

**Chien Kuo Construction Co., Ltd.
and Subsidiaries**

**Consolidated Financial Statements
and Certified Public Accountant's
Review Report**
First quarter of 2017 and 2018

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Certified Public Accountant's Review Report

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

Introduction

We have reviewed the accompanying consolidated financial statements of Chien Kuo Construction Co., Ltd. and its subsidiaries (the Group) as of March 31, 2018 and 2017 and the consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended, and the note to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, "Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except for matters described in the following paragraph titled "Basis for Qualified Conclusion", we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 17 of the consolidated financial statements, the financial statements of the insignificant subsidiaries incorporated into the aforesaid consolidated financial statements for

the same periods have not been reviewed by CPA. The total assets as of March 31, 2018 and 2017 amounted to NT\$1,853,214 thousand and NT\$1,868,387 thousand, respectively, accounting for 18.90% and 21.39% of the consolidated total assets, respectively. The total liabilities as of March 31, 2018 and 2017 amounted to NT\$177,916 thousand and NT\$74,128 thousand, respectively, accounting for 3.65% and 1.89% of the consolidated total liabilities, respectively. The comprehensive loss as of March 31, 2018 and 2017 amounted to NT\$3,953 thousand and NT\$55,090 thousand, respectively, accounting for (15.50)% and 28.00% of the consolidated comprehensive loss (profit), respectively.

Qualified Conclusion

Based on our reviews, except for the effects as stated in the paragraph titled "Basis for Qualified Conclusion" that there would have been adjustments in the consolidated financial statements of the said insignificant subsidiaries if they had been reviewed by a CPA, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material aspects the financial position of the entity as at March 31, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34, "Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche Taiwan

CPA Wang, Yi-Wen

CPA Fan, Yu-Wei

Approval No. from the Financial
Supervisory Commission
Jin-Guan-Zheng-Shen-Zi No. 0980032818

Approval No. from the Securities and Futures
Commission
Tai-Cai-Zheng-Liu-Zi No. 0920123784

May 10, 2018

Chien Kuo Construction Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
March 31, 2018, December 31, 2017 and March 31, 2017

Unit: NT\$1,000

Code	Assets	March 31, 2018 (Reviewed)		December 31, 2017 (Audited)		March 31, 2017 (Reviewed)	
		Amount	%	Amount	%	Amount	%
1100	Current assets						
1110	Cash and cash equivalents (Note 6)	\$ 2,508,865	26	\$ 2,518,297	25	\$ 2,089,029	24
1111	Financial assets at fair value through profit or loss (Notes 7 and 31)	547,625	6	403,461	4	526,437	6
1120	Financial assets at fair value through other comprehensive income (Note 8)	36,889	-	-	-	-	-
1135	Hedging derivative financial assets (Note 12)	-	-	-	-	1,194	-
1136	Financial assets at amortized cost	2,315	-	-	-	-	-
1140	Contract assets (Note 24)	827,946	8	-	-	-	-
1147	Investments in debt instruments with no active market (Note 10)	-	-	275,547	3	637,983	7
1150	Notes receivable (Note 13)	241,676	3	205,622	2	313,668	4
1170	Accounts receivable (Notes 13 and 24)	2,664,698	27	2,419,748	24	1,922,794	22
1190	Construction contract receivables (Note 14)	-	-	984,415	10	629,769	7
1200	Other receivables	21,581	-	27,969	-	24,576	-
1310	Inventories	18,557	-	15,023	-	15,224	-
1323	Land held for construction (Notes 15 and 31)	463,577	5	463,577	5	-	-
1410	Prepayments (Note 16)	819,119	8	675,356	7	238,281	3
1460	Non-current assets held for sale (Note 18)	-	-	-	-	623,272	7
1470	Other current assets (Note 31)	185,019	2	383,410	4	62,640	1
11XX	Total current asset	8,337,867	85	8,372,425	84	7,084,867	81
1510	Non-current assets						
1517	Financial assets at fair value through profit or loss (Notes 7 and 30)	96,833	1	-	-	-	-
1523	Financial assets at fair value through other comprehensive income (Notes 8, 9 and 31)	401,588	4	-	-	-	-
1543	Available-for-sale financial assets (Notes 11 and 31)	-	-	431,384	4	491,503	6
1600	Financial assets carried at cost	-	-	71,424	1	42,462	-
1760	Property, plant and equipment (Notes 19 and 31)	230,692	2	232,151	2	217,207	2
1840	Investment property (Notes 20 and 31)	170,860	2	171,159	2	171,332	2
1980	Deferred income tax assets	79,164	1	68,108	1	64,888	1
1985	Pledged certificate of deposit (Note 31)	265,577	3	379,592	4	435,579	5
1990	Long-term prepaid rent (Note 31)	163,525	2	163,730	2	164,752	2
15XX	Other non-current assets	57,743	-	58,649	-	62,181	1
15XX	Total non-current assets	1,465,982	15	1,576,197	16	1,649,904	19
1XXX	Total assets	\$ 9,803,849	100	\$ 9,948,622	100	\$ 8,734,771	100
Code	Liabilities and Equity						
2100	Current liabilities						
2110	Short-term loans (Note 21)	\$ -	-	\$ 220,000	2	\$ 60,000	1
2120	Short-term notes and bills payable (Note 21)	149,803	1	79,948	1	-	-
2130	Financial liabilities at fair value through profit or loss (Note 7)	-	-	23,849	-	-	-
2150	Contract liabilities (Note 24)	252,595	3	-	-	-	-
2170	Notes payable	488,859	5	388,034	4	25,000	-
2190	Accounts payable (Notes 14 and 22)	1,820,775	19	1,829,655	18	1,225,593	14
2200	Construction contract payables (Note 14)	-	-	211,709	2	400,068	5
2230	Other payables	177,364	2	236,954	2	206,447	2
2260	Current income tax liabilities	36,722	-	51,806	1	16,789	-
2320	Liabilities directly associated with non-current assets held for sale (Note 18)	-	-	-	-	122,349	1
2399	Long-term liabilities - within one year (Note 21)	600,000	6	600,000	6	300,000	4
21XX	Other current liabilities	101,766	1	71,734	1	177,505	2
21XX	Total current liabilities	3,627,884	37	3,713,689	37	2,533,751	29
2540	Non-current liabilities						
2570	Long-term loans (Note 21)	650,000	7	800,000	8	900,000	10
2600	Deferred income tax liabilities	542,597	5	480,046	5	441,753	5
25XX	Other non-current liabilities	53,271	1	49,315	1	39,655	1
25XX	Total non-current liabilities	1,245,868	13	1,329,361	14	1,381,408	16
2XXX	Total liabilities	4,873,752	50	5,043,050	51	3,915,159	45
3110	Equity attributable to shareholders of the parent (Note 23)						
3110	Capital stock						
3200	Capital from common stock	3,379,001	34	3,379,001	34	3,379,001	39
3200	Capital surplus	200,462	2	200,462	2	200,522	2
3310	Retained earnings						
3320	Appropriated as legal capital reserve	588,869	6	588,869	6	584,661	7
3350	Appropriated as special capital reserve	39,088	-	39,088	-	48,403	-
3300	Unappropriated earnings	835,411	9	789,811	8	793,324	9
3300	Total retained earnings	1,463,368	15	1,417,768	14	1,426,388	16
3400	Other equity	(88,479)	(1)	(67,179)	(1)	(153,701)	(2)
3500	Treasury stock	(34,835)	-	(34,835)	-	(34,835)	-
31XX	Total owner's equity	4,919,517	50	4,895,217	49	4,817,375	55
36XX	Non-controlling interests	10,580	-	10,355	-	2,237	-
3XXX	Total equity	4,930,097	50	4,905,572	49	4,819,612	55
	Total liabilities and equity	\$ 9,803,849	100	\$ 9,948,622	100	\$ 8,734,771	100

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

(Please refer to the Certified Public Accountant's Review Report of Deloitte & Touche Taiwan on May 10, 2018.)

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

For the Three-month Periods Ended March 31, 2018 and 2017

(Reviewed but not audited in accordance with generally accepted auditing standards)

Unit: NT\$1,000

(Except the unit of earnings per share is NT\$)

Code		January 1, 2018 to March 31, 2018		January 1, 2017 to March 31, 2017	
		Amount	%	Amount	%
4000	Operational revenues (Note 24)	\$ 1,479,923	100	\$ 1,053,327	100
5000	Operating costs (Note 25)	1,297,781	88	972,654	93
5900	Gross profit	182,142	12	80,673	7
	Operating expenses (Notes 25 and 30)				
6100	Marketing expenses	6,307	-	10,766	1
6200	General and administrative expenses	70,595	5	34,889	3
6000	Total operational expenses	76,902	5	45,655	4
6900	Net operating income	105,240	7	35,018	3
	Non-operating revenue and expenses (Note 25)				
7010	Other revenues	14,319	1	20,903	2
7020	Other gains and losses	(1,942)	-	(37,114)	(3)
7050	Finance cost	(7,751)	-	(7,139)	(1)
7000	Total non-operating revenue and expenses	4,626	1	(23,350)	(2)
7900	Income before tax	109,866	8	11,668	1
7950	Income tax expenses (Note 26)	68,419	5	2,425	-
8200	Net income	41,447	3	9,243	1

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Code		January 1, 2018 to March 31,		January 1, 2017 to March 31,	
		2018	%	2017	%
		Amount		Amount	
	Other comprehensive income				
8310	Items that will not be reclassified to profit or loss:				
8316	Unrealized valuation loss on investments in equity instruments at fair value through other comprehensive income	(\$ 15,824)	(1)	\$ -	-
8349	Income tax relating to items that will not be reclassified	(136)	-	-	-
8360	Items that may be reclassified to profit or loss:				
8361	Exchange differences arising from translation of foreign operations	6,980	-	(267,193)	(25)
8362	Unrealized valuation gain on available-for-sale financial assets	-	-	21,858	2
8363	Loss on the effective portion of financial instruments that are designated as cash flow hedges	-	-	(6,061)	(1)
8367	Unrealized valuation loss on investments in debt instruments at fair value through other comprehensive income	(448)	-	-	-
8399	Income tax relating to items that may be reclassified (Note 26)	(6,522)	-	45,423	4
8300	Other comprehensive income (net value after tax) for the period	(15,950)	(1)	(205,973)	(20)

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Code		January 1, 2018 to March 31, 2018		January 1, 2017 to March 31, 2017	
		Amount	%	Amount	%
8500	Total comprehensive income for the period	\$ 25,497	<u>2</u>	(\$ 196,730)	(<u>19</u>)
	Net profit (loss) attributable to:				
8610	Company owner	\$ 41,222	<u>3</u>	\$ 9,649	<u>1</u>
8620	Non-controlling interests	225	<u>-</u>	(406)	<u>-</u>
8600		<u>\$ 41,447</u>	<u>3</u>	<u>\$ 9,243</u>	<u>1</u>
	Total comprehensive income attributable to:				
8710	Shareholders of the parent	\$ 25,272	<u>2</u>	(\$ 196,324)	(<u>19</u>)
8720	Non-controlling interests	225	<u>-</u>	(406)	<u>-</u>
8700		<u>\$ 25,497</u>	<u>2</u>	<u>(\$ 196,730)</u>	<u>(<u>19</u>)</u>
	Earnings per share (Note 27)				
9750	Basic earnings per share	\$ 0.12		\$ 0.03	
9850	Diluted earnings per share	<u>\$ 0.12</u>		<u>\$ 0.03</u>	

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

(Please refer to the Independent Auditors' Review Report of Deloitte & Touche Taiwan on May 10, 2018.)

Chairman: Chen, Chi-Te Manager: Wu, Chang-Shiou Accounting Manager: Yang, Shu-Fen

Chien Kuo Construction Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Three-month Periods Ended March 31, 2018 and 2017

(Reviewed but not audited in accordance with generally accepted auditing standards)

Unit: NT\$1,000

Code	Equity Attributable to Company Owners													
	Retained Earnings						Other equity							
	Capital Stock	Capital Surplus	Appropriated as Legal Capital Reserve	Appropriated as Special Capital Reserve	Unappropriated Earnings	Exchange Differences arising from Translation of Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Cash Flow Hedges	Treasury Stock	Total	Non-controlling Interests	Total Equity	
A1	Balance as of January 1, 2017	\$ 3,379,001	\$ 200,557	\$ 584,661	\$ 48,403	\$ 783,675	\$ 42,552	\$ 2,161	\$ -	\$ 7,559	(\$ 34,835)	\$ 5,013,734	\$ 2,774	\$ 5,016,508
D1	Net profit for the three-month period ended March 31, 2017	-	-	-	-	9,649	-	-	-	-	-	9,649	(406)	9,243
D3	Other comprehensive income after tax for the three-month period ended March 31, 2017	-	-	-	-	-	(221,770)	21,858	-	(6,061)	-	(205,973)	-	(205,973)
D5	Total comprehensive income for the three-month period ended March 31, 2017	-	-	-	-	9,649	(221,770)	21,858	-	(6,061)	-	(196,324)	(406)	(196,730)
M7	Recognized value of changes in equity of subsidiaries	-	(35)	-	-	-	-	-	-	-	-	(35)	(131)	(166)
Z1	Balance as of March 31, 2017	\$ 3,379,001	\$ 200,522	\$ 584,661	\$ 48,403	\$ 793,324	(\$ 179,218)	\$ 24,019	\$ -	\$ 1,498	(\$ 34,835)	\$ 4,817,375	\$ 2,237	\$ 4,819,612
A1	Balance as of January 1, 2018	\$ 3,379,001	\$ 200,462	\$ 588,869	\$ 39,088	\$ 789,811	(\$ 109,140)	\$ 41,961	\$ -	\$ -	(\$ 34,835)	\$ 4,895,217	\$ 10,355	\$ 4,905,572
A3	Effect of retrospective application and retrospective adjustment	-	-	-	-	4,514	-	(41,961)	36,475	-	-	(972)	-	(972)
A5	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
D1	Net profit for the three-month period ended March 31, 2018	-	-	-	-	41,222	-	-	-	-	-	41,222	225	41,447
D3	Other comprehensive income for the three-month period ended March 31, 2018	-	-	-	-	(136)	458	-	(16,272)	-	-	(15,950)	-	(15,950)
D5	Total comprehensive income for the three-month period ended March 31, 2018	-	-	-	-	41,086	458	-	(16,272)	-	-	25,272	225	25,497
Z1	Balance as of March 31, 2018	\$ 3,379,001	\$ 200,462	\$ 588,869	\$ 39,088	\$ 835,411	(\$ 108,682)	\$ -	\$ 20,203	\$ -	(\$ 34,835)	\$ 4,919,517	\$ 10,580	\$ 4,930,097

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the Independent Auditors' Review Report of Deloitte & Touche Taiwan on May 10, 2018.)

Chairman: Chen, Chi-Te

Manager: Wu, Chang-Shiou

Accounting Manager: Yang, Shu-Fen

Chien Kuo Construction Co., Ltd. and Subsidiaries
 Consolidated Statements of Cash Flows
 For the Three-month Periods Ended March 31, 2018 and 2017
 (Reviewed but not audited in accordance with generally accepted auditing standards)

Unit: NT\$1,000

Code		January 1, 2018 to March 31, 2018	January 1, 2017 to March 31, 2017
	Cash flows from operating activities		
A10000	Income before tax	\$ 109,866	\$ 11,668
A20010	Gains and Losses:		
A21200	Interest revenue	(10,951)	(18,315)
A20900	Finance costs	7,751	7,139
A20100	Depreciation expenses	6,916	9,096
A24100	Loss (Gain) on foreign exchange	(4,152)	78,380
A20300	Gain on reversal of expected credit losses	(3,354)	-
A20200	Amortization expenses	998	1,788
A22500	Loss on disposal of property, plant and equipment, net	47	320
A29900	Gain on reversal of bad debts	- (29,128)	
A30000	Changes in operating assets and liabilities, net		
A31110	Financial assets held for trading	- (6,084)	
A31115	Financial instruments compulsorily measured at fair value through profit or loss	258,909	-
A31125	Contract assets	156,469	-
A31130	Notes receivable	(33,468) (161,778)	
A31150	Accounts receivable	(205,998)	29,332
A31170	Construction contracts receivable	- 94,873	
A31180	Other receivables	(2,983) (30,064)	
A31200	Inventories	(3,534)	893
A31230	Prepayments	(133,811) (29,030)	
A31240	Other current assets	48,430	21,184
A31990	Other non-current assets	586 (18,239)	
A32125	Contract liabilities	40,886	-
A32130	Notes payable	94,017 (100,164)	
A32150	Accounts payable	(10,937) 47,095	
A32170	Construction contracts payable	- 91,573	
A32180	Other payables	(59,600) 9,493	
A32230	Other current liabilities	30,032 (24,815)	
A32990	Other non-current liabilities	405 54	
A33000	Cash generated from (used in) operating activities	286,524 (14,729)	
A33100	Interest received	20,383 14,477	

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Code		January 1, 2018 to March 31, 2018	January 1, 2017 to March 31, 2017
A33300	Interest paid	(\$ 7,798)	(\$ 7,166)
A33500	Income tax paid	(38,106)	(5,091)
AAAA	Net cash inflow (outflow) from operating activities	<u>261,003</u>	(12,509)
	Cash flows from investment activities		
B06700	Decrease (Increase) in pledged certificate of deposit	65,681	(308,320)
B02700	Purchase of property, plant and equipment	(2,747)	(2,400)
B02800	Proceeds from disposal of property, plant and equipment	720	383
B03800	Decrease in refundable deposits	324	115,053
B00600	Increase in investments in debt instruments with no active market	-	(158,012)
B00700	Decrease in investments in debt instruments with no active market	-	73,522
B02900	Advance receipts of disposal of subsidiaries	<u>-</u>	<u>63,304</u>
BBBB	Net cash inflow (outflow) used in investment activities	<u>63,978</u>	(216,470)
	Cash flows from financing activities		
C00200	Decrease in short-term loans	(220,000)	(30,000)
C01700	Repayment of long-term loans	(150,000)	-
C00500	Increase in short-term notes and bills payable	69,855	-
C03000	Increase in guarantee deposits	3,551	2,490
C05400	Acquisition of equity of subsidiaries	<u>-</u>	(166)
CCCC	Net cash used in financing activities	(296,594)	(27,676)
DDDD	Effect of changes in exchange rates on cash and cash equivalents	(37,819)	(107,616)
EEEE	Decrease in cash and cash equivalents	(9,432)	(364,271)
E00100	Cash and cash equivalents, beginning of period	<u>2,518,297</u>	<u>2,455,448</u>
E00200	Cash and cash equivalents balance by the end of the period	<u>\$ 2,508,865</u>	<u>\$ 2,091,177</u>

Reconciliation of cash and cash equivalents, end of period

<u>Code</u>		<u>March 31, 2018</u>	<u>March 31, 2017</u>
E00210	Cash and cash equivalents recorded on the balance sheet	\$ 2,508,865	\$ 2,089,029
E00240	Cash and cash equivalents included in the held-for-sale disposal group	_____ -	2,148
E00200	Cash and cash equivalents balance by the end of the period	<u>\$ 2,508,865</u>	<u>\$ 2,091,177</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the Independent Auditors' Review Report of Deloitte & Touche Taiwan on May 10, 2018.)

Chairman: Chen, Chi-Te Manager: Wu, Chang-Shiou Accounting Manager: Yang, Shu-Fen

Chien Kuo Construction Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
For the Three-month Periods Ended March 31, 2018 and 2017
(Reviewed but not audited in accordance with generally accepted auditing standards)
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company History

Incorporated in November 1960, Chien Kuo Construction Co., Ltd. (the Company) mainly engages in design, supervision and undertaking of construction projects and trading of building materials. On February 1, 1999, the Company's shares were listed on Taipei Exchange (TPEx). In October 2003, the Company listed its shares on Taiwan Stock Exchange (TWSE) instead.

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

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

The consolidated financial statements was adopted by the Board of Directors on May 10, 2018.

III. Application of New Standards, Amendments 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:

1. IFRS 9 "Financial Instruments" and related amendments

IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement", with consequential amendments to IFRS 7 "Financial Instruments: Disclosures" and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge

accounting. Please refer to Note 4 for information relating to the relevant accounting policies.

Classification, measurement and impairment of financial assets

The Group evaluates the classification of existing financial assets and makes a retrospective adjustment based on the facts and circumstances existing on January 1, 2018, and choose not to restate the prior reporting period. The measurement category, carrying amount and related reconciliation of each class of financial assets as determined by IAS 39 and IFRS 9 as of January 1, 2018 are detailed below:

Class of Financial Assets	Measurement Category		Carrying Amount		
	IAS 39	IFRS 9	IAS 39	IFRS 9	Detail
Cash and cash equivalents	Loans and receivables	Measured at amortized cost	\$ 2,518,297	\$ 2,518,297	-
Derivatives	Financial liabilities held for trading	Compulsorily measured at fair value through profit or loss	23,849	23,849	-
Investments in stocks	Financial assets held for trading	Investments in equity instruments measured at fair value through other comprehensive income	41,230	41,230	(1)
	Available-for-sale financial assets	Investments in equity instruments measured at fair value through other comprehensive income	274,064	274,064	-
Fund beneficiary certificates	Financial assets held for trading	Compulsorily measured at fair value through profit or loss	362,231	362,231	-
	Available-for-sale financial assets	Compulsorily measured at fair value through profit or loss	14,746	14,746	(2)
Private equity funds	Financial assets carried at cost	Compulsorily measured at fair value through profit or loss	71,424	65,733	(3)
Investments in bonds	Available-for-sale financial assets	Investments in debt instruments measured at fair value through other comprehensive income	142,574	142,574	(4)
Notes receivable, accounts receivable and other receivables	Loans and receivables	Measured at amortized cost	2,653,339	2,658,058	(5)

	Carrying Amount as of January 1, 2018 (IAS 39)			Carrying Amount as of January 1, 2018 (IFRS 9)	Effect of Retained Earnings as of January 1, 2018	Effect of Other Equity as of January 1, 2018	Detail
		Reclassification	Remeasurement				
Financial assets at fair value through profit or loss	\$ 403,461			\$ 403,461			
Add: Reclassification from available-for-sale financial assets (IAS 39)							
- Compulsory reclassification	-	\$ 14,746	\$ -	14,746	\$ 1,082	(\$ 1,082)	(2)
Less: Reclassification to financial assets at fair value through other comprehensive income - equity instruments (IFRS 9)	-	(41,230)	-	(41,230)	4,960	-	(1)
Remeasurement of financial assets carried at cost (IAS 39)	71,424	-	(5,691)	65,733	(5,691)	-	(3)
	474,885	(26,484)	(5,691)	442,710	351	(1,082)	
Financial assets at fair value through other comprehensive income	-			-			
- Debt instruments		142,574	-	142,574	(556)	556	(4)
Add: Reclassification from available-for-sale financial assets (IAS 39)							
- Equity instruments	-	41,230	-	41,230	-	(4,960)	(1)
Add: Reclassification from financial assets at fair value through profit or loss (IAS 39)	-	274,064	-	274,064	-	-	-
Add: Reclassification from available-for-sale financial assets (IAS 39)	-	457,868	-	457,868	(556)	(4,404)	
Financial assets at amortized cost	-	2,653,339	4,719	2,658,058	4,719	-	(5)
Add: Reclassification from							

	Carrying Amount as of January 1, 2018 (IAS 39)	Reclassification	Remeasurement	Carrying Amount as of January 1, 2018 (IFRS 9)	Effect of Retained Earnings as of January 1, 2018	Effect of Other Equity as of January 1, 2018	Detail
loans and receivables (IAS 39)							
Total effects of IFRS 9	<u>\$ 474,885</u>	<u>\$ 3,084,723</u>	<u>(\$ 972)</u>	<u>\$ 3,558,636</u>	<u>\$ 4,514</u>	<u>(\$ 5,486)</u>	

- (1) The Group elected to designate investments in stocks that were previously classified as financial assets held for trading under IAS 39 as measured at fair value through other comprehensive income under IFRS 9. As a result of retrospective application, retained earnings would increase NT\$4,960 thousand, and unrealized valuation loss on financial assets at fair value through other comprehensive income would decrease NT\$4,960 thousand as of January 1, 2018.
- (2) Fund beneficiary certificates were previously classified as available-for-sale financial assets under IAS 39. Their cash flows are not solely payments of principal and interest on the principal amount outstanding, and neither are they equity instruments. Therefore, they are compulsorily classified under IFRS 9 to be measured at fair value through profit or loss. As a result of retrospective application, other equity - unrealized gain (loss) on available-for-sale financial assets would decrease NT\$1,082 thousand, and retained earnings would increase NT\$1,082 thousand as of January 1, 2018.
- (3) As private equity funds that were previously carried at cost under IAS 39 are remeasured at fair value through profit or loss under IFRS 9, the adjustment would result in an increase of NT\$65,733 thousand in financial assets at fair value through profit or loss and a decrease of NT\$5,691 thousand in retained earnings as of January 1, 2018, respectively.
- (4) Based on the facts and circumstances existing on January 1, 2018, investments in bonds that were previously classified as available-for-sale financial assets under IAS 39 are held within a business model whose objective is both to collect the contractual cash flows and to sell the financial assets. Therefore, such investments are remeasured at fair value through other comprehensive income under IFRS 9, along with expected credit losses evaluated. As a result of retrospective application, retained earnings would decrease NT\$556 thousand, and other equity - unrealized gain (loss) on financial assets at fair value through other comprehensive income would increase NT\$556 thousand as of January 1, 2018.

(5) Notes receivable, accounts receivable and other receivables that were previously classified as loans and receivables under IAS 39 are reclassified to financial assets at amortized cost under IFRS 9, along with expected credit losses evaluated. As a result of retrospective application, the adjustment would result in a decrease of NT\$4,719 thousand in loss on bad debts and an increase of NT\$4,719 thousand in retained earnings as of January 1, 2018.

2. IFRS 15 “Revenue from Customer Contracts” and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18, “Revenue,” IAS 11, “Construction Contracts,” and a number of revenue-related interpretations. Please refer to Note 4 for information relating to the relevant accounting policies.

The net result of revenue recognized and amounts received and receivable is recognized as contract assets (liabilities). Before the application of IFRS 15, the net effect of the progress billings, cost incurred and recognized profit (loss) of construction contracts was recognized as construction contracts receivable (payable) under IAS 11.

Where there exist onerous contracts with customers, the Group will recognize either inventory impairment or provision for onerous contracts as required. Before the application of IFRS 15, expected losses of construction contracts were measured under IAS 11 for the adjustment in construction contracts receivable (payable).

The Group elected to retrospectively apply IFRS15 to outstanding contracts as of January 1, 2018, with the accumulated effects adjusted in retained earnings on that day.

The Group elected not to restate all amendments to contracts before December 31, 2017 but to identify performance obligations and determine and amortize transaction prices in a way that reflects the total effects of all amendments. This would reduce the complexity and cost of retrospective application without affecting the financial information.

Effect on assets, liabilities and equity for the period

	January 1, 2018 Amount before Restatement	Adjustment of First-time Adoption	January 1, 2018 Amount after Restatement
Construction contracts receivable	\$ 984,115	(\$ 984,115)	\$ -
Contract assets	-	997,801	997,801
Effect on assets	<u>\$ 984,115</u>	<u>\$ 13,386</u>	<u>\$ 997,801</u>
Construction contracts payable	\$ 211,709	(\$ 221,709)	\$ -
Contract liabilities	-	206,620	206,620
Provisions	-	18,475	18,475
Effect on Liabilities	<u>\$ 211,709</u>	<u>\$ 13,386</u>	<u>\$ 225,095</u>

The reference information under IAS 11 "Construction Contracts" as of March 31, 2018 is as follows:

	March 31, 2018 (IFRS 15)	Effect of IFRS 15	March 31, 2018 (IAS 11)
Construction contracts receivable	\$ -	\$ 816,774	\$ 816,774
Contract assets	<u>827,946</u>	(<u>827,946</u>)	<u>-</u>
Effect on assets	<u>\$ 827,946</u>	<u>(\$ 11,172)</u>	<u>\$ 816,774</u>
Construction contracts payable	\$ -	\$ 257,250	\$ 257,250
Contract liabilities	252,595	(252,595)	-
Provisions	15,827	(15,827)	-
Effect on Liabilities	<u>\$ 268,422</u>	<u>(\$ 11,172)</u>	<u>\$ 257,250</u>

(II) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New Standards, Interpretations and Amendments	Effective Date Issued by IASB (Note 1)
"Annual improvements in 2015-2017 cycle"	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 16 "Leases"	January 1, 2019 (Note 3)
IFRS17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 4)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019

Note 1: Unless otherwise stated, the aforementioned new standards, interpretations and amendments are effective from the fiscal year after their respective effective dates.

Note 2: The FSC permits the election for early adoption of the amendments starting from January 1, 2018.

Note 2: On December 19, 2017, the FSC announced that IFRS 16 would take effect starting from January 1, 2019.

Note 4: Plan amendment, curtailment or settlement occurring after January 1, 2019 should be subject to these amendments.

1. IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, they should recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for both the principal and interest portion of the lease liability are classified within operating activities.

When IFRS 16 becomes effective, the Group may elect to apply this standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this standard recognized at the date of initial application.

2. Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"

According to these amendments, when plan amendment, curtailment or settlement occurs, the current service cost and net interest for the remaining period of the year should be determined on the basis of the actuarial assumptions used to remeasure the net defined benefit liabilities (assets) at the time of occurrence. These amendments also clarify the effect of plan amendment, curtailment or settlement on the asset caps. The application of the aforementioned amendments will be deferred.

Except for the aforementioned effects, as of publication of the consolidated financial statements, the Group has continuously evaluated the effects on the financial position and financial performance as a result of the amendments to other standards or interpretations. The related effects will be disclosed upon the completion of evaluation.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting,” endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs endorsed and issued into effect by the FSC.

(II) Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value and net defined benefit liabilities recognized by present value of defined benefit obligations minus fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, are described as follows:

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) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its wholly owned entities (subsidiaries). The 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 changes in the equity of subsidiaries do not cause the parent to lose control, they are recognized as equity transactions. 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.

Details of subsidiaries, shareholding ratios and business items are provided in Note 11 and Appendixes 6 and 7.

(IV) Other significant accounting policies

Please refer to the summary of significant accounting policies of the consolidated financial statements for the year ended December 31, 2017 unless otherwise stated below.

1. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. 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

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

A. Measurement category

2018

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, financial assets at

amortized cost, investments in debt instruments at fair value through other comprehensive income and instruments in equity instruments at fair value through other comprehensive income.

a. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when they are compulsorily designated as at fair value through profit or loss. Financial assets compulsorily designated as 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 are not qualified as to be measured at amortized cost or at fair value through other comprehensive income.

b. Financial assets at amortized cost

Financial assets that meet the following two conditions are subsequently measured at amortized cost:

- (a) The financial assets are held within a business model whose objective is to collect the contractual cash flows; and
- (b) The contractual terms of financial assets 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 are measured at amortized cost, including cash and cash equivalents and accounts receivable and other receivables at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Except for the following two circumstances, interest revenue is calculated at the effective interest rate times the gross carrying amount of financial assets:

- (a) For purchased or originated credit-impaired financial assets, interest revenue is calculated at the credit-adjusted effective interest rate times the financial assets at amortized cost.

(b) For financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired, interest revenue is calculated at the effective interest rate times the financial assets at amortized cost.

Cash equivalents include time deposits with original maturities within six months from the date of acquisition and high liquidity, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c. Investments in debt instruments at fair value through other comprehensive income

Debt instruments that meet the following two conditions are subsequently 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 of equity instruments 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 fair value through other comprehensive income are measured at fair value. Changes in the carrying amount of investments in debt instruments at fair value through other comprehensive income, such as interest revenue calculated using the effective interest method, gain (loss) on foreign exchange and impairment loss or gain on reversal, are recognized in profit or loss. Other changes in the carrying amount of such instruments are recognized in other comprehensive income and will be reclassified to profit or loss when such instruments are disposed.

d. Investments in equity instruments at fair value through other comprehensive income

The Group 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 fair value through other comprehensive income.

Investments in equity instruments at fair value through other comprehensive income are measured at fair value, and any subsequent changes in the fair value 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 at fair value through other comprehensive income are recognized in profit or loss when the Group's right to receive payments is established, unless such dividends clearly represent the recovery of a part of the investment cost.

2017

Financial assets held by the Group are classified to financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables.

a. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss refer to financial assets held for trading.

Financial assets at fair value through profit or loss are measured at fair value, with any gains or losses arising from remeasurement recognized in profit or loss.

b. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity financial assets or financial assets at fair value through profit or loss.

For available-for-sale equity instruments that do not have quoted prices in active markets and whose fair value cannot be reliably measured and derivatives that are connected to such equity instruments and traded by delivery of such equity instruments, they are measured at cost less impairment loss, and recognized separately as financial assets carried at cost. Such equity instruments are subsequently remeasured at fair value when their fair value can be reliably measured, and the difference between the carrying amount and the fair value is recognized in other comprehensive income, or in profit or loss in case of impairment.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive payments is established

c. Loans and receivables

Loans and receivables (including notes and accounts receivable, cash and cash equivalents and debt investments with no active market) are measured at amortized cost using the effective interest method, less any impairment loss, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalents include time deposits with original maturities within six months from the date of acquisition and high liquidity, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

B. Impairment of financial assets

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable) and investments in debt instruments at fair value through other comprehensive income on the balance sheet date.

The Group recognizes lifetime expected credit losses on accounts receivable. 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.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. 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 Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial assets.

2017

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment on each balance sheet date. Financial assets are considered impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

For financial assets at amortized cost, the amount of impairment loss is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets at amortized cost, if the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously

recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial assets on the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value below cost is considered objective evidence of impairment.

When an available-for-sale financial asset is considered to be impaired, cumulative loss previously recognized in other comprehensive income is reclassified to profit or loss.

Impairment loss of investments in equity instruments recognized in profit or loss cannot be reversed through profit or loss. Any increase in the fair value after the recognition of impairment loss is recognized in other comprehensive income.

For financial assets at cost, the amount of impairment loss is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at similar financial asset's market return rate. Such impairment loss should not be reversed in subsequent periods.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets, with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

C. Derecognition of financial assets

The Group derecognizes financial assets only when the contractual rights to the cash flows from the assets expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the assets to another party.

In and before 2017, 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 receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. From 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at fair value through other comprehensive income in its entirety, the difference between the 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 is recognized in profit or loss. On derecognition of an investment in an equity instrument at fair value through other comprehensive income in its entirety, the cumulative gain or loss is transferred directly to retained earnings without being reclassified to profit or loss

(2) **Equity instruments**

The recovery of the Company's own equity instruments is recognized and derecognized in equity. 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 are subsequently measured at amortized cost using the effective interest method.

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(4) **Derivatives**

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which derivative contracts are entered into and subsequently remeasured to their fair value on the balance sheet date. The resulting gain or loss is recognized in profit or loss immediately. However, the time when derivatives that are designated as effective hedging instruments are recognized in profit or loss is subject to the nature of the hedging relationship. When the fair value of a

derivative is positive, the derivative is recognized as a financial asset; when the fair value of a derivative is negative, the derivative is recognized as a financial liability.

2. Recognition of revenue

2018

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 Group 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.

When the outcome of a performance obligation cannot be measured reliably, revenue from construction contracts is recognized only to the extent of contract costs incurred for which it will be recoverable.

2017

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(1) Revenue from the sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- A. The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- B. The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- C. The amount of revenue can be measured reliably;
- D. It is probable that the economic benefits associated with the transaction will flow to the Group; and
- E. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(2) Revenue from construction contracts

When the outcome of a construction contract can be estimated reliably and it is probable that the contract is profitable, revenue is recognized based on the proportion of work completed using the percentage of completion method during the duration of the contract. Contract costs are recognized as expenses when incurred. The percentage of completion is determined based on the proportion that contract costs incurred for work performed to the balance sheet date to the estimated total contract costs. When it is probable that total contract costs will exceed the total contract revenue, the expected loss is recognized as expenses immediately.

When contract costs incurred to date plus recognized profit less recognized loss exceed progress billings, the difference is recognized as construction contracts receivable. For contracts where progress billings exceed contract costs incurred to date plus recognized profit less recognized loss, the difference is recognized as construction contracts payable.

(3) Dividend and interest revenue

Dividend revenue from investments is recognized when the shareholder's right to receive payments has been established, provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Interest revenue from financial assets is recognized when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by

reference to the principal outstanding and at the effective interest rate applicable.

3. Retirement benefits under defined benefit plans

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

4. Income tax

Income tax expenses represent the sum of taxes currently payable and deferred taxes. The income tax expenses for an interim period are accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The effect of a change in the tax rate resulting from a change in the tax law is recognized consistent with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss, other comprehensive income or directly in equity in full in an interim period in which the change in the tax rate occurs.

V. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In the application of the Group's accounting policies, the management is required to make judgments, estimates and assumptions which are based on historical experience and other factors that are not readily apparent 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

2018

The estimated impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. 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. Details of the key

assumptions and inputs used are provided in Note 13. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

2017

When there is objective evidence that shows signs of impairment, the Group should consider estimating the future cash flow. The amount of the impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

(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. Under IFRS 15, 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. For contracts to which IFRS 15 is not applied, changes in contractual activities, claims and incentives will only be included in contract revenue when they are very likely to generate revenue and the amount of revenue can be reliably measured.

As the estimated total cost 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,		
	March 31, 2018	2017	March 31, 2017
Cash on hand and revolving funds	\$ 2,961	\$ 2,784	\$ 3,045
Bank checks and demand deposits	696,598	727,440	687,144
Cash equivalents (time deposits with original maturity date within 6 months)	1,809,306	1,788,073	1,398,840
	<u>\$ 2,508,865</u>	<u>\$ 2,518,297</u>	<u>\$ 2,089,029</u>

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

	December 31,		
	March 31, 2018	2017	March 31, 2017
	0.13%~2.64%	0.13%~4.35%	0.13%~3.50%

VII. Financial Instruments at Fair Value through Profit or Loss

	March 31, 2018	December 31, 2017	March 31, 2017
Financial assets - current			
Held for trading			
Non-derivative financial assets			
- Domestic and foreign listed stocks	\$ -	\$ 41,230	\$ 14,282
- Fund beneficiary certificates	_____ -	362,231	512,155
Subtotal	_____ -	403,461	526,437
Compulsorily measured at fair value through profit or loss			
Non-derivative financial assets			
- Fund beneficiary certificates	295,873	-	-
Hybrid financial assets			
- structured deposits	251,752	-	-
Subtotal	547,625	-	-
	<u>\$ 547,625</u>	<u>\$ 403,461</u>	<u>\$ 526,437</u>
Financial assets - non-current			
Compulsorily measured at fair value through profit or loss			
Non-derivative financial assets			
- Fund beneficiary certificates	\$ 96,833	\$ -	\$ -
Financial liabilities - current			
Held for trading			
Derivatives (not under hedge accounting)			
- Foreign exchange forward contracts			
(A)	\$ -	\$ 23,849	\$ -

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

December 31, 2017

	Currency	Maturity Date	Contract Amount (in NT\$1,000)
Delivery forward purchased	RMB/USD	January 2018	RMB21,078/USD3,000
Delivery forward purchased	RMB/USD	February 2018	RMB49,454/USD7,000

(II) Details of financial instruments pledged at fair value through profit or loss are provided in Note 31.

VIII. Financial Assets at Fair Value through Other Comprehensive Income - 2018

March 31, 2018

Current

Investments in equity instruments measured at fair value through other comprehensive income	<u>\$ 36,889</u>
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Non-current

Investments in equity instruments measured at fair value through other comprehensive income	\$262,914
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Investments in debt instruments measured at fair value through other comprehensive income	<u>138,674</u>
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	<u>\$401,588</u>
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(I) Investments in equity instruments measured at fair value through other comprehensive income

March 31, 2018

Current

Investments in domestic listed stocks	
---------------------------------------	--

Common stock of Chia Hsin Cement Corporation	\$ 15,025
--	-----------

Investments in foreign listed stocks	
--------------------------------------	--

Common stock of China Mobile Communications Corporation	\$ 21,864
---	-----------

Subtotal	<u>\$ 36,889</u>
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Non-current

Investments in domestic listed stocks	
---------------------------------------	--

Common stock of Chia Hsin Cement Corporation	\$ 79,837
--	-----------

Common stock of Taiwan Cement Corporation	<u>183,077</u>
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Subtotal	<u>\$262,914</u>
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The Group invested in domestic and foreign common stock for long-term strategic purposes. 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. These investments were previously classified as financial assets at fair value through profit or loss and available-for-sale financial assets under IAS 39. Refer to Notes 3 and 11 for information relating to their reclassification and comparative information in 2017.

Details of pledged investments in equity instruments at fair value through other comprehensive income are provided in Note 31.

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

1. Information on foreign bonds held by the Group is as follows: The foreign bonds were previously classified as available-for-sale financial assets under IAS 39. Refer to Notes 3 and 11 for information relating to their reclassification and comparative information in 2017.

Company Name	Fair Value	Coupon Rate	Effective Interest Rate	Period
POLY REAL ESTATE GROUP CO. LTD	\$ 54,689	5.25%	3.33%/3.63%	5
CHINA HUARONG ASSET MANAGEMENT CO. LTD	56,480	4.00%	3.32%/3.35%	4
GREENLAND HOLDINGS CORP LTD	27,505	4.38%	3.36%/3.38%	
			3.88%/3.89%	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 of Investments in Debt Instruments - 2018

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

	March 31, 2018
Total Carrying Amount	\$139,323
Allowance for loss	(544)
Amortized cost	138,779
Adjustment in fair value	(105)
	<u>\$138,674</u>

The policy which the Group implements is to invest only in debt instruments with credit ratings above (and including) the investment grade and with impairment low in credit risk. 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 considers the historical default loss rate provided by the independent rating agencies, the debtor's current financial status and the industry's forward-looking forecast to measure the 12-month expected credit loss or full-lifetime expected credit loss of the investments in debt instruments. 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	Total Carrying Amount as of March 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	0.11%	\$ 111,505
Abnormal	Credit risk has increased significantly since original recognition	Lifetime expected credit losses	1.48%	27,818

X. Investments in Debt Instruments with no Active Market

	<u>December 31, 2017</u>	<u>March 31, 2017</u>
Time deposits with original maturity date over six months	<u>\$275,547</u>	<u>\$637,983</u>

The rate intervals of investments in debt instruments with no active market on the balance sheet date are as follows:

	<u>December 31, 2017</u>	<u>March 31, 2017</u>
	1.95%~4.90%	1.07%~3.90%

XI. Available-for-sale Financial Assets -2017

	<u>December 31, 2017</u>	<u>March 31, 2017</u>
Domestic investment		
Listed stocks	\$274,064	\$251,017
Foreign investment		
Investments in bonds (A)	142,574	206,350
Funds	<u>14,746</u>	<u>34,136</u>
	<u>\$431,384</u>	<u>\$491,503</u>

(I) Information on foreign bonds held by the Group as of December 31, 2017 is as follows:

Company Name	Coupon Rate	Effective Interest Rate	Period
POLY REAL ESTATE GROUP CO. LTD	5.25%	3.33%/3.63%	5
CHINA HUARONG ASSET MANAGEMENT CO. LTD	4.00%	3.32%/3.35%	4
GREENLAND HOLDINGS CORP LTD	4.38%	3.88%/3.89%	5

(II) Details of pledged available-for-sale financial assets are provided in Note 31.

XII. Derivative Financial Assets for Hedging - 2017

	December 31, 2017	March 31, 2017
Cash flow hedges - Forward exchange contracts	\$ _____ -	\$ 1,194

The Group entered into forward exchange contracts to hedge against the identified exchange rate risk of disposal of non-current assets held for sale.

The terms of the forward exchange contracts are set in line with the terms of the hedged items. The outstanding forward exchange contracts as of the balance sheet date are as follows:

March 31, 2017

	Currency	Maturity Date	Contract Amount (in NT\$1,000)
			RMB41,223/USD6,000
Delivery forward purchased	RMB/USD	May 2017	RMB41,223/USD6,000

XIII. Notes and Accounts Receivable

	March 31, 2018	December 31,	
		2017	March 31, 2017
Notes receivable	\$ 241,676	\$ 205,622	\$ 313,668

Accounts receivable

Measured at amortized cost

Total carrying amount	\$ 2,750,953	\$ 2,500,861	\$ 1,997,658
Less: Allowance for loss	(86,255)	(81,113)	(74,864)
	<u>\$ 2,664,698</u>	<u>\$ 2,419,748</u>	<u>\$ 1,922,794</u>

Accounts receivable

January 1 to March 31, 2018

The credit policy of the Group is mainly based on the contract, and the notes 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 the Group's credit risk has been significantly reduced.

The Group applies lifetime expected credit losses to allowance for accounts receivable. The expected credit losses are estimated by reference to past default

experience with the respective debtor and an analysis of the debtor's current financial position and an assessment of forecasted GDP and industrial indicators.

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.

The aging analysis of the Group's accounts receivable is as follows:

	March 31, 2018
Not overdue	\$ 2,264,056
Less than 180 days	318,900
181~360 days	52,777
More than 361 days	<u>115,220</u>
Total	<u><u>\$ 2,750,953</u></u>

January 1 to March 31, 2017

The credit policy of the Group is mainly based on the contract, and the notes and accounts receivable are not interest-bearing. Allowance for bad debts is based on estimated irrecoverable amounts determined by reference to the aging analysis, past default experience with the respective counterparties and an analysis of their current financial positions.

For the accounts receivable balances that were past due on the balance sheet date, the Group did not recognize an allowance for bad debts, because there was no significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements for these balances.

The aging analysis of the accounts receivable are as follows:

	December 31, 2017	March 31, 2017
Not overdue	\$ 2,066,709	\$ 1,530,640
Less than 180 days	252,217	295,509
181~360 days	80,832	56,922
More than 361 days	<u>101,103</u>	<u>114,587</u>
Total	<u><u>\$ 2,500,861</u></u>	<u><u>\$ 1,997,658</u></u>

The aging analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2017	March 31, 2017
Less than 180 days	\$ 4,205	\$ 103,447
181~360 days	25,944	-
More than 361 days	-	-
Total	<u>\$ 30,149</u>	<u>\$ 103,447</u>

The above aging analysis was based on the number of days overdue.

Changes in the allowance for bad debts of notes and accounts receivable are as follows:

	January 1 to March 31, 2017
Opening balance	\$133,394
Reversal of bad debts	(29,128)
Exchange difference	(6,474)
Reclassification to financial assets held for sale (Note 14)	(9,442)
Balance by the end of the period	<u>\$ 88,350</u>

Accounts receivable consist of construction retainage receivable. Construction retainage receivable is not interest-bearing and will be recovered at the end of the retention period of the individual construction contract. As of December 31, 2017 and March 31, 2017, the recoverable amount after more than 12 months amounted to NT\$33,009 thousand and NT\$148,264 thousand, respectively. The aforesaid retention period, usually more than one year, is the normal business cycle of the Group.

XIV. Construction Contracts Receivable (Payable)

	<u>December 31, 2017</u>	<u>March 31, 2017</u>
Construction costs incurred plus recognized profit less recognized loss to date	\$ 14,364,168	\$ 12,352,975
Less: Progress billings	(13,591,462)	(12,123,274)
	<u>\$ 772,706</u>	<u>\$ 229,701</u>
Presentation of consolidated balance sheets		
Construction contracts receivable (payable)	\$ 984,415	\$ 629,769
Construction contracts payable	(211,709)	(400,068)
	<u>\$ 772,706</u>	<u>\$ 229,701</u>
Construction retainage receivable (Note 13)	\$ 257,121	\$ 155,627
Construction retainage payable	<u>\$ 555,448</u>	<u>\$ 477,143</u>

XV. Land Held for Construction

The Group acquired the land of New Taipei Industrial Park on the north side of Xinzhuang in July 2017 for the purpose of construction and sale of a commercial office building. The land is also pledged to the financial institution for loans. Please refer to Notes 21 and 31.

XVI. Prepayments

	March 31, 2018	December 31,	
		2017	March 31, 2017
Prepayments for purchases	\$ 722,280	\$ 589,736	\$ 177,867
Prepayments construction contracts	73,837	53,645	36,307
Prepaid insurance	10,356	10,064	4,300
Tax overpaid retained	8,150	19,080	1,549
Others	4,496	2,831	18,258
	<u>\$ 819,119</u>	<u>\$ 675,356</u>	<u>\$ 238,281</u>

XVII. Subsidiaries

(I) Subsidiaries included in the consolidated financial statements

The entities of the consolidated financial statements are as follows:

Investor	Name of Subsidiary	Business Activities	Percentage of Ownership			March 31, 2017 100%
			March 31, 2018 100%	December 31, 2017 100%	Detail	
The Company	Jin Gu Limited (Jin Gu)	Investment	100%	100%	100%	
	Yin Ying Holding Limited (Yin Ying)					
	Shun Long International Electrical Engineering Co., Ltd. (Shun Long)	Mechanical, electrical and plumbing engineering, undertaking and equipment/wholesale and retail	86.61%	86.61%	100%	
	Chien Kuo Development Co., Ltd. (Chien Kuo Development)	Building construction commission; public housing lease	100%	100%	100%	
	WeBIM Services Co., Ltd. (WeBIM Services)	Construction technology	76.5%	76.5%	76.5%	
	Anping Real Estate Co., Ltd. (Anping Real Estate)	Housing and building development and lease	100%	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%	100%	
	Jiangsu Shili Construction Co., Ltd. (Jiangsu Shili)	Engineering technology; procurement planning; installation consultation	100%	100%	100%	
	Chien Kuo Asia Co., Ltd. (Chien Kuo Asia)	Investment	100%	100%	100%	
	Jianya (Shanghai) Information Technology Co., Ltd. (Shanghai Information)	Computer software technology development and consultation	100%	100%	100%	
	Kunshan Jianshan Concrete Co., Ltd. (Kunshan Jianshan)	Production and sale of concrete and concrete products	-	-	100%	Note 18
	Yangzhou Chien Yung Concrete Co., Ltd. (Yangzhou Chien Yung)	Production and sale of concrete and concrete products	100%	100%	100%	
	Shun Long (Hong Kong) Limited (Hong Kong Shun Long)	International trade	100%	100%	100%	
	Suzhou Chien Hua Concrete Co., Ltd. (Suzhou Chien Hua)	Production and sale of concrete and concrete products	100%	100%	100%	
	Wuxi Chien Bang Concrete Co., Ltd. (Wuxi Chien Bang)	Production and sale of concrete and concrete products	100%	100%	100%	
	Nantong Chien Cheng Concrete Co., Ltd. (Nantong Chien Cheng)	Production and sale of concrete and concrete products	100%	100%	100%	
	Kunshan Jindi Concrete Co., Ltd. (Kunshan Jindi)	Production and sale of concrete and concrete products	-	100%	100%	
	Guangxi Hefa Mining Co., Ltd. (Guangxi Hefa)	Quarrying	-	-	100%	Note 18
	Changzhou Changlong Handling Co., Ltd. (Changzhou Changlong)	Cargo handling	100%	100%	100%	

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

XVIII. Non-current Assets Held for Sale and Held-for-sale Disposal Group

(I) On July 15, 2014, the Board of Directors resolved to sell the total equity of Guangxi Hefa. As of March 31, 2017, a partial payment of NT\$141,018 thousand (RMB32,078 thousand) was received in advance.

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

	Amount
Cash and cash equivalents	\$ 25,773
Notes and accounts receivable	39,076
Other receivables	10,110
Inventories	6,283
Prepayments	6,357
Other current assets	1,688
Property, plant and equipment	99,733
Other non-current assets	<u>13,466</u>
	<u>\$202,486</u>
Other payables	\$ 19,153
Current income tax liabilities	<u>8</u>
Liabilities directly associated with non-current assets held for sale	<u>\$ 19,161</u>
Equity directly relating to non-current assets held for sale	<u>\$ 7,072</u>

(II) On March 8, 2017, the Board of Directors resolved to sell the total equity of Kunshan Jianshan Concrete Co., Ltd. (Kunshan Jianshan) to Kunshan Shen Kun United Concrete Co., Ltd. (Kunshan Shen Kun). Both parties entered into the equity transfer contract on March 15, 2017. As of March 31, 2017, a partial payment of NT\$63,304 thousand (RMB14,400 thousand) was received in advance. The terms and conditions of the contract are as follows:

1. The date of asset transfer shall be set on April 1, 2017, and the date of equity transfer shall be tentatively set in October 2017;
2. The total price of equity transfer includes land, plant and equipment and the remaining realizable assets of Kunshan Jianshan. The total amount of transaction is to be determined by both parties;
3. The accounts receivable and debts generated by Kunshan Jianshan before the date of asset transfer will continue to be collected and paid by the Group until the date of equity transfer;

4. The period of cooperative operation is from the date of asset transfer to the date of equity transfer. The income and disputes arising from the original supply contracts in the name of Kunshan Jianshan during the cooperative operation shall be borne by Kunshan Shen Kun. Kunshan Shen Kun shall not cause loss or increase liabilities of Kunshan Jianshan;
5. In the event of force majeure that leads to the non-performance of the equity transfer contract after the date of asset transfer, Kunshan Shen Kun shall return all property, plant and equipment and pay the Group the royalty of RMB1,200 thousand per year.

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

	Amount
Cash and cash equivalents	\$ 2,148
Investments in bonds with no active market	153,863
Notes and accounts receivable, net	191,105
Other receivables	3,308
Inventories	5,959
Prepayments	3,488
Other current assets	37
Property, plant and equipment	49,444
Other non-current assets	<u>11,434</u>
Total non-current assets held for sale	<u>\$ 420,786</u>
Accounts payable	\$ 25,059
Other payables	25,191
Current income tax liabilities	739
Other current liabilities	<u>52,199</u>
Total liabilities directly associated with non-current assets held for sale	<u>\$ 103,188</u>
Equity directly relating to non-current assets held for sale	(\$ 27,740)

The above held-for-sale amount is expected to exceed the carrying amount of the relevant net assets. When the assets and liabilities are classified in the held-for-sale disposal group, there is no impairment loss that should be recognized.

The above transaction was completed on September 22, 2017 and August 23, 2017, respectively. For related information, please refer to Note 27 in the consolidated financial statements for the year ended December 31, 2017.

XIX. Property, Plant and Equipment

	March 31, 2018	December 31, 2017	March 31, 2017
Land	\$ 15,742	\$ 15,742	\$ 15,742
Buildings	78,769	81,263	81,039
Equipment	51,116	49,834	47,494
Transportation Equipment	8,862	10,182	10,559
Office Equipment	3,453	3,589	5,870
Leasehold Improvements	15,301	16,053	785
Miscellaneous Equipment	<u>57,449</u>	<u>55,488</u>	<u>55,718</u>
	<u>\$ 230,692</u>	<u>\$ 232,151</u>	<u>\$ 217,207</u>

Except for the recognition of depreciation expenses and reclassification to non-current assets held for sale, there was no material purchase, disposal or impairment of the Group's property, plant and equipment for the three-month periods ended March 31, 2018 and 2017.

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

Buildings		
Main plant structure		61 years
Roof construction		22 years
Dock construction		22 years
Others		22 years
Leasehold improvements		4~6 years
Equipment		4~12 years
Transportation Equipment		2~12 years
Office Equipment		1~10 year(s)
Miscellaneous Equipment		3~22 years

The amount of property, plant and equipment pledged as collateral and for acceptance is provided in Note 31.

XX. Investment Property

	March 31, 2018	December 31, 2017	March 31, 2017
Land	\$ 131,188	\$ 131,188	\$ 131,188
Buildings	35,525	35,806	36,648
Parking space	3,425	3,443	3,496
Construction in progress	<u>722</u>	<u>722</u>	-
	<u>\$ 170,860</u>	<u>\$ 171,159</u>	<u>\$ 171,332</u>
Fair value	<u>\$ 182,136</u>	<u>\$ 182,136</u>	<u>\$ 185,629</u>

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

The fair value of investment property is calculated by reference to the latest transaction price in the neighborhood.

The amount of investment property pledged as collateral is provided in Note 31.

XXI. Loans

(I) Short-term loans

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Unsecured loans</u>			
Line of credit loans	\$ _____ -	\$ 220,000	\$ 60,000
Annual interest rate	- 0.96%~1.13%	1.20%	1.20%

(II) Short-term notes and bills payable

March 31, 2018

Guarantee/ Accepting Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
<u>Commercial papers payable</u>					
Shanghai Commercial and Savings Bank	<u>\$ 150,000</u>	(\$ 197)	<u>\$ 149,803</u>	1.290%	None

December 31, 2017

Guarantee/ Accepting Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
<u>Commercial papers payable</u>					
Mega Bills	<u>\$ 80,000</u>	(\$ 52)	<u>\$ 79,948</u>	0.998%	None

(III) Long-term loans

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Secured loans (Note 31)</u>			
Syndicated loans (A)	\$ 900,000	\$ 1,050,000	\$ 1,200,000
Bank loans (B)	<u>350,000</u>	<u>350,000</u>	-
	1,250,000	1,400,000	1,200,000
Less: Current portion	(600,000)	(600,000)	(300,000)
Long-term loans	<u>\$ 650,000</u>	<u>\$ 800,000</u>	<u>\$ 900,000</u>
Annual interest rate	1.60%~2.38%	1.60%~2.38%	2.26%~2.38%

1. To repay the existing liabilities and increase the medium-term revolving funds, the Company entered into the syndicated loan contract with Bank of Taiwan and other banks in September 2014. The total amount of the syndicated loans was less than NT\$2.4 billion, with a term of 5 years from the

date of the first drawdown. The syndicated loans were secured by the land and buildings in Hsinchu and the shares of Taiwan Cement Corporation held by the Company. The first supplementary contract entered into on February 7, 2017 stipulates the following:

- (1) The syndicated loans shall be secured by the land and buildings in Hsinchu and the certificate of deposits amounting to US\$6,000 thousand instead;
- (2) The current ratio and the debt ratio stated in the annual and semiannual consolidated financial statements of the Company shall not be less than 120% and 150%, respectively;
- (3) The interest coverage ratio (depreciation expenses + amortization expenses + interest expenses) shall be 200% or more; and
- (4) The tangible net worth shall be NT\$3.5 billion or more.

For the above long-term loans, interest accrues on a monthly basis. Starting from December 30, 2017, NT\$150,000 thousand should be repaid every quarter, and the final maturity date should be September 2018.

2. To obtain land held for construction, the Company 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.

XXII. 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.

XXIII. Equity

(I) Capital stock

	March 31, 2018	December 31, 2017	March 31, 2017
Authorized shares (in 1,000 shares)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Authorized capital	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of issued and paid shares (in 1,000 shares)	<u>337,900</u>	<u>337,900</u>	<u>337,900</u>
Issued capital	<u>\$ 3,379,001</u>	<u>\$ 3,379,001</u>	<u>\$ 3,379,001</u>

A holder of issued common stocks with par value of NT\$10/share is entitled to voting and receiving dividends.

(II) Capital surplus

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Used to offset deficits, appropriated as cash dividends or transferred to capital stock (A)</u>			
Stock issuance premium	\$ 199,561	\$ 199,561	\$ 199,561
Treasury stock trading	623	623	623
<u>Used to offset deficits</u>			
Changes in equity of subsidiaries	\$ -	\$ -	\$ 338
Adjustment in capital surplus of subsidiaries using equity method	73	73	-
<u>Not be used for any purposes</u>			
Employee stock options	205	205	-
	<u>\$ 200,462</u>	<u>\$ 200,462</u>	<u>\$ 200,522</u>

(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 dividend policy under the Articles of Incorporation, if the Company makes a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal capital reserve 10% of the remaining profit, setting aside or reversing special capital reserve in accordance with the laws and regulations, and then any remaining profit together with any unappropriated retained earnings shall be used by the Board of Directors as the basis for proposing a plan for the appropriation of dividends and bonuses to shareholders, which should be resolved in the shareholders' meeting. For the policies on the appropriation of employees' remuneration and directors and supervisors' remuneration under the Company's Articles of Incorporation, please refer to Note 25(6).

Items referred to under Rule No. 1010012865 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a

special capital reserve by the Company. If other shareholders' equity deductions are reversed afterward, the reversal should be applicable to the appropriation of earnings.

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 legal capital reserve should be 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 2017 and 2016 are as follows:

	Proposal of Earnings Appropriation		Dividends per Share (NT\$)	
	2017	2016	2017	2016
Appropriated as legal capital reserve	\$ 17,118	\$ 4,208		
Appropriated as special capital reserve	28,091	-		
Cash dividends	167,150	167,150	\$ 0.50	\$ 0.50

The appropriation of earnings for 2017 is subject to the resolution of the shareholders' meeting to be held on June 29, 2018.

(IV) Treasury stock

The Company holds 3,600 thousand shares of treasury stock, which were redeemed for the purpose of transferring to employees. As of March 31, 2018, the number of treasury stock held by the Company remained the same.

Treasury stock held by the Company shall not be pledged or assigned rights, such as appropriation of dividends and voting rights, in accordance with the Securities and Exchange Act.

XXIV. Revenue

(I) Revenue from contracts with customers

	January 1 to March 31, 2018	January 1 to March 31, 2017
Revenue from construction	\$ 968,919	\$ 821,663
Revenue from the sale of goods	508,642	229,533
Revenue from other activities	2,362	2,131
	<u>\$ 1,479,923</u>	<u>\$ 1,053,327</u>

1. Revenue from construction

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

Concrete is sold to builders at a fixed price under on the contract.

(II) Contract balance

	March 31, 2018	
	Construction Segment	Concrete Segment
Accounts receivable (Note 13)	<u>\$ 832,369</u>	<u>\$ 1,832,329</u>
Contract assets		
Real estate construction	<u>\$ 827,946</u>	<u>\$ _____</u>
Contract liabilities		
Real estate construction	<u>\$ 252,595</u>	<u>\$ _____</u>

XXV. Net Income

(I) Other revenue

	January 1 to March 31, 2018	January 1 to March 31, 2017
Interest revenue	\$ 10,951	\$ 18,315
Others	3,368	2,588
	<u>\$ 14,319</u>	<u>\$ 20,903</u>

(II) Other gains and losses

	January 1 to March 31, 2018	January 1 to March 31, 2017
Gain on financial instruments at fair value through profit or loss	\$ 5,907	\$ 3,095
Loss on foreign currency exchange, net	(6,702)	(37,807)
Loss on disposal of property, plant and equipment, net	(47)	(320)
Others	(1,100)	(2,082)
	<u><u>\$ 1,942</u></u>	<u><u>\$ 37,114</u></u>

(III) Finance costs

	January 1 to March 31, 2018	January 1 to March 31, 2017
Interest expenses		
Bank loans	<u><u>\$ 7,751</u></u>	<u><u>\$ 7,139</u></u>

(IV) Depreciation and amortization expenses

	January 1 to March 31, 2018	January 1 to March 31, 2017
Property, plant and equipment	\$ 6,617	\$ 8,807
Investment property	299	289
Intangible assets	<u><u>998</u></u>	<u><u>1,788</u></u>
Total	<u><u>\$ 7,914</u></u>	<u><u>\$ 10,884</u></u>

Depreciation expenses summarized by functions		
Operating costs	\$ 4,804	\$ 7,530
Operating expenses	1,823	1,277
Other gains and losses	<u><u>289</u></u>	<u><u>289</u></u>
	<u><u>\$ 6,916</u></u>	<u><u>\$ 9,096</u></u>

Amortization expenses summarized by functions		
Operating costs	\$ 251	\$ 298
Operating expenses	<u><u>747</u></u>	<u><u>1,490</u></u>
	<u><u>\$ 998</u></u>	<u><u>\$ 1,788</u></u>

(V) Employee benefits

	January 1 to March 31, 2018	January 1 to March 31, 2017
Short-term employee benefits	\$ 120,213	\$ 112,217
Post-employment benefits		
Defined contribution plans	6,361	6,102
Defined benefit plans	139	121
Termination benefits	527	-
	<u>\$ 127,240</u>	<u>\$ 118,440</u>
Summarized by functions		
Operating costs	\$ 69,312	\$ 58,428
Operating expenses	57,928	60,012
	<u>\$ 127,240</u>	<u>\$ 118,440</u>

(VI) Employees' remuneration and directors and supervisors' remuneration

According to the Articles of Incorporation, the Company sets aside employees' remuneration and directors and supervisors' remuneration at the rates between 0.1%~3% and no higher than 3% of profit before tax, respectively. For January 1 to March 31, 2018, employees' remuneration and directors and supervisors' remuneration are as follows:

	January 1, 2018 to March 31, 2018		January 1, 2017 to March 31, 2017	
	Amount	Percentage	Amount	Percentage
		(%)		(%)
Employees' Remuneration	\$ 2,734	3%	\$ 159	1.3%
Directors and Supervisors' Remuneration	\$ 2,734	3%	\$ 159	1.3%

The appropriation of employees' remuneration and directors and supervisors' remuneration resolved by the Board of Directors is as follows:

	2017		2016	
	Cash	Percentage	Cash	Percentage
		(%)		(%)
Employees' Remuneration	\$ 6,417	3%	\$ 981	2%
Directors and Supervisors' Remuneration	6,417	3%	1,470	3%
	<u>\$ 12,834</u>		<u>\$ 2,451</u>	

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

Information on the employees' remuneration and directors and supervisors' remuneration resolved by the Board of Directors in 2018 is available on the Market Observation Post System of TWSE.

XXVI. Income Tax

(I) Income tax recognized in profit or loss

Major components of income tax expenses are as follows:

	January 1, 2018 to March 31, 2018	January 1, 2017 to March 31, 2017
Current income tax		
Income tax expenses recognized in the period	\$ 23,581	\$ 302
Deferred income tax		
Income tax expenses recognized in the period	17,482	2,123
Changes in tax rates	<u>27,356</u>	<u>-</u>
Income tax expenses recognized in profit or loss	<u>\$ 68,419</u>	<u>\$ 2,425</u>

The Income Tax Act of the Republic of China was amended in 2018 and the profit-seeking enterprise income tax rate was adjusted from 17% to 20% effective from 2018. The effect of the change in the tax rate on deferred income tax expenses to be recognized in profit or loss has been recognized in full in the period in which the change in the tax rate occurs. In addition, the tax rate applicable to 2018 unappropriated earnings will be reduced from 10% to 5%.

(II) Income tax recognized in other comprehensive income

	January 1, 2018 to March 31, 2018	January 1, 2017 to March 31, 2017
<u>Deferred income tax</u>		
Changes in tax rates	\$ 5,262	\$ -
Income tax expenses recognized in the period		
— Exchange differences arising from translation of foreign operations	<u>1,396</u>	<u>(45,423)</u>
	<u>\$ 6,658</u>	<u>(\$ 45,423)</u>

(III) Income tax assessments

The tax authorities have assessed the profit-seeking enterprise income tax returns of the Company and domestic subsidiaries through 2016.

Company Name	Year
The Company	2016
Chien Kuo Development Co., Ltd.	2016
Shun Long International Electrical Engineering Co., Ltd.	2016
WeBIM Services Co., Ltd.	2016
Anping Real Estate Co., Ltd.	2016

XXVII. Earnings per Share

	Unit: NT\$1/share	
	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Basic earnings per share	<u>\$ 0.12</u>	<u>\$ 0.03</u>
Diluted earnings per share	<u>\$ 0.12</u>	<u>\$ 0.03</u>

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

Net income

	January 1, 2018 to March 31, 2018	January 1, 2017 to March 31, 2017
Net income attributable to shareholders of the parent	<u>\$ 41,222</u>	<u>\$ 9,649</u>

Number of shares Unit: 1,000 shares

	January 1, 2018 to March 31, 2018	January 1, 2017 to March 31, 2017
Weighted average number of common stocks used for the calculation of basic earnings per share	334,300	334,300
Effect of dilutive potential common stocks:		
Employees' remuneration	<u>809</u>	<u>121</u>
Weighted average number of common stocks used for the calculation of diluted earnings per share	<u>335,109</u>	<u>334,421</u>

Since the Group is allowed to settle employees' remuneration by cash or stock, whenever applicable, the Group assumes that the entire amount of employees' remuneration will be settled by stock. As the effect of the resulting potential common stocks is dilutive, these stocks are included in the weighted average number of common stocks outstanding used for the calculation of 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.

XXVIII. Capital Risk Management

The objective of the Group's capital management is to ensure that the Group can continue as a going concern, that an optimal capital structure is maintained to lower the cost of capital, and that returns are provided to 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.

XXIX. 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

March 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Foreign funds	\$ 310,943	\$ -	\$ 81,763	\$ 392,706
Structured deposits	-	251,752	-	251,752

Financial assets at fair value through other comprehensive income				
Domestic listed stocks	299,803	-	-	299,803
Investments in foreign bonds	-	138,674	-	138,674
Total	<u>\$ 610,746</u>	<u>\$ 390,426</u>	<u>\$ 81,763</u>	<u>\$ 1,082,935</u>

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic and foreign listed stocks	\$ 41,230	\$ -	\$ -	\$ 41,230
Foreign funds	362,231	-	-	362,231
Available-for-sale financial assets				
Domestic listed stocks	274,064	-	-	274,064
Investments in foreign bonds	-	142,574	-	142,574
Foreign funds	<u>14,746</u>	<u>-</u>	<u>-</u>	<u>14,746</u>
Total	<u>\$ 692,271</u>	<u>\$ 142,574</u>	<u>\$ -</u>	<u>\$ 834,845</u>

Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 23,849	\$ -	\$ 23,849

March 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic and foreign listed stocks	\$ 14,282	\$ -	\$ -	\$ 14,282
Foreign funds	512,155	-	-	512,155
Available-for-sale financial assets				
Domestic listed stocks	251,017	-	-	251,017
Investments in foreign bonds	-	206,350	-	206,350
Foreign funds	34,136	-	-	34,136
Derivative financial assets for hedging				
Forward exchange contracts	-	1,194	-	1,194
Total	<u>\$ 811,590</u>	<u>\$ 207,544</u>	<u>\$ -</u>	<u>\$ 1,019,134</u>

There was no transfer of fair values between Level 1 and Level 2 for the three-month periods ended March 31, 2018 and 2017.

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

The fair values of funds with no active market are measured using the asset approach.

The asset approach evaluates the fair value based on the net worth of assets provided by a fund company. The unobservable inputs used by the Group as of March 31, 2018 were discounted by 10% for liquidity and minority interests.

(III) Category of financial instruments

	<u>March 31, 2018</u>	<u>December 31, 2017</u>	<u>March 31, 2017</u>
<u>Financial assets</u>			
Measured at fair value through profit or loss			
Held for trading	\$ -	\$ 403,461	\$ 526,437
Compulsorily measured at fair value through profit or loss	644,458	-	-
Financial assets for hedging	-	-	1,194
Loans and receivables (Note 1)	-	6,183,820	5,473,167
Available-for-sale financial assets (Note 2)	-	502,208	533,965
Financial assets at amortized cost (Note 3)	5,439,135	-	-
Financial assets at fair value through other comprehensive income			
Investments in equity instruments	299,803	-	-
Investments in debt instruments	138,674	-	-
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss	-	23,849	-
Financial liabilities at amortized cost (Note 4)	3,886,801	4,154,591	2,717,040

Note 1. The balance includes cash and cash equivalents, investments in debt instruments with no active market, notes and accounts receivable and other receivables, pledged certificate of deposit and reserve accounts and other loans and receivables at amortized cost.

Note 2. The balance includes available-for-sale financial assets and financial assets carried at cost.

Note 3. The balance includes financial assets at amortized cost, which comprise cash and cash equivalents, investments in debt instruments, notes and accounts receivable and other receivables.

Note 4. The balance includes financial liabilities at amortized cost, which comprise short-term notes and bills payable, notes payable, accounts payable, other payables and short-term loans and long-term loans.

(IV) Financial risk management objectives and policies

The daily operations of the 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.

The risk management is carried out by the finance department of the Group based on the policies approved by the Board of Directors. 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 risk

The carrying amounts of monetary assets and monetary liabilities denominated in foreign currencies on the balance sheet date are provided in Note 33.

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 period to a 1% change in the exchange rate. The number below indicates an increase/decrease in profit before tax where the functional currency weakens 1% against the relevant currency.

	Effect on Profit or Loss	
	January 1 to March 31, 2018	January 1 to March 31, 2017
USD	\$ 1,412	\$ 6,069

(2) Interest rate risk

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

	<u>March 31, 2018</u>	<u>December 31, 2017</u>	<u>March 31, 2017</u>
Fair value interest rate risk			
– Financial assets	\$ 1,811,621	\$ 2,063,620	\$ 2,036,823
– Financial liabilities	900,000	1,349,948	1,260,000
Cash flow interest rate risk			
– Financial assets	696,598	727,440	686,724
– Financial liabilities	499,803	350,000	-

Sensitivity analysis

The sensitivity analysis below is based on the Group's exposure to interest rates for both derivative and non-derivative instruments on the 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 the interest rate is 100 basis points higher/lower and all other variables are held constant, the Group's profit before tax should

increase/decrease by NT\$492 thousand and by NT\$1,717 thousand for the three-month periods ended March 31, 2018 and 2017, respectively.

(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 is based on the exposure to the equity price risk on the balance sheet date.

If the equity price is 10% higher/lower, profit or loss before tax for the three-month period ended March 31, 2018 should increase/decrease by NT\$39,271 thousand as a result of the increase/decrease in the fair value of financial assets at fair value through profit or loss, and other comprehensive income before tax for the three-month period ended March 31, 2018 should increase/decrease by NT\$29,980 thousand as a result of the increase/decrease in the fair value of financial assets at fair value through other comprehensive income.

If the equity price is 10% higher/lower, profit or loss before tax for the three-month period ended March 31, 2017 should increase/decrease by NT\$52,644 thousand as a result of the gain or loss on equity instruments at fair value through profit or loss, and the effect on shareholders' equity should increase/decrease by NT\$28,515 thousand as a result of the gain or loss on available-for-sale equity instruments.

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 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.

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.

March 31, 2018

	Less than 1 Year	1~2 Year(s)	2~5 Years
Non-interest bearing liabilities	\$ 2,412,500	\$ 63,449	\$ 11,049
Fixed interest rate instruments	600,000	300,000	-
Floating interest rate instruments	<u>149,803</u>	<u>-</u>	<u>350,000</u>
	<u>\$ 3,162,303</u>	<u>\$ 363,449</u>	<u>\$ 361,049</u>

December 31, 2017

	Less than 1 Year	1~2 Year(s)	2~5 Years
Non-interest bearing liabilities	\$ 2,392,254	\$ 47,820	\$ 14,569
Fixed interest rate instruments	899,948	450,000	-
Floating interest rate instruments	<u>-</u>	<u>-</u>	<u>350,000</u>
	<u>\$ 3,292,202</u>	<u>\$ 497,820</u>	<u>\$ 364,569</u>

March 31, 2017

	Less than 1 Year	1~2 Year(s)	2~5 Years
Non-interest bearing liabilities	\$ 1,411,935	\$ 29,902	\$ 15,203
Fixed interest rate instruments	<u>360,000</u>	<u>600,000</u>	<u>300,000</u>
	<u>\$ 1,771,935</u>	<u>\$ 629,902</u>	<u>\$ 315,203</u>

The amounts of floating interest rate instruments under non-derivative financial assets and liabilities may change if the floating interest rate varies from the interest rate estimated on the balance sheet date.

(3) Financing facilities

	March 31, 2018	December 31, 2017	March 31, 2017
Unsecured bank loan facilities			
– Amount used	\$ 150,000	\$ 300,000	\$ 60,000
– Amount unused	<u>1,354,660</u>	<u>787,560</u>	<u>1,233,300</u>
	<u><u>\$ 1,504,660</u></u>	<u><u>\$ 1,087,560</u></u>	<u><u>\$ 1,293,300</u></u>
Secured bank loan facilities			
– Amount used	\$ 1,250,000	\$ 1,400,000	\$ 1,200,000
– Amount unused	<u>219,495</u>	<u>219,495</u>	<u>218,714</u>
	<u><u>\$ 1,469,495</u></u>	<u><u>\$ 1,619,495</u></u>	<u><u>\$ 1,418,714</u></u>

XXX. Related Party Transactions

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and thus are not disclosed in this note. In addition to those disclosed in other notes, 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
Jianhui Investment Co., Ltd. (Jianhui Investment)	Related party in substance
Yang, Tzu-Chiang	Director of the Company
Yang, Pang-Yen	Director of the Company

(II) Other related party transactions

Rent expenses

The Group rents the office from Jianhui Investment based on the local standards. The rent is paid on a monthly basis.

Category/Name of Related Party	January 1 to March 31, 2018	January 1 to March 31, 2017
Jianhui Investment	\$ 1,437	\$ 1,437

Acquisition of financial assets

In January 2018, the Group invested NT\$17,466 thousand (US\$600 thousand) in CSVI VENTURES, L.P. based on the decision made by the directors of the Company.

(III) Remuneration to key management

	January 1 to March 31, 2018	January 1 to March 31, 2017
Short-term employee benefits	\$ 21,422	\$ 20,592
Post-employment benefits	297	311
	<u>\$ 21,719</u>	<u>\$ 20,903</u>

XXXI. Pledged Assets

The following assets have been pledged as collateral for bank loans or lawsuits and as margins for the performance of construction contracts and acceptance:

	March 31, 2018	December 31, 2017	March 31, 2017
Land held for construction	\$ 463,577	\$ 463,577	\$ -
Financial assets at fair value through profit or loss - current	251,752	-	-
Pledged certificate of deposit and reserve accounts - current (recognized in other current assets)	157,985	357,045	49,538
Pledged certificate of deposit and reserve accounts - non-current	265,577	379,592	435,579
Investment property	32,552	32,695	33,126
Financial assets at fair value through other comprehensive income - non-current	23,300	-	-
Property, plant and equipment	20,586	20,816	21,645
Long-term prepaid rent	5,004	4,958	4,888
Available-for-sale financial assets	-	26,700	22,100
	<u>\$ 1,220,333</u>	<u>\$ 1,285,383</u>	<u>\$ 566,876</u>

XXXII. 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:

(I) Kun Yi Construction Co., Ltd. (Kun Yi) entered into the earthwork and base preparation contract (Earthwork Contract) and the retaining wall construction contract (Retaining Wall Contract) with the Company in 2010. Kun Yi claimed that the Company deducted the test fees and structure analysis fees in violation of

the contracts, and requested the recovery of the price differences totaling NT\$7.8 million. The case is currently being tried by the Taiwan Taipei District Court.

- (II) On September 4, 2014, Shing Tzung Development Co., Ltd. (Shing Tzung) and its person in charge, Lu, Kuo-Feng 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. As the Company actively participated in repairs, 25 owners of the damaged buildings transferred some of their claims to the Company. The Company and the said owners have been granted by the court the approval of provisional attachment to Shing Tzung and its person in charge. The Company has requested Shing Tzung and its person in charge to pay NT\$25 million, jointly and severally, with interest accruing at 5% per annum from the date following the service of the indictment copy to the date of settlement. The case is currently being tried by the Taiwan Kaohsiung District Court.
- (III) The Company contracted a steel structure construction project to EGANG Co., Ltd. (EGANG) and a molding construction project to Yi-Xin Construction Co., Ltd. (Yi-Xin). As the steel structure collapsed on July 4, 2011, causing damage to the molding construction and materials, Yi-Xin sought compensation from the Company and EGANG for a total of NT\$16.12 million. The case is currently being tried by the Taiwan Taipei District Court.
- (IV) As of March 31, 2018, the performance guarantee letters issued by the bank for construction projects amounted to NT\$1,461,979 thousand.
- (V) As of March 31, 2018, the guaranteed bills issued by the Company for business needs amounted to NT\$578,763 thousand.

XXXIII. Significant Financial Assets and Liabilities Denominated in Foreign Currencies

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

Unit: Foreign currency/NT\$1,000

March 31, 2018

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 4,850	29.11 (USD:TWD)	\$ 141,184
CNY	500	0.1590 (CNY:USD)	<u>2,315</u>
			<u>\$ 143,499</u>

December 31, 2017

	Foreign currency	Exchange rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 20,092	29.76 (USD:TWD)	\$ 597,938
CNY	1,999	0.1530 (CNY:USD)	<u>9,104</u>
			<u>\$ 607,042</u>

March 31, 2017

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 20,011	30.33 (USD:TWD)	\$ 606,934
CNY	520	0.1449 (CNY:USD)	<u>2,286</u>
			<u>\$ 609,220</u>

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

	January 1, 2018 to March 31, 2018		January 1, 2017 to March 31, 2017	
	Exchange Rate	Gain (Loss) on Foreign Currency	Exchange Rate	Gain (Loss) on Foreign Currency
		Exchange, Net		Exchange, Net
<u>Financial assets</u>				
CNY	0.1590 (CNY:USD)	\$ 6,230	0.1449 (CNY:USD)	(\$ 1,741)
USD	29.11 (USD:TWD)	(4,728)	30.33 (USD:TWD)	(30,913)
		<u>\$ 1,502</u>		<u>(\$ 32,654)</u>

XXXIV. Supplementary Disclosures

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

1. Financing provided: Please refer to Appendix 1.
2. Endorsements/guarantees provided: Please refer to Appendix 2.
3. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please refer to Appendix 3.
4. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate at costs of at least 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: None.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please refer to Appendix 4.
9. Derivatives trading: Please refer to Notes 7 and 12.
10. Others: Inter-company relationships and significant inter-company transactions: Please refer to Appendix 5.
11. Information on invested companies: Please refer to Appendix 6.

(III) Information on investments in mainland China:

1. Information on invested companies in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, gain or loss on investments, carrying amount of investment at the end of the period, gain on repatriated investment and ceiling of investments in mainland China: Please refer to Appendix 7.
2. Any of the following significant transactions with invested companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms and unrealized gain or loss: None.
 - (1) Purchase amount and percentage, and the ending balance and percentage of 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 endorsement/guarantee 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.

XXXV. Segment Information

Information provided for the chief business decision maker to allocate resources and evaluate the performance of segments focuses on the category of products 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.

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

Segment revenue and results

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

	Segment Revenue		Segment Profit or Loss	
	January 1, 2018 to March 31, 2018	January 1, 2017 to March 31, 2017	January 1, 2018 to March 31, 2018	January 1, 2017 to March 31, 2017
	\$ 971,281	\$ 823,794	\$ 42,439	\$ 59,260
Construction Segment	<u>\$ 971,281</u>	<u>\$ 823,794</u>	<u>\$ 42,439</u>	<u>\$ 59,260</u>
Concrete Segment	<u>508,642</u>	<u>229,533</u>	<u>83,069</u>	<u>(6,999)</u>
Total revenue from continuing operations	<u>\$ 1,479,923</u>	<u>\$ 1,053,327</u>	125,508	52,261
Other revenues			14,319	20,903
Other gains and losses			(1,942)	(37,114)
Headquarters management costs and directors' remuneration			(20,268)	(17,243)
Finance costs			(7,751)	(7,139)
Income before tax			<u>\$ 109,866</u>	<u>\$ 11,668</u>

Segment profit or loss represents profit or loss created by each segment without the allocation of headquarters management costs and directors' remuneration, share of joint venture profit or loss using equity method, other revenues, other gains and losses, finance costs and income tax expenses. Such measurement is provided for the chief business decision maker to allocate resources and evaluate the performance of segments.

Chien Kuo Construction Co., Ltd. and Subsidiaries

Financing Provided

January 1 to March 31, 2018

Appendix 1

Unit: NT\$1,000

No.	Financing Company	Counterparty	Financial Statement Account	Related Party (Y/N)	Maximum Balance	Ending Balance	Amount Actually Provided	Interest Rate	Nature of Financing (Note 1)	Amount of Transaction	Reason for Financing	Allowance for Bad Debts	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Ceiling	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 \$ 979,043	40% of the parent's net worth \$ 1,958,087	

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

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

Chien Kuo Construction Co., Ltd. and Subsidiaries

Endorsements/Guarantees Provided

January 1 to March 31, 2018

Appendix 2

Unit: NT\$1,000

No.	Endorsement/Guarantee Provider Name	Guaranteed Party		Limit on Endorsements/Guarantees Provided for Each Guaranteed Party (Notes 1, 2 and 4)	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Amount Actually Provided (Note 1)	Amount of Endorsements/Guarantees Secured by Property	Ratio of Accumulated Endorsements/Guarantees to Net Equity in the Latest Financial Statements	Maximum Endorsement/Guarantee Amount Allowable (Notes 1, 3 and 4)	Endorsements/Guarantees Provided by Parent	Endorsements/Guarantees Provided by Subsidiary	Endorsements/Guarantees Provided for Subsidiary in Mainland China	Note
		Name	Relationship											
0	Chien Kuo Construction Co., Ltd.	Chien Kuo Asia Co., Ltd.	Sub-subsidiary	\$ 2,447,609	\$ 178,560	\$ 174,660	\$ -	\$ -	3.57%	\$ 4,895,217	Y	N	N	Financing endorsement/guarantee
		Suzhou Chien Hua Concrete Co., Ltd.	Sub-subsidiary	2,447,609	97,217	97,217	97,217	-	1.99%	4,895,217	Y	N	Y	Financing endorsement/guarantee
		Wuxi Chien Bang Concrete Co., Ltd.	Sub-subsidiary	2,477,609	97,217	97,217	74,070	-	1.99%	4,895,217	Y	N	Y	Financing endorsement/guarantee
		Shun Long International Electrical Engineering Co., Ltd.	Subsidiary	2,447,609	50,000	50,000	-	-	1.02%	4,895,217	Y	N	N	Financing endorsement/guarantee

Disclosure:

Note 1: For endorsements/guarantees denominated in foreign currencies, they were presented in NTD at the exchange rate of 1:29.11 (USD:TWD) on March 31, 2018.

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

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

Note 3: The maximum endorsement/guarantee amount allowable is calculated as follows:

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

Chien Kuo Construction Co., Ltd. and Subsidiaries

Marketable Securities Held

March 31, 2018

Appendix 3

Unit: NT\$1,000

Holding Company	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2018				Note
				Number of Shares (in Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Chien Kuo Construction Co., Ltd.	<u>Shares</u>	—	Financial assets at fair value through other comprehensive income - non-current	5,009	\$ 183,077	0.13	\$ 183,077	—
	Taiwan Cement Corporation		Financial assets at fair value through other comprehensive income - non-current	6,853	79,837	0.88	79,837	Note 1
	Chia Hsin Cement Corporation		Financial assets at fair value through other comprehensive income - non-current	1,114	12,984	0.14	12,984	—
Jin Gu Limited	<u>Funds</u>	—	Financial assets at fair value through other comprehensive income - current	10	30,672	-	30,672	—
	YUANTA DIAMOND FUNDS SPC - YUANTA PRIVATE EQUITY FUND SP		Financial assets at fair value through profit or loss - non-current	-	26,253	5.00	26,253	—
	PVG GCN VENTURES, L.P.		Financial assets at fair value through profit or loss - non-current	-	24,838	5.13	24,838	—
	CSV VENTURES, L.P.	Note 3	Financial assets at fair value through profit or loss - non-current	175	2,041	0.02	2,041	—
	<u>Shares</u>	—	Financial assets at fair value through other comprehensive income - current	1,850	54,689	-	54,689	—
	Chia Hsin Cement Corporation		Financial assets at fair value through other comprehensive income - non-current	1,930	56,480	-	56,480	—
	<u>Bonds</u>		Financial assets at fair value through other comprehensive income - non-current	950	27,505	-	27,505	—
	POLY REAL ESTATE GROUP CO. LTD	—	Financial assets at fair value through other comprehensive income - non-current					—
	CHINA HUARONG ASSET MANAGEMENT CO. LTD	—	Financial assets at fair value through other comprehensive income - non-current					—
	GREENLAND HOLDINGS CORP LTD	—	Financial assets at fair value through other comprehensive income - non-current					—

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Holding Company	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2018				Note
				Number of Shares (in Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Wuxi Chien Bang Concrete Co., Ltd.	<u>Funds</u>	—	Financial assets at fair value through profit or loss - non-current	3,086	\$ 15,070	-	\$ 15,070	—
	Jinniu China New Dynamic Fund		Financial assets at fair value through other comprehensive income - current	82	21,864	-	21,864	—
	<u>Shares</u>		Financial assets at fair value through profit or loss - current	-	94,210	-	94,210	Note 4
	Common stock of China Mobile Communications Corporation		Financial assets at fair value through profit or loss - current	-	61,603	-	61,603	Note 4
Suzhou Chien Hua Concrete Co., Ltd.	<u>Structured deposits</u>	—	Financial assets at fair value through profit or loss - current	23,598	109,245	-	109,245	—
	Bank of East Asia Limited		Financial assets at fair value through profit or loss - current	-	38,876	-	38,876	Note 4
	Fubon Bank (China)		Financial assets at fair value through profit or loss - current	-	57,063	-	57,063	Note 4
	<u>Funds</u>		Financial assets at fair value through profit or loss - current	40,314	186,628	-	186,628	—
Yangzhou Chien Yung Concrete Co., Ltd.	China International Fund Management Co., Ltd. Money Market Fund	—	Financial assets at fair value through profit or loss - current	—	—	—	—	—
	<u>Structured deposits</u>		Financial assets at fair value through profit or loss - current	—	—	—	—	—
	Fubon Bank (China)	—	Financial assets at fair value through profit or loss - current	—	—	—	—	—
	Bank of Ningbo Co., Ltd.	—	Financial assets at fair value through profit or loss - current	—	—	—	—	—

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

Note 2: Please refer to Appendixes 6 and 7 for information on investments in subsidiaries.

Note 3: The chief decision makers of the fund are the directors of the Company.

Note 4: The structured deposits are pledged to the banks for acceptance.

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:

March 31, 2018

Appendix 4

Unit: NT\$1,000, unless otherwise specified

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue Receivables from Related Parties		Amount Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Construction Co., Ltd.	Parent	\$ 143,536	1.34	\$ -	—	\$ 16,646	\$ -
Chien Kuo Construction Co., Ltd.	Jin Gu Limited	Subsidiary	153,119	(Note 2)	-	—	153,119	-

Note 1: Amount received as of April 30, 2018.

Note 2: Capital reduction receivable.

Chien Kuo Construction Co., Ltd. and Subsidiaries
 Inter-company Relationships and Significant Inter-company Transactions
 For the Three Months Ended March 31, 2018

Appendix 5 Unit: NT\$1,000

No.	Company Name	Counterparty	Nature of Relationship (Note 1)	Inter-company Transactions			Percentage of Consolidated Total Revenue or Total Assets
				Financial Statements Item	Amount	Terms	
0	Chien Kuo Construction Co., Ltd.	WeBIM Services Co., Ltd.	(1)	Miscellaneous revenue	\$ 545	Note 2	0.04%
			(1)	Construction costs	1,217	Note 3	0.08%
			(1)	Construction costs	53,101	Note 4	3.59%
			(1)	Construction contracts receivable	472,750	Note 4	4.82%
		Shun Long International Electrical Engineering Co., Ltd.	(1)	Prepayments	53,623	Note 4	0.55%
			(1)	Accounts payable	156,302	Note 4	1.59%
			(1)	Other receivables	153,119	Note 4	1.56%
			(3)	Other receivables	7,200	Note 5	0.07%
1	Chien Kuo Development Co., Ltd.	Jin Gu Limited					
		Anping Real Estate Co., Ltd.					

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: Revenue from technical service provided by Chien Kuo Construction Co., Ltd. for the subsidiary.

Note 3: Since there is no similar product transaction with other counterparties, no comparative information is available.

Note 4: General conditions applied.

Note 5: Superficies transferred by Chien Kuo Development Co., Ltd. to Anping Real Estate Co., Ltd.

Chien Kuo Construction Co., Ltd. and Subsidiaries

Information on Invested Companies

For the Three Months Ended March 31, 2018

Appendix 6

Unit: NT\$1,000

Investor	Invested Company	Location	Principal Business Activities	Initial Investment Amount		Balance as of 31, 2018			Profit or Loss of Invested Company	Investment Profit or Loss	Note
				March 31, 2018	December 31, 2017	Number of Shares (in Thousands)	Percentage of Ownership (%)	Carrying Amount			
Chien Kuo Construction Co., Ltd.	Jin Gu Limited	British Virgin Islands	Investment	\$ 491,804	\$ 656,126	15,740	100	\$ 2,627,608	\$ 40,035	\$ 40,035	Subsidiary
	Yin Ying Holding Limited	British Virgin Islands	Investment	1,065,645	1,065,645	32,701	100	2,101,897	42,055	42,055	Subsidiary
	Chien Kuo Development Co., Ltd.	Taiwan	Building construction commission; public housing lease	144,065	144,065	11,100	100	98,542	124	126	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	50,816	2,648	2,294	Subsidiary
	WeBIM Services Co., Ltd.	Taiwan	Construction technology	15,166	15,166	1,530	76.5	8,867	(550)	(421)	Subsidiary
Yin Ying Holding Limited	Anping Real Estate Co., Ltd.	Taiwan	Housing and building development and lease	140,000	140,000	14,000	100	136,465	(693)	(693)	Subsidiary
	Chien Kuo Asia Co., Ltd.	British Virgin Islands	Investment	1,177,143	1,177,143	2,258	54.78	2,101,457	76,879	N/A	Sub-subsidiary
	Chien Kuo Asia Co., Ltd.	British Virgin Islands	Investment	1,047,989	1,047,989	1,864	45.22	1,734,718	76,879	N/A	Sub-subsidiary
Jin Gu Limited	Shun Long (Hong Kong) Limited	Hong Kong	International trade	0.007794	0.007794	-	100	256	(38)	N/A	Sub-subsidiary

Note 1: For investments denominated in foreign currencies, profit or loss was presented in NTD at the average exchange rate of 1:29.30 (USD:TWD) for the three-month period ended March 31, 2018, while other amounts were presented in NTD at the exchange rate of 1:29.11 (USD:TWD) on March 31, 2018.

Note 2: Please refer to Appendix 5 for information on invested companies in mainland China.

Chien Kuo Construction Co., Ltd. and Subsidiaries

Information on Investments in Mainland China

For the Three Months Ended March 31, 2018

Appendix 7

Unit: NT\$1,000

Invested Company	Principal Business Activities	Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flow		Accumulated Outflow of Investment from Taiwan as of March 31, 2018	Net Income of Invested Company	Percentage of Ownership (Direct or Indirect)	Investment Profit or Loss (Note 1)	Carrying Amount as of March 31, 2018 (Note 1)	Accumulated Repatriation of Investment Income as of March 31, 2018	Note
					Outflow	Inflow							
Shanghai Chien Kuo Concrete Co., Ltd.	Production and sale of concrete and concrete products	\$ 145,899	Investment through a company founded in a third region	\$ 125,779	\$ -	\$ -	\$ 125,779	\$ -	-	\$ -	\$ -	\$ -	Note 5
Jianya (Shanghai) Information Technology Co., Ltd.	Computer software technology development and consultation	104,796	Investment through a company founded in a third region	68,326	-	-	68,326	(148)	100%	(148)	156,827	-	
Suzhou Chien Hua Concrete Co., Ltd.	Production and sale of concrete and concrete products	399,535	Investment through a company founded in a third region	182,036	-	-	182,036	16,146	100%	16,146	589,569	-	
Kunshan Jianshan Concrete Co., Ltd.	Production and sale of concrete and concrete products	291,100	Investment through a company founded in a third region	230,025	-	-	230,025	-	-	-	-	-	Note 5
Wuxi Chien Bang Concrete Co., Ltd.	Production and sale of concrete and concrete products	415,545	Investment through a company founded in a third region	214,059	-	-	214,059	56,560	100%	56,560	1,433,577	-	
Changzhou Chien An Concrete Co., Ltd.	Production and sale of concrete and concrete products	72,775	Investment through a company founded in a third region	69,342	-	-	69,342	-	-	-	-	-	Note 5
Nantong Chien Cheng Concrete Co., Ltd.	Production and sale of concrete and concrete products	204,498	Investment through a company founded in a third region	244,471	-	-	244,471	(1,839)	100%	(1,839)	457,473	-	
Yangzhou Chien Yung Concrete Co., Ltd.	Production and sale of concrete and concrete products	294,011	Investment through a company founded in a third region	197,041	-	-	197,041	4,060	100%	4,060	344,277	-	
Shanghai Chien Chung Concrete Co., Ltd.	Production and sale of concrete and concrete products	72,775	Investment through an existing company in a third region	-	-	-	-	-	-	-	-	-	Note 5
Kunshan Jindi Concrete Co., Ltd.	Production and sale of concrete and concrete products	40,754	Investment through an existing company in a third region	-	-	-	-	-	-	-	-	-	Note 5
Zunyi Chien Bang Mining Co., Ltd.	Quarrying	162,029	Investment through an existing company in a third region	-	-	-	-	-	-	-	-	-	Note 5
Changzhou Changlong Handling Co., Ltd.	Cargo handling	2,315	Investment through an existing company in a third region	-	-	-	-	(9)	100%	(9)	972	-	
Jiangsu Shili Construction Co., Ltd.	Construction consultation	61,131	Investment through a company founded in a third region and others	23,100	-	-	23,100	(42)	100%	(42)	77,787	-	
Chien Kuo Construction Consultant (Kunshan) Co., Ltd.	Construction consultation	17,466	Investment through a company founded in a third region and others	-	-	-	-	(42)	100%	(42)	23,680	-	
Loudi Chien Kuo Mining Co., Ltd. and other six invested companies	Quarrying	1,159,160	Investment through an existing company in a third region and others	36,840	-	-	36,840	-	(Note 4)	-	-	914,492	Note 5

Accumulated Investment in Mainland China Remitted from Taiwan as of March 31, 2018	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on Investment Amount under Regulations of Investment Commission, MOEA
\$ 1,420,697 (Note 3)	\$ 596,038 (Note 2)	\$ 2,951,710

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

Note 2: The amount authorized by the Investment Commission, MOEA was NT\$1,604,461, 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\$1,420,697, including the following expenses:

(1) Loss on investment:

Invested Company	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: The Company invested in the seven companies, including Loudi Chien Kuo Mining Co., Ltd., directly or indirectly, at the shareholding ratio ranging from 0% to 100%.

Note 5: The equity transaction with Changzhou Chien An Concrete Co., Ltd. was completed on October 31, 2013; the liquidation of Shanghai Chien Chung Concrete Co., Ltd. and Zunyi Chien Bang Mining Co., Ltd. was completed in 2015 and 2014, respectively; the liquidation of Loudi Chien Kuo Mining Co., Ltd. was completed on August 15, 2016; the liquidation of Shanghai Chien Kuo Concrete Co., Ltd. was completed on December 9, 2016; the liquidation of Kunshan Jindi Concrete Co., Ltd. was completed on January 18, 2018; the equity transaction with Kunshan Jianshan Concrete Co., Ltd. was completed on August 23, 2017; the equity transaction with Guangxi Hefa Mining Co., Ltd. was completed on September 22, 2017.