		2019	2018
	Cash flows from operating activities		
A10000	Income before income tax for the year	$ 294,425	$ 375,123
A20010	Gains and Losses:		
A24100	Loss on foreign currency exchange	83,542	81
A21200	Interest income	(50,117)	(51,102)
A29900	Net gain from disposal of subsidiaries	(34,466)	-
A20100	Depreciation expense	36,630	26,524
A21300	Dividend income	(27,213)	(13,397)
A20900	Finance costs	17,359	26,365
A20300	Expected credit loss	2,927	36,199
A22500	Gains on disposal of property, plant and equipment	(3,975)	(6,938)
A20200	Amortization expenses	1,741	3,856
A22700	Loss on disposal of investment property	1,146	-
A22300	Shares of profits of associates accounted for using the equity method	(1,106)	-
A29900	Other expenses transferred from investment property	280	722
A29900	Gains on lease modification	(198)	-
A23100	Net loss (gain) from disposal of investments	(39)	628
A29900	Litigation compensations	-	15,959
A30000	Changes in operating assets and liabilities, net		
A31115	Financial assets at fair value through profit or loss	151,968	659,985
A31125	Contract assets	32,335	(91,193)
A31130	Notes receivable	(92,151)	93,194
A31150	Accounts receivable	421,800	(517,885)
A31180	Other receivables	6,695	(8,531)
A31200	Inventories	(3,525)	(12,822)
A31230	Prepayments	197,552	33,779
A31240	Other current assets	(19,099)	35,322
A31990	Other non-current assets	-	1,333
A32125	Contract liabilities	188,284	(153,979)
A32130	Notes payable	(247,257)	4,118
A32150	Accounts payable	(2,369)	(117,830)

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Code		2019	2018
A32180	Other payables	$ 18,453	($ 13,846)
A32230	Other current liabilities	(3,553)	(35,158)
A32990	Other non-current liabilities	(7,220)	5
A33000	Cash inflow generated from operations	962,849	290,512
A33100	Interest received	46,708	62,677
A33300	Interest paid	(15,968)	(26,499)
A33500	Income taxes paid	(61,846)	(130,685)
AAAA	Net cash flows from operating activities	931,743	196,005
	Cash flows from investing activities		
B00020	Disposal of financial assets at fair value through other comprehensive income	57,184	85,583
B00100	Acquisition of financial assets at fair value through profit or loss	(147,546)	(18,432)
B00200	Disposal of financial assets at fair value through profit or loss	52,476	-
B02300	Net cash outflow from disposal of subsidiaries	(12,922)	-
B02700	Acquisition of property, plant and equipment	(18,406)	(17,086)
B02800	Proceeds from disposal of property, plant and equipment	5,963	8,980
B03800	Decrease in refundable deposits	9,974	12,486
B04500	Acquisition of intangible assets	(1,904)	(655)
B05350	Proceeds from disposal of right-of-use assets	130,660	-
B05400	Acquisition of investment properties	(1,076)	(47,441)
B05500	Proceeds from Disposal of Investment Properties	39,621	-
B06700	Increase in pledged certificate of deposit and reserve account	200,145	128,497
B07600	Cash dividends received	20,960	10,817
B09900	Advance received due to disposal of subsidiaries	116,033	132,043
BBBB	Net cash generated from investing activities	451,162	294,792
	Cash flows from financing activities		
C00200	Increase (decrease) in Short-term borrowings	51,964	(220,000)
C00500	Decrease in short-term bills payable	-	(79,948)
C01600	Increase in long-term loans	149,860	449,189
C01700	Repayment of long-term loans	(450,000)	(600,000)
C03000	Increase in guarantee deposits received	18,954	20,569
C04200	Repayment of lease principal	(14,863)	-
C04500	Cash dividends paid	(167,150)	(167,150)

(Continued on next page)

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Code		2019	2018
C04700	Cash capital reduction	($ 668,600)	$ -
C05800	Cash dividends for shareholders of subsidiaries	(281)	(600)
CCCC	Net cash from financing activities	(1,080,116)	(597,940)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(68,409)	44,631
EEEE	Increase (decrease) in cash and cash equivalents	234,380	(62,512)
E00100	Balance of cash and cash equivalents - beginning of the year	2,455,785	2,518,297
E00200	Balance of cash and cash equivalents - end of the year	$ 2,690,165	$ 2,455,785

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

Code		December 31, 2019	December 31, 2018
E00210	Cash and cash equivalents recognized on the balance sheet	$ 2,602,762	$ 2,437,312
E00240	Cash and cash equivalents included in the held-for-sale disposal group	87,403	18,473
E00200	Balance of cash and cash equivalents - end of the year	$ 2,690,165	$ 2,455,785

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

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

Chien Kuo Construction Co. Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

From January 1 to December 31, 2019 and 2018

(Amount in Thousands of New Taiwan Dollars (NT$), Unless Otherwise Stated)

I. Company Overview

Chien Kuo Construction Co. Ltd. (hereinafter "the Company"), founded in November 1950, mainly engages in business relating to design, supervision of modification, and construction of various construction projects of different size, as well as trading of construction materials; the Company's stocks, which had been traded on Taipei Exchange since February 1, 1999, turned to Taiwan Stock Exchange for listings and trading in October 2003.

The Consolidated Financial Report shall be expressed in NTD, the Company's functional currency.

II. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

The consolidated financial statements were approved by the Board of Directors on March 27, 2020.

III. Application of New, Amended and Revised Standards and Interpretations

(I) Initial application of the amendments to the "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) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the following, the initial application of the amendments to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the accounting policies of the Group:

IFRS 16 "Leases"

IFRS 16, which governs the identification of a lease agreement and lessee-accounting and lessor-accounting, will supersede IAS 17 "Leases" and IFRIC 4 "Determining Whether an Arrangement Contains a Lease" and other relevant interpretations. Please refer to Note 4 for information relating to the relevant accounting policies.

Definition of "Leases"

The Group shall elect to determine whether contracts signed (or changed) after January 1, 2019 are (or include) leases in accordance with IFRS 16. The lease contracts identified in accordance with IAS 17 and IFRIC 4 shall not be reassessed and shall be processed in accordance with transitional regulations in IFRS 16.

The Group is the lessee.

The Group shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for small-amount and short-term leases which shall be recognized on a straight-line basis. Other leases shall recognize usage right assets and lease liabilities on the consolidated balance sheets. The consolidated statements of comprehensive income states clearly and respectively the depreciation expense of the right-of-use assets, as well as the interest expense calculated using the effective interest method that has accrued on the lease liability. On the consolidated statements of cash flows, payments for the principal amount of lease liabilities are presented as financing activities, while payments for interests accrued thereon are presented as operating activities. Prior to application of IFRS 16, an expense was recognized on a straight-line basis for contracts classified as operating leases, while advance lease payments for the purpose of acquiring the land-use rights in the People's Republic of China were recognized as prepaid lease payments. Cash flows from operating leases are presented under operating activities on the consolidated statements of cash flows.

The Company is expected to adjust the cumulative impact of the retroactive application of IFRS 16 to the retained earnings on January 1, 2019, without recompiling the comparative information.

For agreements currently treated as operating leases under IAS 17, the lease liability as of January 1, 2019 is measured at the remaining lease payments over the lease term, discounted at the incremental borrowing rate of the lessee, whereas all right-of-use assets are measured at the amount of lease liabilities on such date. IAS 36 will be applicable to impairment assessment of all right-of-use assets recognized.

The Group plans to adopt the following expedients:

1. Applying a single discount rate to a portfolio of leases with reasonably similar characteristics in measuring the lease liability
2. Leases to be expired prior to December 31, 2019 are accounted for as short-term leases.
3. Excluding the initial direct costs from the measurement of right-of-use assets as of January 1, 2019.
4. Using hindsight to determine the lease term when measuring lease liabilities.

The range of incremental borrowing rate applicable to the Group's lease liabilities as of January 1, 2019 was between 1.65% and 3.00%. The difference between such lease liabilities and the future minimum lease payments for non-cancellable operating leases as of December 31, 2018 is stated as follows:

Future minimum lease payments for non-cancellable operating leases as of December 31, 2018	$ 144,052
Less: Short-term leases qualified for recognition exemption	(1,702)
Total undiscounted amount as of January 1, 2019	$ 142,350
Present value after the discount using the incremental borrowing rate on January 1, 2019	$ 106,874

The Group is the lessee.

No adjustments will be made to the lessor's leases during the transition and IFRS 16 will be applied from January 1, 2019.

Adjustments in assets, liabilities and equity on January 1, 2019 due to the first-time adoption of IFRS 16 were as follows:

	Carrying amount as of December 31, 2018	Adjustment of First-time Adoption	Adjusted Balance as of January 1, 2018
Non-current assets			
Long-term prepaid rent	$ 148,101	($ 148,101)	$ -
Right-of-use assets	-	254,975	254,975
Effect on assets	$ 148,101	$ 106,874	$ 254,975
Current liabilities			
Lease liabilities	$ -	$ 13,462	$ 13,462
Current liabilities			
Lease liabilities	-	93,412	93,412
Effect on liabilities	$ -	$ 106,874	$ 106,874

(II) FSC-endorsed IFRSs that are applicable from 2020 onwards

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB
Amendment to IFRS 3 - "Definition of Business"	January 1, 2020 (Note 1)
Amendment to IFRS 9, IAS 39 and IFRS 7 - "Interest Rate Benchmark Reform"	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 - "Definition of Materiality"	January 1, 2020 (Note 3)

Note 1. Corporate mergers with an acquisition date between the starting date of the annual report on January 1, 2020 and assets acquired after this date shall be applicable to this amendment.

Note 2. Accounts in the fiscal years starting after January 1, 2020 shall be applicable to this amendment.

Note 3. Such amendment is prospectively applicable to annual period beginning after January 1, 2020.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the effects from the amendments to other standards and interpretations on the financial position and financial performance. Related effects will be disclosed once the assessment is completed.

(III) IFRSs issued by the IASB but yet to be approved by the FSC and have entered into effect

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendment to IFRS10 and IAS 28 - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Yet to be decided
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"	44562

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the effects from the amendments to other standards and interpretations on the financial position and financial performance. Related effects will be disclosed once the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The Consolidated Financial Report was formulated in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs recognized and announced by the FSC that have entered into effect.

(II) Basis of preparation

In addition to assessment of financial instruments based on their fair value and the present value of defined benefit assets minus net defined benefit liabilities recognized at fair value, the Consolidated Financial Report was prepared based on historical costs.

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

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

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

Current assets include:

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

4. Current liabilities include:
5. Liabilities held primarily for the purpose of trading;
6. Liabilities to be settled within 12 months after the balance sheet date; and
7. Liabilities with a repayment deadline that cannot be unconditionally deferred till at least 12 months after the balance sheet date.

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

(IV) Basis for Consolidation

The consolidated financial statements comprise the financial statements of the Company and the financial statements of entities controlled by the Company. The consolidated statements of comprehensive income include the operating income of the acquired or disposed subsidiaries from the date of acquisition to the date of disposal in the current year. The financial statements of the subsidiaries have been adjusted to bring their accounting policies into line with those used by the Group. In the consolidated financial statements, all transactions, account balances, income and expenses between the entities have been written off. The total comprehensive income of subsidiaries is recognized in equity attributable to shareholders of the parent and non-controlling interests, even if non-controlling interests become a loss balance.

When a change is effected in the ownership of the subsidiary, the Group does not lose control of it and it will be treated as equity transaction. The carrying amounts of the parent and non-controlling interests have been adjusted to reflect the relative changes in the equity of subsidiaries. The difference between the adjusted amount in non-controlling interests and the fair value of consideration will be considered as equity attributable to the shareholders of the parent.

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

(V) Foreign Currency

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

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences arising on the settlement of monetary items or on translating 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 rates prevailing at the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss. For items whose changes in fair value are recognized in other comprehensive income, 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 rates of exchange prevailing on the transaction dates and are not re-translated.

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

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

(VI) Property, Plant and Equipment

PP&E are stated at cost and subsequently measured at cost less accumulated depreciation and impairment.

The depreciation of PP&E in its useful life is considered on straight-line basis and each major part/component will be shown independently. The Group reviews the useful lives, residual value and depreciation methods at least once at each financial year-end and prospectively applies the effects of changes in accounting estimates.

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

(VII) Investment Property

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

Investment real estate is initially measured in terms of costs (including transaction costs) and is subsequently measured in terms of costs minus accumulated depreciation and accumulated impairment losses. Depreciation is provided by using the straight-line basis by the Group.

Investment property under construction shall be recognized at cost less accumulated impairment loss. Costs include professional service fee and borrowing costs that are eligible for capitalization. Depreciation on those assets is recognized when they reach their expected useful conditions.

In the event of derecognition of investment real estate, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized as gain or loss.

(VIII) Impairment of Tangible and Intangible Assets

On each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication that an asset may be impaired, the Group then estimates the recoverable amount of such asset. If it is not possible to estimate the recoverable amount of an individual asset, the Group 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 its 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 of which is reduced to its recoverable amount, with impairment loss recognized in profit or loss.

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

(IX) Non-current Assets Held for Sale

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

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

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

(X) Financial Instruments

Financial assets and liabilities will be recognized in the balance sheet when the Group becomes a party to the contract of financial instrument.

When showing the original financial assets and liabilities, if their fair value was not assessed based on profit or loss, it is the fair value plus the cost of transaction, that is, of its acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

   Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

   (1) Types of measurement

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

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

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

Financial assets measured at fair value through profit or loss are measured at fair value, of which any remeasurement gains or losses are recognized in profit or loss. Dividends and interest accrued by such assets are recognized as other revenue. Please refer to Note 28 for the determination of fair value.

B. Financial assets measured at amortized cost

When the Group'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 on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost (including cash and cash equivalents, receivables, accounts receivables 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 value of 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 always recognized by applying the credit-adjusted effective interest rate to the amortized cost carrying amount.

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 balance.

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

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

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

Debt instruments that meet the following two conditions are classified as financial assets at fair value through other comprehensive income:

a. The debt instruments are held within a business model whose objective is to collect the contractual cash flows and to sell the financial assets; and

b. The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are measured at fair value. Among changes in the carrying amount, interest revenue calculated using the effective interest method, gain or loss on foreign exchange, and impairment loss of foreign exchange or gain on reversal of impairment loss of foreign exchange are recognized in profit or loss; other changes are recognized in other comprehensive income and reclassified as profit or loss upon disposal of investments.

D. Investment in equity instruments measured at 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 the disposal of the equity investments. 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

Financial assets (including accounts receivable), investments in debt instruments at fair value through other comprehensive income, and impairment losses on contract assets as measured at the amortized cost of the estimated credit losses of the merged company on each balance sheet date.

Accounts receivable and contract asset shall be recognized as allowance loss against the lifetime expected credit losses during the term of duration. For all other financial instruments, the Group recognizes lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk of the financial instruments has not increased significantly since initial recognition, the Group measures the loss allowance for the financial instruments at an amount equal to 12-month expected credit losses.

The expected credit loss is the weighted average credit loss determined by the risk of default. The 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date, whereas the lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument."

The impairment loss of all financial assets is reduced based on the allowance account. However, the allowance for the investment in the debt instruments measured at fair value through other comprehensive gains and losses is recognized in other comprehensive gains and losses and shall not reduce its carrying amount.

(3) Derecognition of financial assets

The Group derecognizes the 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 in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. On derecognition of debt instruments measured at fair value through other comprehensive income in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity 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 Group 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) Hedge Accounting

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

<u>Cash Flow Hedges</u>

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

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

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

(XII) Revenue Recognition

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

1. Revenue from the sale of goods

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

2. Revenue from construction contracts

   For real estate construction contracts, the Group recognizes revenue over the construction period and measures the progress on the basis of costs incurred relative to the total expected costs. 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 milestone payment exceeds the revenue recognized to date, the Groups recognizes a contract liability for the difference. Certain payments retained by the customer as specified in the contract is intended to ensure that the Group adequately completes all its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance.

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

(XIII) Leases

<u>2019</u>

The merged company evaluates whether a contract belongs to (or includes) a lease on the contract establishment date.

1. The Group 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 an operating lease.

   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 Group 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 recognize 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 the amount after deducting accumulated depreciation and accumulated impairment losses, while adjusting the re-measurement of lease liabilities. A right-of-use asset is separately presented on the consolidated balance sheets.

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

A lease liability is initially measured at the present value of lease payments (including fixed payments and in-substance fixed payments). If 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 determined, lease payments are discounted using the incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, while 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 Group 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. A lease liability is separately presented on the consolidated balance sheets.

<u>2018</u>

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 an operating lease.

1. The Group as lessor

   Revenue from operating leases is recognized as revenue on a straight-line basis over relevant lease terms.

2. The Group as lessee

   Payment for operating leases are recognized during the lease period is considered as expenses based on straight-line method.

(XIV) Employee benefits

1. Short-term employee benefits

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

2. Post-employment benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

The defined cost of benefits under the defined benefit retirement plan (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 repayment of profit and loss) 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 netting interests) is recognized in other comprehensive income and listed under 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 contribution refunded from the plan, or the present value of 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 recognize the related restructuring costs (whichever is earlier).

(XV) Income Tax

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

1. Current Income tax

A tax is levied on the unappropriated earnings pursuant to the Income Tax Act 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 year.

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 mostly recognized based on taxable temporary differences. Deferred tax assets are recognized to the extent that it is most probable that those deductible temporary differences and loss credits can be applied to produce taxable profits.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group 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. The Group raises the carrying amount of such item 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 repayment 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 Group 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 they are recognized in other comprehensive gains and losses or are directly recognized in the current and deferred income tax related to the equity item separately as other comprehensive gains and losses or directly calculated as equity.

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

(I) Estimated Impairment of Accounts Receivable

Estimated impairment of accounts receivable is based on the assumption of the Company regarding default rate and expected loss rate. The Group uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on its past history, existing market conditions and forward-looking estimates. For critical assumptions adopted, please refer to Note 10.

(II) Construction contracts

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

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

VI. Cash and Cash Equivalents

	December 31, 2019	December 31, 2018
Cash on hand and revolving funds	$ 2,195	$ 2,560
Bank checks and demand deposits	676,954	760,458
Cash equivalents (time deposits with original maturity date within 6 months)	1,923,613	1,674,294
	$ 2,602,762	$ 2,437,312

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

December 31, 2019	December 31, 2018
0.15%～2.79%	0.13%～3.48%

VII. Financial Instruments at Fair Value through Profit or Loss

	December 31, 2019	December 31, 2018
Current		
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
- Beneficiary certificates	$ 120,073	$ -
Hybrid financial assets		
- Structured deposits	-	159,157
	$ 120,073	$ 159,157
Non-current		
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
- Beneficiary certificates	$ 75,969	$ 95,174

Details of financial instruments pledged at fair value through profit or loss are provided in Note 30.

VIII. Financial assets at fair value through other comprehensive income

	December 31, 2019	December 31, 2018
Current		
Equity instrument investment at fair value through comprehensive income (I)	$ 49,567	$ 41,347
Non-current		
Equity instrument investment at fair value through comprehensive income (I)	$ 410,826	$ 289,351
Liability instrument investment at fair value through comprehensive income (II)	-	57,060
	$ 410,826	$ 346,411

(I) Investments in equity instruments measured at fair value through other comprehensive income

	December 31, 2019	December 31, 2018
Current		
Investments in domestic listed stocks		
Common stock of Chia Hsin Cement Corporation	$ 28,825	$ 17,540
Investments in foreign listed stocks		
Common stock of China Mobile Communications Corporation	20,742	23,807
Sub-total	$ 49,567	$ 41,347
Non-current		
Investments in domestic listed stocks		
Common stock of Chia Hsin Cement Corporation	$ 153,165	$ 93,201
Common stock of Taiwan Cement Corporation	257,661	196,150
Sub-total	$ 410,826	$ 289,351

The Group invested in domestic and foreign common stock pursuant to its medium-term and long-term strategies for the purpose of making a profit. The management elected to designate these investments to be measured at fair value through other comprehensive income as they believed that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's 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 30.

(II) Investments in debt instruments measured at fair value through other comprehensive income

1. Information on foreign corporate bonds held by the Group as of December 31, 2018 is as follows:

Company Name	Fair Value	Coupon Rate	Effective Interest Rate	Period
POLY REAL ESTATE GROUP CO. LTD	$ 57,060	5.25%	3.33%／3.63%	5

2. Details of credit risk management and impairment evaluation of investments in debt instruments at fair value through other comprehensive income are provided in Note 9.

IX. Credit Risk Management for Debt Instruments

The Group's investments in debt instruments are financial assets at fair value through other comprehensive income.

	December 31, 2018
Gross Carrying Amount	$ 57,222
Allowance for loss	(58)
Amortized cost	57,164
Adjustment in fair value	(104)
	$ 57,060

The policy adopted by the Group is to invest only in debt instruments with a credit rating equal to or above the investment grade and whose credit risk is low in an impairment assessment. The aforesaid credit ratings are provided by independent rating agencies. The Group continued to track external rating information to monitor changes in credit risk of the investments in debt instruments and to review other information such as the bond yield curve and the debtor's material information to assess whether the credit risk of the debt instrument investments has increased significantly since the original recognition.

The Group measures the 12-month ECL or full lifetime ECL of investment in debt instruments by taking into account the historical default loss rate by class provided by independent rating agencies, and the present financial position of the debtor and the prospect forecast of the industry to which they belong. The Group's current credit risk rating mechanism and the total carrying amount of investments in debt instruments at each credit rating are as follows:

Credit Rating	Definition	Basis of Recognition of Expected Credit Losses	Expected credit loss rate	Gross carrying amount as of December 31, 2018
Normal	The debtor has a low credit risk and is fully capable of paying off contractual cash flows.	12-month expected credit losses	0.10%	$ 57,222

X. Notes Receivables and Accounts Receivables

	December 31, 2019	December 31, 2018
Notes receivable	$ 204,179	$ 111,011
Accounts receivable		
Measured at amortized cost		
Gross Carrying Amount	$ 2,229,438	$ 2,714,164
Less: Allowance losses	(103,207)	(104,195)
	$ 2,126,231	$ 2,609,969

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

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

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

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

	December 31, 2019	December 31, 2018
Not overdue	$ 204,179	$ 111,011

Aging analysis of account receivable of the Group is stated as follows:

	December 31, 2019	December 31, 2018
Not overdue	$ 1,545,027	$ 2,142,266
Less than 180 days	501,198	399,995
181~360 days	64,691	65,358
More than 361 days	118,522	106,545
Total	$ 2,229,438	$ 2,714,164

Changes in loss allowance for notes and accounts receivable are as follows:

	December 31, 2019	December 31, 2018
Balance - beginning of year	$ 104,195	$ 88,175
Add: Impairment loss recognized	2,927	18,456
Less: Reclassification of non-current assets held for sale	-	(744)
Exchange difference	(3,915)	(1,692)
Balance - end of year	$ 103,207	$ 104,195

XI. Land Held for Construction

The Group acquired the land sitting at the northern part of the industrial zone in Xinzhuang Dist. in July 2017. The purpose of holding such land is to construct commercial buildings for sale. The land is also pledged to the financial institution for loans. Please refer to Notes 18 and 30.

XII. Prepayments

	December 31, 2019	December 31, 2018
Prepayments for purchases	$ 358,750	$ 539,487
Prepayments construction contracts	44,985	71,428
Tax overpaid retained	6,597	9,263
Prepaid insurance	4,556	7,890
Others	4,706	3,934
	$ 419,594	$ 632,002

XIII. Subsidiaries

(I) Subsidiaries included in the consolidated financial statements

The entities of the Consolidated Financial Report are as follows:

Investor	Name of Subsidiary	Business Activities	Percentage of Ownership December 31, 2019	Percentage of Ownership December 31, 2018	Description
The Company	Jin Gu Limited (Jin Gu)	Investment	100%	100%	
	Yin Ying Holding Limited (Yin Ying)	Investment	100%	100%	
	Shun Long International Electrical Engineering Co., Ltd. (Shun Long)	Mechanical, electrical and plumbing engineering, undertaking and equipment/wholesale and retail	86.61%	86.61%	
	Chien Kuo Development Co., Ltd. (Chien Kuo Development)	Building construction commission; public housing lease	100%	100%	
	WeBIM Services Co., Ltd. (WeBIM Services)	Construction technology	(Note 1)	76.5%	Please refer to Note 14 and 26.
	Anping Real Estate Co., Ltd. (Anping Real Estate)	Housing and building development and lease	100%	100%	
Jin Gu and Yin Ying	Chien Kuo Construction Consultant (Kunshan) Co., Ltd. (Chien Kuo Construction Consultant)	Engineering technology; procurement planning; installation consultation	100%	100%	
	Jiangsu Shili Construction Co., Ltd. (Jiangsu Shili)	Engineering technology; procurement planning; installation consultation	(Note 2)	100%	
	Chien Kuo Asia Co., Ltd. (Chien Kuo Asia)	Investment	100%	100%	
	Jianya (Shanghai) Information Technology Co., Ltd. (Shanghai Information)	Computer software technology development and consultation	100%	100%	
	Yangzhou Chien Yung Concrete Co., Ltd. (Yangzhou Chien Yung)	Production and sale of concrete and concrete products	100%	100%	
	Shun Long (Hong Kong) Limited (Hong Kong Shun Long)	International trade	(Note 3)	100%	

Investor	Name of Subsidiary	Business Activities	Percentage of Ownership December 31, 2019	Percentage of Ownership December 31, 2018	Description
	Suzhou Chien Hua Concrete Co., Ltd. (Suzhou Chien Hua)	Production and sale of concrete and concrete products	100%	100%	Please refer to Note 14 and 26.
	Wuxi Chien Bang Concrete Co., Ltd. (Wuxi Chien Bang)	Production and sale of concrete and concrete products	100%	100%	
	Nantong Chien Cheng Concrete Co., Ltd. (Nantong Chien Cheng)	Production and sale of concrete and concrete products	-	100%	Please refer to Note 14 and 26.
	Changzhou Changlong Handling Co., Ltd. (Changzhou Changlong)	Cargo handling	(Note 4)	100%	
	Jianya (Nantong) Information Technology Consulting Co., Ltd. (Jianya Nantong)	Computer software technology development and consultation	(Note 5)	100%	
	Jianya (Yangzhou) Technology Consulting Co., Ltd. (Jianya Yangzhou)	Computer software technology development and consultation	100%	100%	
	Jianya (Suzhou) Information Technology Consulting Co., Ltd. (Jianya Suzhou)	Computer software technology development and consultation	100%	-	Note 6

The subsidiaries of the consolidated financial statements are as follows:

(1) Since January 22, 2019, the Group has lost its control on WeBIM Services and adopted the equity method for evaluation.

(2) Jiangsu Shili Construction Engineering Co., Ltd. was liquidated on July 24, 2019.

(3) Shun Long (Hong Kong) Limited was liquidated on December 27, 2019.

(4) Changzhou Changlong Handling Co., Ltd. was liquidated on July 12, 2019.

(5) Jianya (Nantong) Information Technology Consulting Co., Ltd. was liquidated on December 6, 2019.

(6) Divided from Suzhou Chien Hua and newly established.

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

XIV. Non-current Assets Held for Sale

(I) The Group's Board of Directors resolved on August 9, 2018 to dispose of the entire equity of Nantong Chien Cheng Concrete Co., Ltd. (hereinafter referred to as Chien Cheng) to Zhongying Building Materials Co., Ltd. (hereinafter referred to as Zhongying) and Nantong Shenye Building Materials Co., Ltd. (hereinafter referred to as Shenye) in Nantong Development Zone. The disposal is completed on January 7, 2019. Please refer to Note 26 for related information.

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

	December 31, 2018
Cash	$ 2,269
Accounts receivable	9,286
Other receivables	284
Inventories	252
Prepayments	126
Other current assets	265
Property, plant and equipment	27,241
Other non-current assets	12,341
Total non-current assets held for sale	$ 52,064

	December 31, 2018
Other payables	$ 365
Liabilities directly associated with non-current assets held for sale	$ 365
Equity directly relating to non-current assets held for sale	($ 18,731)

(II) The Group's management resolved in December 2018 to dispose of a portion of equity of WeBIM Services Co., Ltd. (WeBIM) at NT$10 per share. Therefore, all assets and liabilities previously presented under WeBIM were transferred to the disposal group held for sale. The disposal is completed on January 22, 2019. Please refer to Note 26 for related information.

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

	December 31, 2018
Cash	$ 16,204
Accounts receivable	6,146
Property, plant and equipment	328
Deferred income tax assets	283
Other non-current assets	577
Total non-current assets held for sale	$ 23,538
Other payables	$ 4,439
Other current liabilities	103
Deferred income tax liabilities	28
Total liabilities directly associated with non-current assets held for sale	$ 4,570

(III) The Board of Directors of the Company resolved on June 11, 2019 to sell Suzhou Chien Hua Concrete Co., Ltd. ("Chien Hua" hereinafter) to Kunshan Shen Kun Concrete Co., Ltd. ("Shen Kun" hereinafter). The two parties executed an equity transfer agreement in June 2019. As of December 31, 2019, the advance receipts amounted to NT$126,384 thousand (RMB29,409 thousand) and NT$77,355 thousand (RMB 18,000 thousand) for guarantee notes of final payment. The main terms of the equity transfer agreement are as follows:

1. The asset transfer date is set on July 19, 2019. The equity transfer date is the date when the registered shareholders of Chien Hua have been replaced with Shen Kun on the Company Registration Portal.
2. Total proceeds of such an equity transfer are approximately NT$260,514 thousand (RMB60,620 thousand), which comprises of plant, machinery and equipment, and other Chien Hua's realizable assets.
3. Any account receivables and debt incurred to Chien Hua prior to the asset transfer date are to be settled by Chien Hua before the equity transfer date.
4. The business transfer date was June 12, 2019, before which any profit and loss incurred was attributable to Chien Hua.

5. In the event of force majeure that leads to the non-performance of the equity transfer contract after the date of asset transfer, within 15 days after the termination of the contract, Shen Kun shall return all property, plant, and equipment in exchange for the return of the proceeds it has paid, without any interest accrued and net of the usage fee of RMB2,000 thousand per annum.

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

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

The Group has completed all the above equity transfer procedures on February 11, 2020, and the proceeds of NT$260,514 thousand (RMB60,620 thousand yuan) has been fully collected.

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

XV. Property, Plant and Equipment

	Own Land	Buildings	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
Cost								
Balance as of January 1, 2018	$ 15,742	$ 150,527	$ 254,997	$ 119,196	$ 21,526	$ 17,680	$ 100,313	$ 679,981
Addition	-	2,280	7,957	1,594	1,331	262	3,662	17,086
Disposal	-	(261)	(18,506)	(44,468)	(2,661)	-	(2,417)	(68,313)
Reclassification to Non-current Assets Held for Sale	-	(31,142)	(68,688)	-	(1,479)	-	(7,537)	(108,846)
Derecognition	-	-	-	-	(808)	-	(85)	(893)
Net exchange differences	-	(2,600)	(4,193)	(1,266)	(237)	-	(1,675)	(9,971)
Balance as of December 31, 2018	$ 15,742	$ 118,804	$ 171,567	$ 75,056	$ 17,672	$ 17,942	$ 92,261	$ 509,044
Accumulated depreciation								
Balance as of January 1, 2018	$ -	$ 69,264	$ 205,163	$ 109,014	$ 17,937	$ 1,627	$ 44,825	$ 447,830
Depreciation expensive	-	6,391	6,782	2,673	1,270	3,017	5,197	25,330
Disposal	-	(175)	(18,053)	(43,708)	(2,471)	-	(1,864)	(66,271)
Reclassification to Non-current Assets Held for Sale	-	(16,140)	(63,168)	-	(998)	-	(971)	(81,277)
Derecognition	-	-	-	-	(808)	-	(85)	(893)
Reclassification	-	-	-	-	-	-	-	-
Net exchange differences	-	(1,289)	(3,322)	(1,124)	(195)	-	(811)	(6,741)
Balance as of December 31, 2018	$ -	$ 58,051	$ 127,402	$ 66,855	$ 14,735	$ 4,644	$ 46,291	$ 317,978
Net worth as of December 31, 2018	$ 15,742	$ 60,753	$ 44,165	$ 8,201	$ 2,937	$ 13,298	$ 45,970	$ 191,066
Cost								
Balance as of January 1, 2019	$ 15,742	$ 118,804	$ 171,567	$ 75,056	$ 17,672	$ 17,942	$ 92,261	$ 509,044
Addition	-	3,388	6,202	1,027	790	115	6,884	18,406
Disposal	-	(336)	(18,850)	(44,561)	(5,022)	(595)	(697)	(70,061)
Reclassified to held for sale	-	(40,165)	(69,589)	-	(5,165)	-	(35,757)	(150,676)
Other (Reclassified)	-	-	-	-	-	-	-	-
Derecognition	-	-	-	-	-	-	-	-
Net exchange differences	-	(4,798)	(6,282)	(1,209)	(453)	-	(3,611)	(16,353)
Balance as of December 31, 2019	$ 15,742	$ 76,893	$ 83,048	$ 30,313	$ 7,822	$ 17,462	$ 59,080	$ 290,360
Accumulated depreciation								
Balance as of January 1, 2019	$ -	$ 58,051	$ 127,402	$ 66,855	$ 14,735	$ 4,644	$ 46,291	$ 317,978
Depreciation expensive	-	4,518	5,173	1,952	762	3,149	4,187	19,741
Disposal	-	(229)	(17,967)	(41,922)	(4,865)	(464)	(296)	(65,743)

	Own Land	Buildings	Machinery	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
Reclassified to held for sale	-	(22,659)	(50,700)	-	(4,119)	-	(19,877)	(97,355)
Other (Reclassified)	-	-	-	-	-	-	-	-
Derecognition	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
Net exchange differences	-	(2,446)	(4,545)	(1,028)	(364)	-	(1,920)	(10,303)
Balance as of December 31, 2019	$ -	$ 37,235	$ 59,363	$ 25,857	$ 6,149	$ 7,329	$ 28,385	$ 164,318
Net Worth as of December 31, 2019	$ 15,742	$ 39,658	$ 23,685	$ 4,456	$ 1,673	$ 10,133	$ 30,695	$ 126,042

Depreciation expenses are calculated on a straight-line basis according to the following durable years:

Buildings	
Main building for plants	61 years
Rooftop construction	22 years
Yard construction	22 years
Others	22 years
Leasehold improvements	1~6 years
Machinery	5~12 years
Transportation equipment	6~7 years
Office equipment	4~7 years
Other equipment	4~22 years

For the amount of property, plant and equipment designated by the Group as collateral against its secured borrowings and credit lines for its acceptance bills, please refer to Note 30.

XVI. Lease Agreements

(I) Right-of-use assets - 2019

	December 31, 2019
Carrying amount of right-of-use assets	
Land	$ 15,285
Buildings	40,389
Transportation equipment	3,454
	$ 59,128

	2019
Increase in right-of-use assets	$ 1,847
Depreciation expense of right-of-use assets	
Land	$ 1,961
Buildings	11,856
Transportation equipment	1,786
	$ 15,603

In May 2019, the Group applied to the National Property Administration of the Ministry of Finance for termination of the superficies for the land located in Miao Shou Section, Anping District, Tainan City. Such superficies had been terminated and acknowledged in August 2019. The right of use assets of NT$181,607 thousand had been derecognized and a gain on lease modification of NT$198 thousand recognized.

The Group had received the refunded right-of-use consideration of NT$130,660 thousand on October 16, 2019.

(II) Lease liabilities - 2019

	December 31, 2019
Carrying amount of lease liabilities	
Current (listed as other current liabilities)	$ 13,010
Non-current (listed as other non-current liabilities)	$ 31,204

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

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

(III) Other lease information

2019

	2019
Short-term lease expense	$ 3,995
Total cash outflow on lease	$ 18,858

The total minimum future payable amount for operating leases that cannot be canceled are as follows:

2018

The total minimum future payable amount for operating leases that cannot be canceled are as follows:

	December 31, 2018
Less than 1 year	$ 16,671
1~5 years	49,404
Over 5 years	77,977
	$ 144,052

XVII. Investment Property

	2019	2018
Cost		
Balance - beginning of year	$ 258,353	$ 211,634
Addition	1,076	47,441
Disposal	(51,801)	-
Listed as other expense	(280)	(722)
Balance - end of year	$ 207,348	$ 258,353

Accumulated depreciation

	2019	2018
Balance - beginning of year	$ 41,669	$ 40,475
Depreciation expensive	1,286	1,194
Disposal	(11,034)	-
Balance - end of year	$ 31,921	$ 41,669
Net value - end of year	$ 175,427	$ 216,684

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

The fair value of the Group's investment property as of December 31, 2019 and 2018 were NT$201,774 thousand and NT$238,182 thousand. The fair value is derived by reference to the most recent closing prices of properties sold in the adjacent area.

For the amount of investment property pledged as collateral, please refer to Note 30.

XVIII. Loans

(I) Short-term loans

	December 31, 2019	December 31, 2018
Secured loans (Note 30)		
Bank loan	$ 41,750	$ -
Annual interest rate	4.57%	—
Date due	June 9, 2020	—
Unsecured loans		
Line of credit loans	$ 12,000	$ -
Annual interest rate	1.68%	—
Date due	January 15, 2020	—

(II) Long term loan

	December 31, 2019	December 31, 2018
Secured loans (Note 30)		
Syndicated loans (1)	$ -	$ 450,000
Bank loans (2)	350,000	350,000
	350,000	800,000
Less: Current portion	-	(450,000)
Sub-total	350,000	350,000
Unsecured loans		
Long-term commercial paper payable (3)	$ 600,000	$ 450,000
Less: discount on long-term commercial paper payable	(1,009)	(869)
Sub-total	598,991	449,131
Long-term loans	$ 948,991	$ 799,131
Annual interest rate	1.49%～1.68%	1.60%～2.38%

1. To repay the existing liabilities and increase the medium-term revolving funds, the Group entered into the syndicated loan contract with Bank of Taiwan and other banks in September 2014. The total amount of the syndicated loans was less than NT$2.4 billion, with a term of 5 years from the date of the first drawdown. The syndicated loans were secured by the land and buildings in Hsinchu and the shares of Taiwan Cement Corporation held by the Group. The first supplementary contract entered into on February 7, 2017 stipulates the following:
   (1) The syndicated loans shall be secured by the land and buildings in Hsinchu and the certificate of deposits amounting to US$6,000 thousand instead;
   (2) The current ratio and the debt ratio stated in the annual and semiannual consolidated financial statements of the Group shall not be less than 120% and 150%, respectively;
   (3) The interest coverage ratio (depreciation expenses + amortization expenses + interest expenses) shall be 200% or more; and
   (4) The tangible net worth shall be NT$3.5 billion or more.

   For the above long-term loans, interest is paid monthly. Starting from December 30, 2017, NT$150,000 thousand should be repaid every quarter, and the payments were fully repaid on October 1, 2019.
2. To obtain land held for construction, the Group entered into the medium and long-term loan contract with the bank in June 2017. The maturity date should be July 12, 2022. Interest should be paid monthly, and the principal should be repaid in full upon maturity. The land is pledged as collateral.
3. The long-term commercial promissory notes issued by the Group 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 paper payable that have not matured on the balance sheet date are as follows:

December 31, 2019

Guarantee/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	150,000	(210)	149,790	1.487%	None
	$ 600,000	($ 1,009)	$ 598,991		

December 31, 2018

Guarantee/Accepting Institution	Nominal Amount	Discounted Amount	Carrying Amount	Interest interval	Collateral
Shanghai Commercial and Savings Bank	$ 300,000	($ 572)	$ 299,428	1.648%	None
Entie Commercial Bank	150,000	(297)	149,703	1.678%	None
	$ 450,000	($ 869)	$ 449,131		

XIX. Accounts Payable

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

XX. Post-retirement benefit plan

(I) Defined Contribution Plan

The "Labor Pension Act" applicable to the Group is a defined contribution plan under government administration that contributes 6% of employees' monthly salary to their personal accounts at the Bureau of Labor Insurance.

Employees of the Group's subsidiaries located in China are members of the post-employment benefit plan that is managed by the Chinese government. The subsidiaries are required to make contributions equal to a certain percentage of their payroll costs to fund the post-employment benefit plan. The obligation of the Group to the state-run post-employment benefit plan is limited to making certain amount of contribution.

(II) Defined Benefit Plans

The Group's pension system under the "Labor Standards Act" is a defined benefit pension plan managed by the government. Payment of pension is calculated based on the seniority and the average wages of the last 6 months prior to retirement of an employee. The Group contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the independent retirement fund committee. Before the end of year, if the balance at the retirement fund is not sufficient to cover all employees retiring next year, a lump-sum deposit should be made before March-end of the following year to cover the shortfall. The retirement fund is managed by the Bureau of Labor Funds, Ministry of Labor. The Group does not have rights to influence its investment management strategy.

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

	December 31, 2019	December 31, 2018
Present value of defined benefit obligations	$ 36,027	$ 41,152
Fair value of planned assets	(33,681)	(34,143)
Net defined benefit liabilities (listed as other non-current liabilities)	$ 2,346	$ 7,009

Changes in net defined benefit liabilities were as follows:

	Present value of defined benefit obligations	Fair value of planned assets	Net defined benefit liabilities
As of January 1, 2018	$ 43,937	($ 35,239)	$ 8,698
Service costs			
Current service cost	478	-	478
Interest expense (income)	436	(358)	78
Recognized in profit and loss	914	(358)	556
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	(1,049)	(1,049)
Actuarial losses - Adjustments based on history	(646)	-	(646)
Recognized in other comprehensive income	(646)	(1,049)	(1,695)
Contribution from employer	-	(550)	(550)
Benefits paid	(3,053)	3,053	-
December 31, 2018	41,152	(34,143)	7,009
Service costs			
Current service cost	390	-	390
Past service cost and settlement gain or loss	(841)	-	(841)
Interest expense (income)	408	(345)	63
Recognized in profit and loss	(43)	(345)	(388)
Remeasurement			
Return on plan assets (excluding amounts that are included in net interest)	-	(1,240)	(1,240)
Actuarial losses - Experience adjustments	(2,645)	-	(2,645)
Actuarial losses - Change in demographic assumptions	1,019	-	1,019
Recognized in other comprehensive income	(1,626)	(1,240)	(2,866)
Contribution from employer	-	(1,409)	(1,409)
Benefits paid	(2,512)	2,512	-
Settlement	(944)	944	-
December 31, 2019	$ 36,027	($ 33,681)	$ 2,346

The amount of defined benefit plan recognized in profit or loss was summarized by functions as follows:

Summarized by functions	2019	2018
Operating costs	$ 318	$ 139
Operating expenses	(706)	417
	($ 388)	$ 556

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

1. Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management by Bureau of Labor Funds, Ministry of Labor. However, the rate of return on 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 salaries 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 Group's defined benefit obligations is calculated by certified actuaries and the major assumptions on the assessment date are as follows:

	December 31, 2019	December 31, 2018
Discount rate	0.70%	1.00%
Expected growth rate of salaries	2.00%	2.00%

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

	December 31, 2019	December 31, 2018
Discount rate		
Increase by 0.25%	($ 810)	($ 1,004)
Decrease by 0.25%	$ 836	$ 1,038
Expected growth rate of salaries		
Increase by 0.25%	$ 823	$ 1,025
Decrease by 0.25%	($ 802)	($ 997)

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

	December 31, 2019	December 31, 2018
Expected contribution amounts within 1 year	$ 660	$ 1,450
Average maturity period of defined benefit obligations	9 years	9 years

XXI. Equity

(I) Capital stock

	December 31, 2019	December 31, 2018
Authorized shares (in 1,000 shares)	500,000	500,000
Authorized capital	$ 5,000,000	$ 5,000,000
Number of issued and paid shares (in 1,000 shares)	267,440	334,300
Issued capital	$ 2,674,401	$ 3,343,001

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

To adjust the capital structure and increase the return on equity of the shareholders of the Company, the Board of Directors resolved on June 21, 2019 for cash reduction of capital and returned the share capital. The amount of capital reduction was NT$668,000 thousand, 66,860 thousand shares were subtracted and the capital reduction ratio was 20%. The share capital was 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.

(II) Capital surplus

	December 31, 2019	December 31, 2018
Used to offset deficits, appropriated as cash dividends or transferred to capital stock (1)		
Stock issuance premium	$ 197,435	$ 197,435
Treasury stock trading	3,914	3,914
Used to offset deficits		
Adjustment in capital surplus of subsidiaries using equity method	73	73
Not be used for any purposes		
Employee stock options	205	205
	$ 201,627	$ 201,627

(1) This type of capital stock may be used to offset deficits, if any, or to issue cash dividends or increase capital stock, but the increase in capital stock is restricted 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 deficits. The remaining amount, if any, should be appropriated in the following order of presentation:

1. Provide legal reserve pursuant to laws and regulations.
2. Provide (or reversed) special reserves pursuant to laws and regulations or as operating necessities.
3. The remaining balance, along with undistributed earnings of prior years, shall be proposed by the Board of Directors for earnings distribution, which shall then be resolved by the Shareholders' Meeting.
4. Please refer to Note 23(6) - "Employee Bonus and Bonus to 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 shareholders' equity. Cash dividends to be appropriated should not be less than 10% of the total dividends to be appropriated for the year.

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

The legal surplus is supplemented until the balance equals the Company's total paid-in capital. The legal capital reserve may be used to offset deficits. When the Company has no deficits, the portion of legal capital reserve that exceeds 25% of the total paid-in capital may be used to appropriate cash dividends in addition to an increase in capital stock.

The proposals to appropriate earnings for the years ended 2018 and 2017 are as follows:

	Proposal of Earnings Appropriation		Dividends per share (NT$)	
	2018	2017	2018	2017
Appropriated as legal capital reserve	$ 20,567	$ 17,118		
(Reversal) Special Reserve	(10,002)	28,091		
Cash dividends	167,150	167,150	$ 0.50	$ 0.50

The Company's proposal for distribution of earnings and dividend per share for 2019 was proposed by the Board of Directors on March 27, 2020:

	Proposal of Earnings Appropriation	Dividends per share (NT$)
Appropriated as legal capital reserve	$ 18,910	
Reversal of special reserve	(18,090)	
Cash dividends	133,720	$ 0.50

The distribution of earnings for 2019 is subject to the resolution of the shareholders' meeting to be held on June 23, 2020.

(IV) Treasury stock

The 3,600 thousand shares of treasury stocks purchased by the Company was repurchased for the purpose of transfer to employees. However, Due to that such shares had not been transferred in 3 years, the Company's Board of Directors resolved on August 9, 2018 to cancel the registration of such shares. The recorded capital reduction date was set on October 6, 2018. Such a change in share capital registration was completed on October 29, 2018.

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

XXII. Revenue

(I) Revenue from contracts with customers

	2019	2018
Revenue from construction	$ 4,771,507	$ 4,042,141
Revenue from the sale of goods	1,558,745	2,759,323
Others	1,505	22,664
	$ 6,331,757	$ 6,824,128

1. Construction revenue

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

2. Revenue from the sale of goods

   Such revenue is derived from selling concrete to builders at the contractual price.

(II) Contract balance

	December 31, 2019		December 31, 2018	
	Construction Segment	Concrete Segment	Construction Segment	Concrete Segment
Accounts receivable (Note 10)	$ 587,678	$ 1,538,553	$ 284,011	$ 2,325,958
Contract assets				
Property construction	$ 654,002	$ -	$ 875,462	$ -
Construction Retainage Receivable	644,878	-	455,753	-
	$ 1,298,880	$ -	$ 1,331,215	$ -
Contract liabilities				
Property construction	$ 250,748	$ -	$ 57,730	$ -
Receipts in advance	-	10,278	-	15,012
	$ 250,748	$ 10,278	$ 57,730	$ 15,012

XXIII. Net Income for the Current Year

Net income for the current year comprises the following items:

(I) Other revenue

	2019	2018
Interest income	$ 50,117	$ 51,102
Dividend income	27,213	13,397
Non-payable warranty liability listed as revenue	10,504	-
Others	2,252	11,103
	$ 90,086	$ 75,602

(II) Other gains and losses

	2019	2018
Net gain on disposal of subsidiaries	$ 34,324	$ -
Litigation compensation gain (loss)	13,878	(15,959)
Gain on valuation of financial assets at fair value through profit or loss	11,958	11,214
Loss on foreign currency exchange, net	(25,070)	(11,455)
Gains on disposal of property, plant and equipment	3,975	6,938
Net loss on disposal of investment property	(1,146)	-
Gains on lease modification	198	-
Gains on disposal of investments	39	-
Expected credit impairment loss	-	(16,291)
Loss on disposal of financial assets	-	(628)
Others	9,279	(8,213)
	$ 47,435	($ 34,394)

(III) Finance costs

	2019	2018
Interest expenses		
Bank loan	$ 16,008	$ 26,365
Interest on lease liabilities	1,351	-
	$ 17,359	$ 26,365

(IV) Depreciation and amortization expenses

	2019	2018
Property, plant and equipment	$ 19,741	$ 25,330
Right-of-use assets	15,603	-
Investment property	1,286	1,194
Intangible assets	1,741	3,856
Total	$ 38,371	$ 30,380
Depreciation expenses summarized by functions		
Operating costs	$ 14,757	$ 17,976
Operating expenses	20,626	7,393
Other gains and losses	1,247	1,155
	$ 36,630	$ 26,524
Amortization expenses summarized by functions		
Operating costs	$ -	$ 1,021
Operating expenses	1,741	2,835
	$ 1,741	$ 3,856

(V) Employee benefits

	2019	2018
Short-term employee benefits	$ 360,119	$ 510,855
Post-employment benefits		
Defined contribution plans	14,370	26,677
Defined benefit plans (Note 20)	(388)	556
Termination benefits	1,855	1,119
	$ 375,956	$ 539,207
Summarized by functions		
Operating costs	$ 196,337	$ 282,525
Operating expenses	179,619	256,682
	$ 375,956	$ 539,207

(VI) Remuneration for Employees and Directors

According to the Articles of Incorporation, the Company sets aside the remuneration of employees and directors and supervisors at the rates between 0.1%~3% and no higher than 3% of profit before tax, respectively. Remunerations for employees and directors for 2019 and 2018 were resolved by the Board of Directors on March 27, 2020 and March 28, 2020 respectively.

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

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

For information on the Company's employee bonus and bonus to Directors as determined by the Board of Directors in 2020, please visit the "Market Observation Post System" of Taiwan Stock Exchange.

XXIV. Income tax

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

	2019	2018
Current income tax		
Generated in the current year	$ 98,363	$ 84,100
Additional tax on undistributed earnings	1,684	-
Adjustments from previous years	(1,805)	(1,618)
	98,242	82,482
Deferred income tax		
Generated in the current year	16,619	57,256
Changes in tax rates	-	27,356
Adjustments from previous years	-	321
	16,619	84,933
Income tax expenses recognized in profit or loss	$ 114,861	$ 167,415

Adjustments for accounting income and income tax expenses are as follows:

	2019	2018
Income before tax	$ 294,425	$ 375,123
Income tax expenses calculated as the product of income before income tax and the statutory tax rate	$ 58,885	$ 75,025
Effects on the deferred income tax of subsidiaries' earnings	48,641	54,860
Permanent difference	6,949	(1,202)
Effects arising from variation of tax rates applicable to various consolidated entities	7,390	17,046
Exemption	(5,056)	(2,299)
Adjustments on income tax expenses of prior years	(1,805)	(1,297)
Additional tax on undistributed earnings	1,684	-
Changes in tax rates	-	27,356
Others	(1,827)	(2,074)
Income tax expenses recognized in profit or loss	$ 114,861	$ 167,415

The amended Income Tax Act of the Republic of China was amended in February 2018, which raised the profit-seeking enterprise income tax from 17% and 20% (to be implemented from 2018 on). In addition, the tax rate applicable to 2018 unappropriated earnings will be reduced from 10% to 5%. The tax rate applicable to subsidiaries in China is 25%.

(II) Income tax recognized in other comprehensive income

	2019	2018
Deferred income tax		
Income tax expenses recognized in the period		
Exchange differences arising from translation of financial statements of foreign operations	$ 19,665	($ 6,442)
Remeasurement of defined benefit plans	(573)	(475)
Income Tax Recognized in Other Comprehensive Income	$ 19,092	($ 6,917)

(III) Deferred Income Tax Assets and Liabilities

Changes in deferred income tax assets and liabilities were described as follows:

2019

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

2018

	Balance - beginning of year	Recognized in profit and loss	Recognized in other comprehensive income	Changes in tax rates	Reclassify to assets held for sale	Balance - end of year
Deferred income tax assets						
Warranty Cost	$ 2,929	$ 60	$ -	$ 517	$ -	$ 3,506
Construction proceeds temporarily estimated	2,376	(881)	-	419	-	1,914
Unrealized construction loss	3,141	(652)	-	554	-	3,043
Impairment loss	4,084	(100)	-	721	-	4,705
Loss carryforwards	45,632	10,627	-	8,052	(283)	64,028
Others	9,946	(8,816)	(475)	1,892	-	2,547
	$ 68,108	$ 238	($ 475)	$ 12,155	($ 283)	$ 79,743
Deferred income tax liabilities						
Gains or losses from investment accounted for using equity method	$ 441,026	$ 54,860	$ -	$ 37,752	$ -	$ 533,638
Exchange differences on translation of foreign operations	29,050	-	6,442	-	-	35,492
Reserve for Land Revaluation Increment Tax	9,192	-	-	1,622	-	10,814
Unrealized exchange gains	-	2,955	-	-	(28)	2,927
Others	778	-	-	137	-	915
	$ 480,046	$ 57,815	$ 6,442	$ 39,511	($ 28)	$ 583,786

(IV) Income Tax Approval

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

Company Name	Approval year
The Company	2017
Chien Kuo Development Co., Ltd.	2017
Shun Long International Electrical Engineering Co., Ltd.	2017
Anping Real Estate Co., Ltd.	2018

XXV. Basic Earnings Per Share

Unit: NT$ per share

	2019	2018
Basic earnings per share	$ 0.57	$ 0.62
Diluted earnings per share	$ 0.57	$ 0.61

The weighted average number of ordinary shares for the purpose of calculating earnings per share and the weighted average number of ordinary shares are as follows:

Net income in the current year

	2019	2018
Net income attributable to shareholders of the parent	$ 179,635	$ 205,671

Number of shares

Unit: In 1,000 Shares

	2019	2018
Weighted average number of common stocks used for the calculation of basic earnings per share	315,982	334,300
Effect of dilutive potential common stocks:		
Employees' remuneration	944	1,084
Weighted average number of common stocks used for the calculation of diluted earnings per share	316,926	335,384

If the Group chooses to offer employees remuneration or share profits by way of shares or cash, then while calculating the Diluted Earnings Per Share, and assuming that the remuneration is paid in the form of stocks, the dilutive potential ordinary shares will be included in the weighted average number of outstanding shares to calculate the Diluted Earnings Per Share. This dilutive effect of potential common stocks is included in the calculation of diluted earnings per share when the following year's shareholders' meeting resolves the number of shares to be appropriated to employees.

XXVI. Disposal of Subsidiaries

The Group completed the dispose of the entire equity of Nantong Chien Cheng and part of the equity of WeBIM Services on January 7, 2019 and January 22, 2019 respectively, resulting in the Group losing control over such subsidiaries. The disposal proceeds of Nantong Chien Cheng and WeBIM Services were NT$129,079 thousand (RMB29,500) and NT$5,500 thousand (RMB29,500) respectively.

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

	Chien Cheng	WeBIM Services
Current assets		
Cash and Cash Equivalents	$ 2,218	$ 16,204
Accounts receivable	9,078	6,146
Other receivables	37,470	-
Inventories	246	-
Prepayments	283	-
Other current assets	259	-
Non-current assets		
Property, plant and equipment	$ 26,630	$ 328
Deferred income tax assets	-	283
Other non-current assets	12,064	577
Current liabilities		
Other payables	(2,019)	(4,562)
Deferred income tax liabilities	-	(28)
Other current liabilities	(9,089)	(103)
Net assets disposed	$ 77,140	$ 18,845

(II) Gain (loss) on disposal of subsidiaries

	Chien Cheng	WeBIM Services
Consideration received	$ 129,079	$ 5,500
Net assets being disposed of (Chien Cheng: 100%; WeBIM Services: 76.5%)	(77,140)	(14,417)
Remaining equity listed as investment using equity method at fair value	-	8,546
Due to the loss of control over subsidiaries, the net assets and related hedging instruments of such subsidiaries are reclassified from equity to cumulative exchange difference under profit or loss.	(17,102)	-
Disposal (losses) gains	$ 34,837	($ 371)

(III) Net cash outflow from disposal of subsidiaries

	Chien Cheng	WeBIM Services
Consideration received in cash and cash equivalents	$ 129,079	$ 5,500
Less: Advance receipts - beginning of year	(129,079)	-
Less: Balance of cash and cash equivalents disposed	(2,218)	(16,204)
	($ 2,218)	($ 10,704)

XXVII. Capital risk management

The Group's objectives in capital management are to safeguard the Group's ability to continue as a going concern in order to maintain optimal capital structure in order to minimize the cost of funding and to provide remuneration for its shareholders. To maintain or adjust the capital structure, the Company may adjust dividends paid to shareholders, refund capital to shareholders or issue new shares to lower its debts.

XXVIII. Financial instruments

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

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

(II) Fair value of financial instruments that are measured at fair value

1. Fair value level

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Foreign Fund	$ 120,073	$ -	$ -	$ 120,073
Private equity funds	-	-	75,969	75,969
Total	$ 120,073	$ -	$ 75,969	$ 196,042
Financial assets measured at fair value through other comprehensive income				
Domestic and foreign listed stocks	$ 460,393	$ -	$ -	$ 460,393
Financial assets for hedging				
Forward exchange contracts	$ -	$ 1,011	$ -	$ 1,011

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Foreign Fund	$ 11,736	$ -	$ -	$ 11,736
Private equity funds	-	-	83,438	83,438
Structured deposits	-	159,157	-	159,157
Total	$ 11,736	$ 159,157	$ 83,438	$ 254,331
Financial assets measured at fair value through other comprehensive income				
Investment in equity instrument				
Domestic and foreign listed stocks	$ 330,698	$ -	$ -	$ 330,698
Investments in debt instruments				
Investments in foreign bonds	-	57,060	-	57,060
Total	$ 330,698	$ 57,060	$ -	$ 387,758

Transfers without Level 1 or 2 fair value assessment in 2019 and 2018.

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

Financial Instruments	Valuation Techniques and Inputs
Investments in foreign bonds	The fair values of foreign bonds are based on quoted prices or final prices of participants in stock exchange markets.
Forward exchange contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Structured deposits	The fair values of structured deposits are measured at the rates of return derived from the structure of deposit principals and derivatives.

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

Fair value of private placement is measured by using the asset-based approach. The asset-based approach is used to assess the fair value by reference to the net asset value provided by the fund companies. The unobservable inputs employed by the Group as of December 31, 2019 and 2018 were liquidity and minority interest, each reduced by 10%. When other inputs are held constant, if liquidity or minority interest reduces by 1%, the fair value will decrease by NT$844 thousand and NT$927 thousand respectively.

(III) Category of financial instruments

	December 31, 2019	December 31, 2018
Financial assets		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	$ 196,042	$ 254,331
Financial assets for hedging	1,011	-
Financial assets measured at amortized cost (Note 1)	4,961,841	5,190,167
Financial assets measured at fair value through other comprehensive income		
Investment in equity instrument	460,393	330,698
Investments in debt instruments	-	57,060
Financial liabilities		
Valuation of cost after amortization (Note 2)	3,094,142	3,552,931

Note 1. Balance includes financial assets measured at amortized cost, such as cash and cash equivalents, debt instrument investments, notes receivable, accounts receivable, and other receivables.

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

(IV) Financial risk management objectives and policies

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

Risk management is executed by the Group treasury by following policies approved by the Board. Through cooperation with the Group's operating units, the finance department is responsible for identifying, evaluating and hedging financial risks. With respect to the overall risk management, the Board of Directors has established principles and policies in writing concerning the specified scope and matters, such as exchange risk, credit risk, utilization of derivatives and non-derivatives and investment of remaining liquidity.

1. Market risk

(1) Foreign exchange rate risk

For the carrying amount of foreign currency monetary assets and foreign currency monetary liabilities that were significant on the balance sheet date, please refer to Note 32.

Sensitivity analysis

The Group is mainly exposed to USD and RMB fluctuations.

The following table details the Group's sensitivity to a 1% increase or decrease in New Taiwan Dollars against the relevant foreign currency. 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 changes in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies and adjusts the translation at the end of the year to a 1% change in the exchange rate. The number below indicates an increase/decrease in income before tax where the functional currency weakens 1% against NTD.

	Effect on Profit or Loss	
	2019	2018
RMB	$ 1,644	$ 404
USD	-	62

Hedge Accounting

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

The hedge ineffectiveness of the hedging relationship mainly comes from the impact of the credit risk of the Group and the Counter-party on the fair value of the forward exchange contracts. Such credit risk does not dominate the fair value change of the hedged item caused by exchange rate changes, nor does it affect the timing of occurrence of the forecast transactions being hedged. There are no other sources of hedge ineffectiveness during the hedging period.

Details of the exchange rate risk of the Group are as follows:

December 31, 2019

Hedging instrument	Currency	Contract amount	Maturity Date	Balance sheet item	Carrying Amount	
					Assets	Liabilities
Cash Flow Hedges						
Forward exchange contracts	RMB/USD	RMB60,000/USD8,617	June 2020	Financial assets for hedging	$ 1,011	$ -

The forward foreign exchange contracts engaged in the above-mentioned hedging instruments designated as cash flow hedging recognized the other comprehensive profit and loss as a hedging benefit from January 1 to December 31, 2019, respectively.

(2) Interest rate risk

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

The book value of financial assets exposed to interest rate and the book value of financial liabilities of the Group on the balance sheet date are as follows:

	December 31, 2019	December 31, 2018
Fair value interest rate risk		
- Financial Assets	$ 2,070,531	$ 2,021,358
- Financial Liabilities	547,165	899,131
Cash flow interest rate risk		
- Financial Assets	676,954	760,458
- Financial Liabilities	499,790	350,000

Sensitivity analysis

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

If interest rate increases/decreases by 100 basis points, held other variables constant, the Group's income before tax will increase/decrease by NT$1,772 thousand and NT$4,105 thousand, respectively for 2019 and 2018.

(3) Other price risk

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

Sensitivity analysis

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

If equity prices rise/fall by 10%, the pre-tax income for the annual period ended December 31, 2019 will increase/decrease by NT$19,604 thousand due to the rise/fall of the fair value of financial assets measured at FVTPL., while the pre-tax other comprehensive income for the annual period ended December 31, 2018 will increase/decrease by NT$46,039 thousand due to the rise/fall of the fair value of financial assets measured at FVTOCI.

If equity prices rise/fall by 10%, the pre-tax income for the annual period ended December 31, 2018 will increase/decrease by NT$9,517 thousand due to the rise/fall of the fair value of financial assets measured at FVTPL., while the pre-tax other comprehensive income for the annual period ended December 31, 2018 will increase/decrease by NT$33,070 thousand due to the rise/fall of the fair value of financial assets measured at FVTOCI.

2. Credit risk

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

Client

The Group has established a specific internal credit policy, which requires all entities within the Group to manage and conduct a credit analysis on every new customer before stipulating the terms and conditions of payment and delivery. The internal risk control assesses customers' credit quality by taking into account their financial position, historical experience, and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilization of credit limits is regularly monitored.

As the customer base of the Group is vast and unrelated, the concentration of credit risk is low.

Debt instruments

The policy adopted by the Group is to invest only in debt instruments with a credit rating equal to or above the investment grade and whose credit risk is low in an impairment assessment. The aforesaid credit ratings are provided by independent rating agencies. The Group continued to track external rating information to monitor changes in credit risk of the investments in debt instruments and to review other information such as the bond yield curve and the debtor's material information to assess whether the credit risk of the debt instrument investments has increased significantly since the original recognition. The Group measures the 12-month ECL or full lifetime ECL of investment in debt instruments by taking into account the historical default loss rate by class provided by independent rating agencies, and the present financial position of the debtor and the prospect forecast of the industry to which they belong.

3. Liquidity risk

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

(2) The following tables detail the Group's non-derivative financial liabilities grouped by the maturity date. Non-derivative financial liabilities are analyzed based on the remaining contractual maturity. The contractual cash flows disclosed below are undiscounted, including principals and interest.

December 31, 2019

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

	Within 1 year	1~5 years
Lease liabilities	$ 13,655	$ 32,433

December 31, 2018

	Less than 1 Year	1~2 Year(s)	2~5 Years
Non-interest bearing liabilities	$ 2,174,679	$ 109,949	$ 19,172

	Less than 1 Year	1~2 Year(s)	2~5 Years
Fixed interest rate instruments	450,000	-	449,131
Floating interest rate instruments	-	-	350,000
	$ 2,624,679	$ 109,949	$ 818,303

The above-mentioned amount of non-derivative financial asset and liability instruments with floating interests are subject to change due to changes in floating rates and/or differences in interest rates estimated as of the balance sheet date.

(3) Financing facilities

	December 31, 2019	December 31, 2018
Credit line of unsecured bank loan		
- amount used	$ 612,000	$ 450,000
- amount unused	1,489,817	1,299,495
	$ 2,101,817	$ 1,749,495
Credit line of secured bank loan		
- amount used	$ 391,750	$ 800,000
- amount unused	273,123	100,000
	$ 664,873	$ 900,000

(V) Financial asset shifting

The Group has endorsed a part of its banker's acceptance in Mainland China over to suppliers for the purpose of paying off its accounts payables. Since the risks and rewards of such bank acceptance bills have been substantially transferred, the Group has derecognized the banker's acceptance and the corresponding accounts payables. Provided, however, that if the derecognized banker's acceptance fail to be accepted by banks when due, the suppliers are entitled to demand for a settlement made by the Company. Therefore, the Company still has continuing involvement in the notes.

The maximum risk exposure of the Company's continuing involvement in the derecognized banker's acceptance is the carrying amount of the banker's acceptance that had been endorsed over but yet to be due, which totaled NT$323,907 thousand and NT$331,572 thousand, respectively as of December 31, 2019 and December 31, 2018, and will be due respectively within 9 months and 12 months after the balance sheet date. Having considered the credit risks of the derecognized banker's acceptance, the Group determines that the fair value of its continuing involvement is immaterial.

As of the three-month periods ended March 31, 2019 and 2018, the Group did not recognize any gains or losses for its banker's acceptance being endorsed over, nor for its continuing involvement in the notes in the current period or cumulatively over the previous periods.

XXIX. Related-party transactions

All transactions between the Company and its subsidiaries, account balances, income and expenses are disregarded on the merger and therefore are not shown in this Note. In addition to those disclosed in other notes, material transactions between the Group and other related parties are as follows.

(I) Names and relationships of related parties

Name of Related Party	Relationship with the Group
WeBIM Services Co., Ltd. (WeBIM Services)	It became an associate of the Company since January 22, 2019.
Jianhui Investment Co., Ltd. (Jianhui Investment)	The chairperson of Jianhui Investment is the vice chairperson of the Company.
Chien Kuo Foundation for Arts and Culture	The chairperson of the foundation is the vice chairperson of the Company.
Mark Lee	President of WeBIM Services
Tzu-chiang Yang	Director of the Company
Pang-yen Yang	Director of the Company

(II) Other related party transactions

1. Construction Costs

Category of related parties	2019	2018
Associates	$ 2,045	Note

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

Note: Such associate is a consolidated entity of the Company in 2018.

2. Lease agreements

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

Accounting subject	Category of related parties	December 31, 2019	December 31, 2018
Lease liabilities	Other related parties	$ 21,847	$ -

Category of related parties	2019	2018
Interest expenses		
Other related parties	$ 400	$ -
Rental Expenses		
Other related parties	$ 72	$ 5,748

3. Equity transactions

The Group sold 27% of the equity of WEBIM Services to the president of WEBIM Services on January 22, 2019. The proceeds of disposal was NT$5,500 thousand.

4. Donation expenditure

The Group's Board of Directors resolved on August 8, 2019 and March 29, 2018 to donate to Chien Kuo Foundation for Arts and Culture a supporting fee for its broadcast production. Such donation was recognized for the annual period ended December 31, 2019 and 2018 as a donation expense in the amount of NT$1,800 thousand and NT$1,620 thousand respectively.

5. Acquisition of financial assets

The Group invested in CSVI VENTURES, L.P. with NT$17,988 thousand (USD600 thousand) and NT$18,432 thousand (USD600 thousand) in April 2019 and January 2018 respectively. The key decision maker of the fund is the Company's director.

(III) Remuneration to key management

	2019	2018
Short-term employee benefits	$ 52,331	$ 47,042
Termination benefits	280	-
Post-employment benefits	1,196	1,205
	$ 53,807	$ 48,247

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

XXX. Pledged assets

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

	December 31, 2019	December 31, 2018
Land held for construction	$ 463,577	$ 463,577
Pledged certificate of deposit	146,918	347,064
Financial assets at fair value through other comprehensive income - non-current	133,177	94,555
Investment property	31,548	32,122
Property, plant and equipment	16,382	18,701
Right-of-use assets	4,414	-
Other restricted assets	8,833	2,580
Financial assets at fair value through profit or loss - current	-	123,289
Long-term prepaid rent	-	4,735
	$ 804,849	$ 1,086,623

XXXI. Significant Contingent Liabilities and Unrecognized Contract Commitments

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

Contingencies

(I) The construction 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. During the acceptance process, the Company delivered the completed work in a gradual manner for users' utilization as per the instruction of the Ministry when other interface projects were still undergoing construction using the space. The Ministry even opened some facilities for public use without turning on related equipment to maintain appropriate temperature and humidity, resulting in the Project having unexpected damage and non-conformities. 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. The Ministry even proposed to impose a penalty fine for delay on the Company. The Company believes such application of law 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 on October 9, 2018. This case is still under mediation. The mediation suggestion made by the mediation committee was overdue default penalty fee of NTS8,286,572. The Group has agreed to accept within the deadline, but the ministry has to yet to respond.

(II) On July 20, 2014, Shing Tzung Development Co., Ltd. (Shing Tzung) and its person in charge, Kuo-feng Lu performed the diaphragm wall construction for the building (3 floors underground and 26 floors above ground) at Lingzhou section land No. 537 in Kaohsiung City, which caused the severe tilts, wall cracks and subsidence of the buildings at Lane 187, Ziqiang 3rd Road. Due to the Group's active participation in the repair work, a total of 25 house owners transferred a certain amount of their creditors' rights to the Group, by which the Group had petitioned the court for a provisional attachment against Shing Tzung and its responsible person, and for a claim of NT$25 million plus the statutory delay interest accrued thereon from them. The initial verdict held that Shing Tzung had also paid related expenses for such an incident and thus agreed to that the expense contended to be paid by Shing Tzung should be offset against the credit rights to which the Group might be entitled. Therefore, the plaintiff’s case was rejected. The Group has recognized the total amount of NT$25 million that was previously presented under "payment on behalf of another party" as a loss based on the verdict.

In addition, Shing Tzung claimed that it had suffered loss from the Incident, in which case it shall have demanded compensation from the subcontractor responsible for constructing the diaphragm wall. To the contrary, in the face of the insufficient capital stock of the subcontractor, Shing Tzung turned to the Group for compensation for the Incident. The Group had also suffered loss from such Incident. Consequently, the Group filed a claim against Shing Tzung for compensation (including expenses incurred by the Group's participation in the repair work) and demanded that Shing Tzung return the promissory notes of performance guarantee to the Group. The two lawsuits were jointly tried by the Kaohsiung Qiaotou District Court. The court currently entrusted the Kaohsiung Association of Civil Engineering Technician and the Kaohsiung Association of Geotechnical Engineers to conduct a joint appraisal.

(III) On March 15, 2013, the Group and Kingland Property Corporation Ltd. (formerly known as DSG Technology Inc., hereinafter referred to as "Kingland") signed a construction contract, under which two parties covenanted to contract the Group for the construction project named "Fu-yi River Residential Construction Project" on Land No. 440, Zhuangjing Section, Xindian District, New Taipei City. The Group had completed the various stages of work as defined 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, nor the remaining contract payments and additional payments due to the Group. As a consequence, on October 22, 2019, The Group then submitted a request for arbitration, demanding Kingland pay the payables due and the loss suffered by the Group of NT$57,370 thousand to the Group.

(IV) As of December 31, 2019, the performance guarantee letters issued by the bank for construction projects amounted to NT$1,904,671 thousand.

(V) As of December 31, 2019, the guaranteed bills issued by the Company for business needs amounted to NT$575,683 thousand.

XXXII. Information on Foreign-Currency-Denominated Assets and Liabilities Wielding Significant Influence

Significant impact on assets and liabilities recognized in foreign currencies of the Group is as follows:

Unit: Foreign currency/NT$1,000

December 31, 2019

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

December 31, 2018

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
RMB	$ 9,020	0.1457 (RMB:USD)	$ 40,374
USD	201	30.72 (USD: New Taiwan Dollars)	6,175
			$ 46,549

Significant impact on unrealized gain or loss on foreign currency exchange is as follows:

	2019		2018	
	Exchange Rate	Gain (Loss) on Foreign Currency Exchange, Net	Exchange Rate	Gain (Loss) on Foreign Currency Exchange, Net
Financial assets				
RMB	0.1450 (RMB:USD)	($ 8,284)	0.1457 (RMB:USD)	($ 3,648)
USD	30.91 (USD:NTD)	-	30.72 (USD:NTD)	139
		($ 8,284)		($ 3,509)

XXXIII. Supplementary Disclosures

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

1. Loaning to Others. Please refer to Appendix 1.
2. Endorsements/Guarantees Provided to 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 at Costs or Prices Reaching NT$300 Million or 20% of the Paid-in Capital: None.
5. Acquisition of Real Estate at Costs Reaching NT$300 Million or 20% of the Paid-in Capital: None.
6. Disposal of Real Estate at Costs Reaching NT$300 Million or 20% of the Paid-in Capital: None.

7. Purchases From or Sales to Related Parties of at Least NT$100 million or 20% of the Paid-in Capital. Please refer to Appendix 4.
8. Receivables from Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital Please refer to Appendix 5.
9. Engaging in Derivatives Trading. (Note 28)
10. Others: Inter-company Business Relationships and Significant Inter-company Transactions Please refer to Appendix 6.
11. Information on invested companies. Please refer to Appendix 7.

(II) 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 on repatriated investment and ceiling of investments in mainland China: Please refer to Appendix 8.
2. Any of the following significant transactions with invested companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms and unrealized gain or loss: None.
   (1) Purchase amount and percentage, and the ending balance and percentage of payables.
   (2) Sales amount and percentage, and the ending balance and percentage of receivables.
   (3) Property transaction amount and the resulting gain or loss.
   (4) Ending balance and purposes of endorsements/guarantees or collateral provided.
   (5) The maximum balance, ending balance, interest rate and total amount of current interest of financing facilities.
   (6) Other transactions having a significant impact on profit or loss or financial position for the period, such as provision or receipt of service.

XXXIV. Segment Information

The information is provided to the main business decision-maker to allocate resources and assess the performance of each department and focus on type of product or service delivered or provided. The Group's reportable segments are as follows:

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

Production and sale of concrete and concrete products

(I) Segment revenue and results

The revenue and results of the Group is analyzed as follow (by reportable segments):

	Segment Revenue		Segment Profit or Loss	
	2019	2018	2019	2018
Construction Segment	$ 4,773,012	$ 4,064,805	$ 179,948	$ 156,307
Concrete Segment	1,558,745	2,759,323	102,154	290,963
Total revenue from continuing operations	$ 6,331,757	$ 6,824,128	282,102	447,270
Other revenues			90,086	75,602
Other gains and losses			47,435	(34,393)
Shares of profits of associates accounted for using the equity method			1,106	-
Headquarters management costs and directors' remuneration			(108,945)	(86,991)
Finance costs			(17,359)	(26,365)
Income before tax			$ 294,425	$ 375,123

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

(II) Geographical Information

The Group mainly operates in two geographical areas, including Taiwan and Mainland China.

The Group's revenue made by continuing operations from external customers classified by the location of the business and the non-current assets is as follows:

	Revenue from external customers		Non-current assets	
	2019	2018	December 31, 2019	December 31, 2018
Taiwan	$ 4,773,012	$ 4,064,805	$ 284,028	$ 408,710
China	1,558,745	2,759,323	107,677	372,003
	$ 6,331,757	$ 6,824,128	$ 391,705	$ 780,713

Non-current assets do not include assets classified as financial instruments or deferred tax assets.

(III) Major Customers

Individual customers accounted for at least 10% of net revenue of the Group were as follows

	2019	2018
Customer A (Note 1)	$ 935,262	$ 492,281
Customer B (Note 1)	706,025	208,914
Customer C (Note 1)	546,859	709,451
	$ 2,188,146	$ 1,410,646

Note 1: Comes from construction revenue.

Chien Kuo Construction Co. Ltd. and Subsidiaries

Loaning to Others

From January 1 to December 31, 2019

Appendix 1

Unit: NT$ Thousand

No.	Financing Company	Counter-party	Financial Statement Account	Related Party (Y/N)	Highest balance in the current year	Balance - end of year	Actual Amount Used	Interest interval	Nature of loan (Note 1)	Amount of Transaction	Reason for short-term financing	Allowance for Bad Debts	Collateral		Limit on loans granted to a single party	Total limit amount of loans	Note
													Item	Value			
0	Chien Kuo Construction Co. Ltd.	Chien Kuo Development Co., Ltd.	Other receivables	Yes	$ 300,000	$ 300,000	$ -	1.2%	(1)	$ -	Operating capital	$ -	-	$ -	20% of the parent's net worth $ 868,305	40% of the parent's net worth $ 1,736,609	
1	Jianya (Shanghai) Information Technology Consulting Co., Ltd.	Suzhou Chien Hua Concrete Co., Ltd.	Other receivables	Yes	82,843	-	-	6.0%	(1)	-	Operating capital	-	-	-	100% of the Company's net worth 147,163	100% of the Company's net worth 147,163	
2	Jianya (Nantong) Information Technology Consulting Co., Ltd.	Suzhou Chien Hua Concrete Co., Ltd.	Other receivables	Yes	165,686	-	-	6.0%	(1)	-	Operating capital	-	-	-	100% of the Company's net worth 158,211	100% of the Company's net worth 158,211	Note 3
3	Jianya (Yangzhou) Technology Consulting Co., Ltd.	Suzhou Chien Hua Concrete Co., Ltd.	Other receivables	Yes	174,891	-	-	6.0%	(1)	-	Operating capital	-	-	-	100% of the Company's net worth 244,607	100% of the Company's net worth 244,607	
3	Jianya (Yangzhou) Technology Consulting Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	Other receivables	Yes	248,007	240,660	240,660	5.0%	(1)	-	Operating capital	-	-	-	100% of the Company's net worth 244,607	100% of the Company's net worth 244,607	Note 3
3	Chien Kuo Development Co., Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Other receivables	Yes	20,000	20,000	20,000	1.7%	(1)	-	Operating capital	-	-	-	100% of the Company's net worth 20,003	100% of the Company's net worth 40,006	

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 into New Taiwan Dollars by using the exchange rate as of December 31, 2019 (RMB1＝NT$4.2975).

Note 3.Such loan is denominated in RMB, so if calculated in RMB, the highest balance of the current year does not exceed the limit of the total loans.

Chien Kuo Construction Co. Ltd. and Subsidiaries

Endorsements/Guarantees Provided to Others

From January 1 to December 31, 2019

Appendix 2

Unit: NT$ Thousand

No.	endorsements/guarantees provider company name	Parties being endorsed/guaranteed		Limit of endorsements/guarantees for a single entity (Notes 1, 2 and 4)	Highest balance up to the current month (Note 1)	Outstanding endorsements/guarantees - ending (Note 1)	Actual amount used (Note 1)	Endorsements/guarantees secured with collateral	Ratio of cumulative endorsements/guarantees to the net equity stated in the latest financial statements	Limit of endorsements/guarantees (Notes 1, 3 and 4)	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	2,170,762	80,000	80,000	12,000	-	1.84%	4,341,523	Y	N	N	Financing endorsements/guarantees
		Suzhou Chien Hua Concrete Co., Ltd.	Sub-subsidiary	2,170,762	239,689	-	-	-	-	4,341,523	Y	N	Y	Financing endorsements/guarantees
		Wuxi Chien Bang Concrete Co., Ltd.	Sub-subsidiary	2,170,762	454,720	440,289	138,444	-	10.14%	4,341,523	Y	N	Y	Financing endorsements/guarantees
1	Jin Gu Limited	Chien Kuo Construction Co. Ltd.	Parent	10,725,863	189,720	-	-	-	-	10,725,863	N	Y	N	Financing endorsements/guarantees

Note 1.Where there involves a foreign currency, it is translated into New Taiwan Dollars by using the exchange rate as of December 31, 2019 (US$1＝NT$29.98).

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

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

Note 3.The maximum endorsements/guarantees amount allowable is calculated as follows:

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

Note 4.The limit on endorsements/guarantees provided for each guaranteed party and the maximum endorsements/guarantees amount allowable are calculated as follows:

1. Limit on endorsements/guarantees provided for each guaranteed party: 400% of net worth of shareholders' equity.
2. Maximum endorsements/guarantees amount allowable: 400% of net worth of shareholders' equity.

Chien Kuo Construction Co. Ltd. and Subsidiaries

Marketable Securities Held at the End of the Period

As of December 31, 2019

Appendix 3

Unit: NT$ Thousand

Holding Company	Type and name of marketable securities	Relationship with the marketable security issuer 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.	Funds							
	Wan Chan Venture Capital Co. Ltd.	—	Financial assets at fair value through profit or loss - non-current	900	$ 8,100	4.92	$ 8,100	—
	Shares							
	Chia Hsin Cement Corporation	—	Financial assets at fair value through other comprehensive income - current	1,114	24,909	0.14	24,909	—
	Taiwan Cement Corporation	—	Financial assets at fair value through other comprehensive income - non-current	5,896	257,661	0.10	257,661	(Note 3)
	Chia Hsin Cement Corporation	—	Financial assets at fair value through other comprehensive income - non-current	6,853	153,165	0.88	153,165	(Note 1)
Anping Real Estate Co., Ltd.	Funds							
	Allianz Global Investors Taiwan Money Market Fund	—	Financial assets at fair value through profit or loss - current	4,772	60,035	-	60,035	—
	Mega Diamond Money Market Fund	—	Financial assets at fair value through profit or loss - current	4,768	60,038	-	60,038	—
Jin Gu Limited .	Funds							
	PVG GCN VENTURES, L.P.	—	Financial assets at fair value through profit or loss - non-current	-	31,850	5.00	31,850	—
	CSVI VENTURES, L.P.	(Note 2)	Financial assets at fair value through profit or loss - non-current	-	36,019	5.16	36,019	—
	Shares							
	Chia Hsin Cement Corporation	—	Financial assets at fair value through other comprehensive income - current	175	3,916	0.02	3,916	—
Wuxi Chien Bang Concrete Co., Ltd.	Shares							
	Common stock of China Mobile Communications Corporation	—	Financial assets at fair value through other comprehensive income - current	82	20,742	-	20,742	—

Note 1. Among them, 2,000 shares are pledged to the bank as collateral for the performance of construction contracts.

Note 2. The chief decision makers of the fund are the directors of the Company.

Note 3. Among them, 2,025 thousand shares are pledged to the Court as collateral against the litigation between the Company and Shing Tzung.

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

Chien Kuo Construction Co., Ltd. and Subsidiaries

Purchases From or Sales to Related Parties of at Least NT$100 million or 20% of the Paid-in Capital

From January 1 to December 31, 2019

Appendix 4

Unit: NT$ Thousand

Company name	Related party	Relationship	Transaction				Unusual trade conditions status and reasons (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	Purchase	$ 670,171	15.09%	Pursuant to the agreement	-	-	($ 369,891)	23.87%	
Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Construction Co. Ltd.	Parent	Sales	670,171	97.76%	Pursuant to the agreement	-	-	270,260	96.56%	

Note 1. If related party transaction terms are different from general terms, situations and reasons for the differences should be specified 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 situation shall be specified in the Note column.

Note 3. Paid-in capital refers to the parent's paid-in capital. When the issuer's shares have no denomination, or its denomination is not NT$10, regarding the maximum transaction amount on 20% of the paid-in capital, the amount is calculated based on 10% of equity attributable to shareholders of the parent in the balance sheet.

Chien Kuo Construction Co., Ltd. and Subsidiaries

Receivables from Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital

As of December 31, 2020

Appendix 5

Unit: NT$ Thousand

Company Name	Counter-Party	Relationship	Balance dues from related parties	Turnover Rate	Overdue Receivables from Related Parties		Subsequently recovered amount from related party	Loss allowance provided
					Amount	Action Taken		
Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Construction Co. Ltd.	Parent company	Accounts receivables $ 270,260	3.22	$ -	$ -	$ 126,143	$ -
Jianya (Yangzhou) Technology Consulting Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	Direct or indirect investment by the Company	Other receivables 240,660	-	-	-	-	-

Note 1: Recovered amount as of February 29, 2020.

Chien Kuo Construction Co., Ltd. and Subsidiaries

Inter-company Business Relationships and Significant Inter-company Transactions

From January 1 to December 31, 2019

Appendix 6

Unit: In Thousands of New Taiwan Dollars

No.	Company Name	Counter-party	Nature of Relationship (Note 1)	Transaction details			
				Financial Statement Account	Amount	Transaction Terms	Ratio to total revenue or total assets
0	Chien Kuo Construction Co. Ltd.	Shun Long International Electrical Engineering Co., Ltd.	(1)	Other prepayments	$ 42,965	Note 2	0.5%
			(1)	Construction costs	670,171	Note 2	10.58%
			(1)	Contract assets - property construction	1,359,054	Note 2	15.91%
			(1)	Accounts payable	369,891	Note 2	4.33%
1	Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Development Co., Ltd.	(3)	Other payables	20,000	Note 3	0.23%
2	Jianya (Shanghai) Information Technology Consulting Co., Ltd.	Suzhou Chien Hua Concrete Co., Ltd.	(3)	Interest income	4,170	Note 3	0.07%
3	Jianya (Yangzhou) Technology Consulting Co., Ltd.	Wuxi Chien Bang Concrete Co., Ltd.	(3)	Other receivables	240,660	Note 3	2.82%
			(3)	Interest income	5,895	Note 3	0.09%

Note 1. The nature of relationship is divided into the following three categories:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary.

Note 2. Conducted in line with ordinary terms.

Note 3. Loan funds

Chien Kuo Construction Co., Ltd. and Subsidiaries

Information on Invested Companies and Their Locations, etc.

From January 1 to December 31, 2019

Appendix 7

Unit: NT$ Thousand

Investor	Invested Company	Location	Main Businesses	Original Investment Amount		End of the Current Period			Gains (Losses) of the Investee	Investment gains (losses) recognized for the current period	Note
				September 30, 2018	December 31, 2017	Shares	Ratio (%)	Carrying Amount			
Chien Kuo Construction Co. Ltd.	Golden Canyon Limited	British Virgin Islands	Investment	$ 272,267	$ 491,804	8,714	100.00	$ 2,356,663	$ 86,453	$ 86,453	Subsidiary
	Silver Shadow Holdings Limited	British Virgin Islands	Investment	815,907	1,065,645	25,038	100.00	1,718,013	71,401	71,401	Subsidiary
	Chien Kuo Development Co., Ltd.	Taiwan	Building construction commission; public housing lease	144,065	144,065	11,100	100.00	100,135	490	1,042	Subsidiary
	Shun Long International Electrical Engineering Co., Ltd.	Taiwan	Mechanical, electrical and plumbing engineering, undertaking and equipment/wholesale and retail	44,361	44,361	6,063	86.61	45,354	(529)	(458)	Subsidiary
	WeBIM Services Co., Ltd.	Taiwan	Construction technology	8,546	15,166	980	49.00	9,652	2,258	1,106	Associates
	Anping Real Estate Co., Ltd.	Taiwan	Housing and building development and lease	140,000	140,000	14,000	100.00	132,431	(1,945)	(1,945)	Subsidiary
Silver Shadow Holdings Limited	Chien Kuo Asia Co., Ltd.	British Virgin Islands	Investment	878,510	910,310	1,685	54.78	1,700,218	126,060	Not applicable.	Sub-subsidiary
Golden Canyon Limited	Chien Kuo Asia Co., Ltd.	British Virgin Islands	Investment	782,106	810,433	1,391	45.22	1,403,513	126,060	Not applicable.	Sub-subsidiary
Chien Kuo Asia Co., Ltd.	Shun Long (Hong Kong) Limited	Hong Kong	International trade	-	0.007794	-	-	-	(38)	Not applicable.	Sub-subsidiary

Note 1. Where there involves a foreign currency, it is translated into New Taiwan Dollars by using the exchange rate as of December 31, 2019 (US$1＝NT$30.91), except for profit or loss items, which are translated into New Taiwan Dollars by using the average exchange rate over January 1 - December 31, 2019 (US$1＝NT$29.98).

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

Chien Kuo Construction Co., Ltd. and Subsidiaries

Information on Investments in Mainland China

From January 1 to December 31, 2019

Appendix 8

Unit: In Thousands of New Taiwan Dollars

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 investees for 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)	Accumulated Repatriation of Investment Income as of the end of the period	Note
					Remitted	Received							
Shanghai Chien Kuo Concrete Co., Ltd.	Production and sale of concrete and concrete products	$ 150,260	Investment through a company founded in a third region	$ 125,779	$ -	$ 109,634	$ 16,145	$ -	-	$ -	$ -	$ -	Note 4
Jianya (Shanghai) Information Technology Co., Ltd.	Computer software technology development and consultation	107,928	Investment through a company founded in a third region	68,326	-	-	68,326	1,971	100%	1,971	149,052	-	
Suzhou Chien Hua Concrete Co., Ltd.	Production and sale of concrete and concrete products	119,920	Investment through a company founded in a third region	182,036	-	-	182,036	34,543	100%	34,543	160,873	-	
Jianya (Suzhou) Information Technology Consulting Co., Ltd.	Computer software technology development and consultation	291,556	Investment through a company founded in a third region	-	-	-	-	(42,428)	100%	(42,428)	253,300	-	Note 7
Kunshan Jianshan Concrete Co., Ltd.	Production and sale of concrete and concrete products	299,800	Investment through a company founded in a third region	230,025	-	227,634	2,391	-	-	-	-	34,177	Note 4
Wuxi Chien Bang Concrete Co., Ltd.	Production and sale of concrete and concrete products	149,900	Investment through a company founded in a third region	214,059	-	-	214,059	105,115	100%	105,115	1,593,415	32,445	Note 8
Changzhou Chien An Concrete Co., Ltd.	Production and sale of concrete and concrete products	74,950	Investment through a company founded in a third region	69,342	-	69,342	-	-	-	-	-	-	Note 4
Nantong Chien Cheng Concrete Co., Ltd.	Production and sale of concrete and concrete products	60,710	Investment through a company founded in a third region	244,471	-	48,299	196,172	-	-	-	-	181,997	
Jianya (Nantong) Information Technology Consulting Co., Ltd.	Computer software technology development and consultation	149,900	Investment through a company founded in a third region	-	-	-	-	(3,771)	-	(3,771)	-	-	Note 5
Yangzhou Chien Yung Concrete Co., Ltd.	Production and sale of concrete and concrete products	59,960	Investment through a company founded in a third region	197,041	-	-	197,041	(2,051)	100%	(2,051)	33,368	161,613	
Jianya (Yangzhou) Technology Consulting Co., Ltd.	Computer software technology development and consultation	242,838	Investment through a company founded in a third region	-	-	-	-	9,097	100%	9,097	253,329	-	Note 6
Shanghai Chien Chung Concrete Co., Ltd.	Production and sale of concrete and concrete products	74,950	Investment through an existing company in a third region	-	-	-	-	-	-	-	-	-	Note 4
Changzhou Changlong Handling Co., Ltd.	Cargo handling	2,194	Investment through an existing company in a third region	-	-	-	-	(22)	-	(22)	-	-	Note 4
Jiangsu Shili Construction Co., Ltd.	Construction consultation	62,958	Investment through a company founded in a third region and others	23,100	-	23,100	-	(365)	-	(365)	-	-	Note 4
Chien Kuo Construction Consultant (Kunshan) Co., Ltd.	Construction consultation	17,988	Investment through a company founded in a third region and others	-	-	-	-	27	100%	27	21,941	-	
Loudi Chien Kuo Mining Co., Ltd. and other six invested companies	Quarrying	1,193,804	Investment through an existing company in a third region and others	36,840	-	-	36,840	-	-	-	-	914,492	Note 4

Accumulated investment remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Upper limit on investment authorized by MOEAIC
$ 942,688 (Note 3)	$ 110,580(Note 2)	$2,609,244

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 NT$1,119,003, of which NT$1,008,423 originated from the surpluses of invested companies in mainland China remitted to the third regions, and was not included in the calculation of the limit on investment.

Note 3. The amount remitted from Taiwan was NT$942,688, including the following expenses:

(1) Loss on investment:

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

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

Note 4. Changzhou Chien An Concrete Co., Ltd. was disposed of and the equity transfer was completed as at October 31, 2013. Shanghai Chien Chung Concrete Co., Ltd. has been liquidated in 2015. Loudi Chien Kuo Mining Co., Ltd. had been liquidated on August 15, 2016. Shanghai Chien Kuo Concrete Co., Ltd. had been liquidated on December 9, 2016. Kunshan Jianshan Concrete Co., Ltd. was disposed of and the equity transfer had been completed as at August 23, 2017. Guangxi Hefa Mining Co., Ltd. was disposed of and the equity transfer had been completed as at September 22, 2017. Changzhou Changlong Handling Co., Ltd. had been liquidated on July 12, 2019. Jiangsu Shili Construction Co., Ltd. had been liquidated on July 24, 2019. Jianya (Nantong) Information Technology Consulting Co., Ltd. had been liquidated on December 6, 2019.

Note 5. New shares divided from Nantong Chien Cheng Concrete Co., Ltd.

Note 6. New shares divided from Yangzhou Chien Yung Concrete Co., Ltd.

Note 7. New shares divided from Suzhou Chien Hwa Concrete Co., Ltd.

Note 8. The paid-in capital of Wuxi Chien Bang was NT$427,965 thousand (US$14,275 thousand). Due to the need for a split-up to establish Jianya (Wuxi) Information Technology Consulting Co., Ltd. (Jianya Wuxi), an approval to invest in mainland China has been obtained from the Ministry of Economic Affairs Investment Commission. An approval for local business registration modification has been obtained on January 8, 2020. The paid-in capital of Wuxi Chien Bang after the split-up is NT$149,900 thousand (US$5,000 thousand) and the paid-in capital of Jianya Wuxi after the split-up is NT$278,065 thousand (US$9,275 thousand).