

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

**Consolidated Financial Statements
and Certified Public Accountants'
Review Report
for the Six-Month Periods Ended June 30,
2018 and 2017**

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Independent Auditors' Review Report

To Chien Kuo Construction Co. Ltd.

Introduction

We have reviewed the consolidated financial statements of Chien Kuo Construction Co. Ltd. and its subsidiaries, which comprise the consolidated balance sheets as of June 30, 2018 and 2017, consolidated statements of comprehensive income for the three-month period and six-month period ended June 30, 2018 and 2017, consolidated statements of changes in equity and consolidated statements of cash flows for the six-month period ended June 30, 2018 and 2017, and notes to the consolidated financial statements (including summary of significant accounting policies). Management is responsible for the preparation of a set of fairly presented 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, the financial statements of the aforementioned insignificant subsidiaries being consolidated for the same periods were not reviewed by a certified public accountant, which statements reflect (a) total assets as at June 30, 2018 and 2017 in the amount of NT\$ 1,261,514 thousand and NT\$ 1,584,413 thousand, constituting 13.14% and 17.94% of

the total consolidated assets; (b) total liabilities as at June 30, 2018 and 2017 in the amount of NT\$ 186,627 thousand and NT\$ 126,890 thousand, constituting 4.00% and 3.90% of the total consolidated liabilities; (c) total comprehensive income as at the three-month periods ended June 30, 2018 and 2017 in the amount of 5,186 thousand and NT\$ 9,775 thousand, constituting 3.02% and 14.84% of the total consolidated comprehensive income; and (d) total comprehensive income for the six-month periods ended June 30, 2018 and 2017 in the amount of NT\$ 1,233 thousand and NT\$ 5,100 thousand, constituting 0.63% and (3.90%) of the total consolidated comprehensive income.

Qualified Conclusion

Based on our review results, except as stated in the paragraph titled “Basis for Qualified Conclusion” that there might be adjustments to the consolidated financial statements had the financial statements of the afore-mentioned insignificant subsidiaries been reviewed by a certified public accountant, nothing has come to our attention that caused us to believe that the afore-mentioned consolidated financial statements, in all material respects, do not fairly present Chien Kuo Construction Co. Ltd. and subsidiaries’ financial position as at June 30, 2018 and 2017, financial performance for the three-month periods and six-month periods ended June 30, 2018 and 2017, and the cash flows for the six-month periods ended June 30, 2018 and 2017 in accordance 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 Financial Supervisory Commission.

Deloitte & Touche Taiwan

CPA: I-Wen Wang

CPA: Yu-Wei Fan

Approval number by the Financial
Supervisory Commission
FSC - 0980032818

Approval number by the Securities and
Futures Commission
Taiwan-Finance-Securities - 0920123784

August 9, 2018

Chien Kuo Construction Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

June 30, 2018, December 31, 2017 and June 30, 2017

Unit: In Thousands of New Taiwan Dollars

Code	Assets	June 30, 2018 (Reviewed)		December 31, 2017 (Audited)		June 30, 2017 (Reviewed)	
		Amount	%	Amount	%	Amount	%
1100	Current assets						
1110	Cash and cash equivalents (Note 6)	\$ 2,021,820	21	\$ 2,518,297	25	\$ 2,436,734	28
1110	Financial assets measured at FVTPL (Note 7 and 31)	608,155	6	403,461	4	565,526	6
1120	Financial assets measured at FVTOCI (Note 8)	38,816	-	-	-	-	-
1140	Contract assets (Note 24)	1,270,933	13	-	-	-	-
1147	Investment in debt instruments for which no active market exists (Note 10)	-	-	275,547	3	348,469	4
1150	Notes receivable (Note 13)	272,164	3	205,622	2	184,255	2
1170	Accounts receivable (Note 13, 14 and 24)	2,658,787	28	2,419,748	24	1,728,335	20
1190	Construction contract receivables (Note 14)	-	-	984,415	10	779,549	9
1200	Other receivables	14,869	-	27,969	-	24,084	-
1310	Inventory	18,726	-	15,023	-	14,083	-
1323	Land held for construction (Notes 15 and 31)	463,577	5	463,577	5	-	-
1410	Prepayments (Note 16)	635,045	7	675,356	7	298,288	3
1460	Non-current assets held for sale (Note 18)	-	-	-	-	595,924	7
1470	Other current assets (Note 31)	163,431	2	383,410	4	170,365	2
11XX	Total current assets	8,166,323	85	8,372,425	84	7,145,612	81
1510	Non-current assets						
1520	Financial assets measured at FVTPL (Note 7 and 30)	99,333	1	-	-	-	-
1523	Financial assets measured at FVTOCI (Note 8 and 31)	444,385	5	-	-	-	-
1543	Available-for-sale financial assets (Notes 11 and 31)	-	-	431,384	4	467,998	5
1543	Financial assets carried at cost	-	-	71,424	1	42,588	-
1600	Property, plant and equipment (Notes 19 and 31)	224,907	2	232,151	2	226,599	3
1760	Investment property (Notes 20 and 31)	170,562	2	171,159	2	171,033	2
1840	Deferred income tax assets	75,864	1	68,108	1	53,474	1
1980	Pledged certificate of deposit (31)	211,782	2	379,592	4	427,210	5
1985	Long-term prepaid rent (Note 31)	162,657	2	163,730	2	164,694	2
1990	Other non-current assets	44,150	-	58,649	-	130,385	1
15XX	Total noncurrent assets	1,433,640	15	1,576,197	16	1,683,981	19
1XXX	Total assets	\$ 9,599,963	100	\$ 9,948,622	100	\$ 8,829,593	100
Code	Liabilities and Equity						
2100	Current liabilities						
2110	Short-term debt (Note 21)	\$ -	-	\$ 220,000	2	\$ 30,000	-
2120	Short-term bills payables (Note 21)	149,803	2	79,948	1	-	-
2125	Financial liabilities measured at FVTPL (Note 7)	-	-	23,849	-	-	-
2130	Derivative financial liabilities for hedging purpose (Note 12)	-	-	-	-	12,270	-
2150	Contract liabilities (Note 24)	156,218	2	-	-	-	-
2150	Notes payable	456,104	5	388,034	4	64,362	1
2170	Accounts payable (Notes 14 and 22)	1,674,842	17	1,829,655	18	1,348,519	15
2190	Construction contract payables (Note 14)	-	-	211,709	2	215,335	3
2200	Other payables	377,938	4	236,954	2	397,889	5
2230	Current income tax liabilities	20,822	-	51,806	1	1,217	-
2260	Liabilities directly associated with non-current assets held for sale (Note 18)	-	-	-	-	116,422	1
2320	Long-term liabilities - current portion (Note 21)	600,000	6	600,000	6	450,000	5
2399	Other current liabilities	100,769	1	71,734	1	224,943	3
21XX	Total current liabilities	3,536,496	37	3,713,689	37	2,860,957	33
2540	Non-current liabilities						
2570	Long-term loans (Note 21)	500,000	5	800,000	8	750,000	8
2600	Deferred income tax liabilities	575,521	6	480,046	5	455,174	5
25XX	Other non-current liabilities	54,026	1	49,315	1	45,120	1
25XX	Total noncurrent liabilities	1,129,547	12	1,329,361	14	1,250,294	14
2XXX	Total liabilities	4,666,043	49	5,043,050	51	4,111,251	47
3110	Equity attributable to shareholders of the parent (Note 23)						
3110	Capital						
3200	Capital of common shares	3,379,001	35	3,379,001	34	3,379,001	38
3200	Capital Surplus	200,462	2	200,462	2	200,522	2
3310	Retained earnings						
3320	Legal reserve	605,987	6	588,869	6	588,869	7
3320	Special reserve	67,179	1	39,088	-	48,403	-
3350	Undistributed earnings	703,652	7	789,811	8	649,812	7
3300	Total retained earnings	1,376,818	14	1,417,768	14	1,287,084	14
3400	Other equity	2,087	-	(67,179)	(1)	(116,245)	(1)
3500	Treasury shares	(34,835)	-	(34,835)	-	(34,835)	-
31XX	Total equity attributable to shareholders of the Company	4,923,533	51	4,895,217	49	4,715,527	53
36XX	Non-controlling interest	10,387	-	10,355	-	2,815	-
3XXX	Total equity	4,933,920	51	4,905,572	49	4,718,342	53
	Total liabilities and equity	\$ 9,599,963	100	\$ 9,948,622	100	\$ 8,829,593	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 as at August 9, 2018)

Chairperson: Chang-shiou Wu

Manager: Chang-shiou Wu

Accounting Manager: Shu-fen Yang

Chien Kuo Construction Co., Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income

April 1 ~ June 30, 2018 and 2017 and January 1 ~ June 30, 2018 and 2017

(Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the Republic of China)

Unit: In Thousands of New Taiwan Dollars, Except for
Basic Earnings Per Share (in Dollars)

Code		April 1, 2018 ~ June 30, 2018		April 1, 2017 ~ June 30, 2017		January 1, 2018 ~ June 30, 2018		January 1, 2017 ~ June 30, 2017	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operational revenues (Note 24)	\$ 1,866,759	100	\$ 1,276,702	100	\$ 3,346,682	100	\$ 2,330,029	100
5000	Operating costs (Note 25)	1,643,223	88	1,172,693	92	2,941,004	88	2,145,347	92
5900	Gross profit	223,536	12	104,009	8	405,678	12	184,682	8
	Operating expenses (Notes 25 and 30)								
6100	Selling expense	9,013	1	10,364	1	15,320	1	21,130	1
6200	Administrative expense	78,563	4	72,156	5	149,158	4	107,045	5
6000	Total operating expenses	87,576	5	82,520	6	164,478	5	128,175	6
6900	Operating Income	135,960	7	21,489	2	241,200	7	56,507	2
	Non-operating revenue and expenses (Note 25)								
7010	Other income	12,512	1	18,561	2	26,831	1	39,464	2
7020	Other gains and losses	(14,561)	(1)	1,477	-	(16,503)	(1)	(35,637)	(1)
7050	Finance costs	(6,797)	-	(7,133)	(1)	(14,548)	-	(14,272)	(1)
7000	Total non-operating income and expenses	(8,846)	-	12,905	1	(4,220)	-	(10,445)	-
7900	Income before tax	127,114	7	34,394	3	236,980	7	46,062	2
7950	Income tax expenses (Note 26)	46,107	3	5,970	1	114,526	3	8,395	1
8200	Net income	81,007	4	28,424	2	122,454	4	37,667	1

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Code	April 1, 2018 ~ June 30, 2018		April 1, 2017 ~ June 30, 2017		January 1, 2018 ~ June 30, 2018		January 1, 2017 ~ June 30, 2017	
	Amount	%	Amount	%	Amount	%	Amount	%
Other comprehensive income								
Items that are not reclassified subsequently to profit or loss:								
8316	Unrealized valuation gains and losses of equity instrument investment measured at FVTOCI	38,658	2	-	-	22,834	1	-
8349	income tax related to items that are not subsequently reclassified to profit or loss	-	-	-	-	(136)	-	-
8310	Items that may be reclassified subsequently to profit or loss:	38,658	2	-	-	22,698	1	-
8361	Exchange differences on translation of foreign financial statements	64,939	4	70,158	6	71,919	2	(197,035) (8)
8362	Unrealized valuation gains (losses) on available-for-sale financial assets	-	-	(7,943)	(1)	-	-	13,915 1
8363	Loss on the effective portion of financial instruments that are designated as cash flow hedges	-	-	(12,832)	(1)	-	-	(18,893) (1)
8367	Unrealized valuation loss on investments in debt instruments at FVTOCI	(43)	-	-	-	(491)	-	-
8399	Income tax relating to items that may be reclassified (Note 26)	(12,988)	(1)	(11,927)	(1)	(19,510)	(1)	33,496 1
8360	Other comprehensive income (net value after tax) for the period	51,908	3	37,456	3	51,918	1	(168,517) (7)
8300	Other comprehensive income (net value after tax) for the period	90,566	5	37,456	3	74,616	2	(168,517) (7)
8500	Total comprehensive income for the period	\$ 171,573	9	\$ 65,880	5	\$ 197,070	6	(\$ 130,850) (6)
Net income attributable to:								
8610	Shareholders of the Company	\$ 80,600	4	\$ 27,846	2	\$ 121,822	4	\$ 37,495 2
8620	Non-controlling interest	407	-	578	-	632	-	172 -
8600		\$ 81,007	4	\$ 28,424	2	\$ 122,454	4	\$ 37,667 2
Total comprehensive income attributable to:								
8710	Shareholders of the Company	\$ 171,166	9	\$ 65,302	5	\$ 196,438	6	(\$ 131,022) (6)
8720	Non-controlling interest	407	-	578	-	632	-	172 -
8700		\$ 171,573	9	\$ 65,880	5	\$ 197,070	6	(\$ 130,850) (6)
Earnings per share (Note 27)								
9750	Basic	\$ 0.24		\$ 0.08		\$ 0.36		\$ 0.11
9850	Diluted	\$ 0.24		\$ 0.08		\$ 0.36		\$ 0.11

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

(Please refer to the independent auditor's review report of Deloitte & Touche Taiwan as at August 9, 2018)

Chairperson: Chang-shiou Wu

Manager: Chang-shiou Wu

Accounting Manager: Shu-fen Yang

Chien Kuo Construction Co., Ltd. and Subsidiaries
 Consolidated Statements of Changes in Equity
 January 1 ~ June 30, 2018 and 2017
 (Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the Republic of China)

Unit: In Thousands of New Taiwan Dollars, Except for
 Basic Earnings Per Share (in Dollars)

Code	Equity attributable to shareholders of the Company													Non-controlling interest	Total Equity		
	Retained earnings						Other equity items										
	Capital Stock	Capital Surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange Differences arising from translation of foreign financial statements	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized gains or losses on financial assets measured at FVTOCI	Cash flow hedges	Treasury shares	Total	\$ 2,774					
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				
	Earnings appropriation and allocation for 2016				4,208		(4,208)										
B1	Provision of legal reserve	-	-														
B5	Cash dividend for shareholders of the Company - NT\$ 0.50 per share	-	-	-	-	(167,150)					(167,150)			(167,150)			
D1	Net income at January 1, 2017 ~ June 30, 2017	-	-	-	-	37,495							37,495	172	37,667		
D3	Total other comprehensive income after tax, January 1, 2017 ~ June 30, 2017	-	-	-	-	(163,539)	13,915		(18,893)		(168,517)			(168,517)			
D5	Total comprehensive income, January 1, 2017 ~ June 30, 2017	-	-	-	-	37,495	(163,539)	13,915	(18,893)		(131,022)	172		(130,850)			
M7	Changes in ownership interests in subsidiaries	-	(35)	-	-	-	-	-	-	-	(35)	(131)	(166)				
Z1	Balance as of June 30, 2017	\$ 3,379,001	\$ 200,522	\$ 588,869	\$ 48,403	\$ 649,812	(\$ 120,987)	\$ 16,076	\$ 11,334	(\$ 34,835)	\$ 4,715,527	\$ 2,815	\$ 4,718,342				
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 restatement	-	-	-	-	4,514	-	(41,961)	36,475	-	-	(972)		(972)			
A5	Restated 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			
	Earnings appropriation and allocation for 2017																
B1	Provision of legal reserve	-	-	17,118	-	(17,118)											
B3	Provision of special reserve	-	-	-	28,091	(28,091)											
B5	Cash dividend for shareholders of the Company - NT\$ 0.50 per share	-	-	-	-	(167,150)					(167,150)			(167,150)			
O1	Cash dividends for shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(600)	(600)				
D1	Net income at January 1, 2018 ~ June 30, 2018	-	-	-	-	121,822						121,822	632	122,454			
D3	Other comprehensive income after tax, January 1, 2018 ~ June 30, 2018	-	-	-	-	(136)	52,409		22,343			74,616		74,616			
D5	Total comprehensive income, January 1, 2018 ~ June 30, 2018	-	-	-	-	121,686	52,409		22,343			196,438	632	197,070			
Z1	Balance as of June 30, 2018	\$ 3,379,001	\$ 200,462	\$ 605,987	\$ 67,179	\$ 703,652	(\$ 56,731)	\$ -	\$ 58,818	\$ -	(\$ 34,835)	\$ 4,923,533	\$ 10,387	\$ 4,933,920			

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

(Please refer to the independent auditor's review report of Deloitte & Touche Taiwan as at August 9, 2018)

Chairperson: Chang-shiou Wu

Manager: Chang-shiou Wu

Accounting Manager: Shu-fen Yang

Chien Kuo Construction Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 ~ June 30, 2018 and 2017

(Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in
the Republic of China)

Unit: In Thousands of New Taiwan Dollars

Code		January 1, 2018 ~ June 30, 2018	January 1, 2017 ~ June 30, 2017
	Cash flows from operating activities		
A10000	Income before tax	\$ 236,980	\$ 46,062
A20010	Income and expense item:		
A21200	Interest revenue	(22,736)	(36,489)
A20900	Finance costs	14,548	14,272
A20100	Depreciation	13,793	15,091
A29900	Expected credit impairment loss	13,190	-
A24100	Foreign exchange (gain) loss	(5,847)	71,991
A20200	Amortization	1,960	3,478
A22500	Net loss from disposal of property, plant, and equipment	225	428
A20300	Gain on reversal of doubtful debts	-	(30,379)
A23100	Net gain from disposal of available-for-sale financial assets	-	(425)
A30000	Changes in operating assets and liabilities, net		
A31110	Financial commodities held for trading	-	(34,983)
A31115	Financial instruments mandatorily measured at FVTPL	198,192	-
A31125	Contract assets	75,655	-
A31130	Notes receivable	(65,836)	(26,707)
A31150	Accounts receivable	(577,280)	242,807
A31170	Construction contract receivable	-	(54,907)
A31180	Other receivables	1,442	(28,728)
A31200	Inventory	(3,703)	1,908
A31230	Prepayments	46,545	(84,525)
A31240	Other current assets	44,325	(40,543)
A31990	Other non-current assets	21	(87,951)
A32125	Contract liability	(55,491)	-
A32130	Notes payable	64,387	(60,378)
A32150	Accounts payable	(154,324)	166,288
A32170	Construction contract payable	-	(93,160)
A32180	Other payables	(26,739)	70,684

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Code		January 1, 2018 to June 30, 2018	January 1, 2017 to June 30, 2017
A32230	Other current liabilities	\$ 29,035	(\$ 22,519)
A32990	Others	<u>406</u>	<u>52</u>
A33000	Cash provided by (used in) operating activities	(171,252)	31,367
A33100	Interest received	34,768	34,907
A33300	Interest paid	(14,620)	(14,326)
A33500	Income tax paid	(70,469)	(13,738)
AAAA	Net cash provided by (used in) operating activities	(221,573)	38,210
Cash flows from investing activities			
B06700	Decrease (Increase) in pledged certificate of deposit	146,617	(299,744)
B02700	Acquisition of property, plant and equipment	(4,744)	(15,238)
B02800	Proceeds from disposal of property, plant, and equipment	723	1,376
B03800	Decrease in refundable deposits	446	71,110
B00700	Decrease in debt instrument investments with no active market	-	373,508
B09900	Advance received from disposal of subsidiaries	-	64,662
B00400	Proceeds from disposal of available-for-sale financial assets	-	22,749
B00300	Acquisition of available-for-sale financial assets	-	(6,058)
B01700	Decrease in financial derivative liabilities	-	(671)
BBBB	Net cash provided by investing activities	<u>143,042</u>	<u>211,694</u>
Cash flows from financing activities			
C01700	Repayment of long-term loans	(300,000)	-
C00200	Decrease in short-term loans	(220,000)	(60,000)
C00500	Increase in short-term bills payables	69,855	-
C03000	Increase in guarantee deposits	4,305	7,957
C05400	Acquisition of equity of subsidiaries	-	(166)
CCCC	Net cash used in financing activities	(445,840)	(52,209)
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>27,894</u>	<u>(94,138)</u>
EEEE	Increase (Decrease) in cash and cash equivalents for the period	(496,477)	103,557
E00100	Balance of cash and cash equivalents - beginning of the period	<u>2,518,297</u>	<u>2,482,283</u>
E00200	Balance of cash and cash equivalents - end of the period	<u>\$ 2,021,820</u>	<u>\$ 2,585,840</u>

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Reconciliation of cash and cash equivalents at the end of the period

Code		June 30, 2018	June 30, 2017
E00210	Cash and cash equivalents recognized on the balance sheet	\$ 2,021,820	\$ 2,436,734
E00240	Cash and cash equivalents included in the held-for-sale disposal group	_____ -	149,106
E00200	Balance of cash and cash equivalents - end of the period	<u>\$ 2,021,820</u>	<u>\$ 2,585,840</u>

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

(Please refer to the independent auditor's review report of Deloitte & Touche Taiwan as at

August 9, 2018)

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

Chien Kuo Construction Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

January 1 ~ June 30, 2018 and 2017

(Reviewed Only, Not Audited in Accordance with the Generally Accepted Auditing Standards in the Republic of China)

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

I. Company History

Incorporated in November 1960, Chien Kuo Construction Co., Ltd. (hereinafter “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.

These consolidated financial statements are presented in the Company's functional currency, New Taiwan Dollars (NT\$).

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

The consolidated financial statements were approved on August 9, 2018 by the Board of Directors.

III. Application of New and Amended Standards and Interpretations

(I) Initial application of the amendments to 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 incur any significant changes in the accounting policies of the consolidated entities.

1. IFRS 9 “Financial Instruments” and related amendments

IFRS 9 “Financial Instruments” supersedes IAS “Financial Instruments: Recognition and Measurement” and supplements 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 elects 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		Detail
	IAS 39	IFRS 9	IAS 39	IFRS 9	
Cash and Cash Equivalents	Loans and Receivables	Measured at amortized cost	\$ 2,518,297	\$ 2,518,297	-
Derivatives	Financial liabilities held for trading	Mandatorily measured at FVTPL	23,849	23,849	-
Investments in stocks	Financial assets held for trading	Investment in equity instruments measured at FVTOCI	41,230	41,230	(1)
	Available-for-sale financial assets	Investment in equity instruments measured at FVTOCI	274,064	274,064	-
Fund beneficiary certificates	Financial assets held for trading	Mandatorily measured at FVTPL	362,231	362,231	-
	Available-for-sale financial assets	Mandatorily measured at FVTPL	14,746	14,746	(2)
Private equity funds	Financial assets carried at cost	Mandatorily measured at FVTPL	71,424	65,733	(3)
Investments in bonds	Available-for-sale financial assets	Investment in debt instruments measured at FVTOCI	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)			Effects on retained earnings as at January 1, 2018	Effects on other equity as at January 1, 2018		Detail
		Reclassification	Remeasurement							
Financial assets at FVTPL										
Add: Reclassification from available-for-sale financial assets (IAS 39)	\$ 403,461			\$ 403,461						
- Compulsory reclassification	-	\$ 14,746	\$ -	14,746	\$ 1,082	(\$ 1,082)	(2)			
Less: Reclassification to financial assets measured at FVTOCI - equity instruments (IFRS 9)	-	(41,230)	-	(41,230)	4,960		-	(1)		
Remeasurement of financial assets carried at cost (IAS 39)	<u>71,424</u>	<u>-</u>	<u>(5,691)</u>	<u>65,733</u>	<u>(5,691)</u>	<u>-</u>		(3)		
	<u>474,885</u>	<u>(26,484)</u>	<u>(5,691)</u>	<u>442,710</u>	<u>351</u>	<u>(1,082)</u>				
Financial assets measured at FVTOCI										
- 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 FVTPL (IAS 39)		<u>274,064</u>	<u>-</u>	<u>274,064</u>	<u>-</u>	<u>-</u>				
Add: Reclassification from available-for-sale financial assets (IAS 39)		<u>457,868</u>	<u>-</u>	<u>457,868</u>	<u>(556)</u>	<u>(4,404)</u>				
Financial assets at amortized cost										
Add: Reclassification from loans and receivables (IAS 39)		<u>2,653,339</u>	<u>4,719</u>	<u>2,658,058</u>	<u>4,719</u>	<u>-</u>		(5)		
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 Contracts with Customers" and related amendments

IFRS 15 establishes recognition principles for revenue arising from contracts with customers and supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts", and related interpretations. Please refer to Note 4 for information relating to the relevant accounting policies.

The construction payments retained by customers pursuant to the contractual terms are to ensure that the contractor completes all of his contractual obligations. If such scheduled payments are deemed consisting no significant financing components by IFRS 15, they are recognized as a contract asset until the completion of the contractual obligations. Prior to application of IFRS 15, the construction retainage receivables were recognized pursuant to IAS 39 as receivables, discounted to reflect the time value of money.

The net result of the recognized amount, the received amount, and the receivable amount is recognized as a contract asset (liability). Prior to application of IFRS 15, the net result of a construction contract's progress proceeds and recognized costs and profits (losses) were recognized as construction contract receivable (payable) under IAS 11.

Where there exists an onerous contract with customers, the Group, as required, will recognize either inventory impairment or provision for onerous contracts. Prior to application of IFRS 15, expected losses of construction contracts were measured as per IAS 11 and adjusted to construction contract receivable (payable).

The Group elects to retrospectively apply IFRS 15 only to contracts that are not yet complete as at January 1, 2018, with related cumulative effects adjusted to the retained earnings on such date.

With regards to all contract modifications dated prior to December 31, 2017, the Group will not restate the treatment of such contracts, but to present it in a manner that best reflects the overall effects of such modifications, so as to identify the performance obligations, determine and allocate the transaction prices. 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 due to first-time adoption	January 1, 2018 Amount after Restatement
Current assets			
Construction contract receivable	\$ 984,415	(\$ 984,415)	\$ -
Accounts receivable	257,121	(257,121)	-
Contract assets	-	1,254,922	1,254,922
Effects on Assets	<u>\$ 1,241,536</u>	<u>\$ 13,386</u>	<u>\$ 1,254,922</u>
Current liabilities			
Construction contract payable	\$ 211,709	(\$ 211,709)	\$ -
Contract liability	-	206,620	206,620
Allowance for doubtful accounts	-	18,475	18,475
Effects on Liabilities	<u>\$ 211,709</u>	<u>\$ 13,386</u>	<u>\$ 225,095</u>

If IAS 11 “Construction Contracts” had been adopted on June 30, 2018, the comparative information is provided as follows:

	June 30, 2018 (IFRS 15)	Effects from application of IFRS 15	June 30, 2018 (IAS 11)
Current assets			
Construction contract receivable	\$ -	\$ 900,822	\$ 900,822
Accounts receivable	-	362,173	362,173
Contract assets	<u>1,270,933</u>	(<u>1,270,933</u>)	-
Effects on Assets	<u>\$ 1,270,933</u>	<u>(\$ 7,938)</u>	<u>\$ 1,262,995</u>
Current liabilities			
Construction contract payable	\$ -	\$ 165,120	\$ 165,120
Contract liability	156,218	(156,218)	-
Allowance for doubtful accounts	<u>16,840</u>	<u>(16,840)</u>	-
Effects on Liabilities	<u>\$ 173,058</u>	<u>(\$ 7,938)</u>	<u>\$ 165,120</u>

(II) Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs endorsed by the Financial Supervisory Commission (“FSC” hereinafter) that are applicable for 2019

<u>New, Revised, Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9, "Prepayment Features with Negative Compensation"	Balance as of January 1, 2019 (Note 2)
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 3)
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: The aforementioned new, revised or amended standards or interpretations are effective for annual periods beginning on or after the effective dates, unless stated otherwise.

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

Note 3: The amendment is applicable to any plan amendment, curtailment or settlement that takes place on or after January 1, 2019.

1. IFRS 16 "Leases"

IFRS 16 governs the accounting treatments for leases and will supersede IAS 17 "Leases" and related interpretations.

Definition of lease

Upon initial application of IFRS 16, the Group elects to assess the contracts executed (or modified) on or after January 1, 2019 as to whether they belong to (or include) leases. Contracts that have currently been identified as a lease pursuant to IAS 17 and IFRIC 4 are not reassessed, but to be treated in accordance with the transition requirements of IFRS 16.

The Group as lessee

Upon initial application of IFRS 16, a right-of -use asset and a lease liability are recognized on the consolidated balance sheet for all leases, except for leases with low-value underlying assets and short-term leases, for which an expense is recognized on a straight-line basis. The consolidated statements of comprehensive income will state clearly and respectively the depreciation expense of the

right-of-use assets, as well as the interest expense accrued on the lease liability, which interest is calculated using the effective interest rate method. Payments for the principal amount of lease liabilities are presented as financing activities on the consolidated statements of cash flows, while payments for interests accrued thereon are presented as operating activities. Prior to application of IFRS 16, an expense was recognized on a straight-line basis for contracts classified as operating leases, while advance lease payments for the purpose of acquiring the land-use rights in the People's Republic of China were recognized as prepaid lease payments. Cash flows from operating leases are presented under operating activities on the consolidated statements of cash flows.

The Group plans to adjust the cumulative effects arising from retrospective application of IFRS 16 to the retained earnings as at January 1, 2019, without restating the comparative information.

For agreements currently treated as operating leases under IAS 17, the lease liability as at January 1, 2019 is measured at the remaining lease payments over the lease term, discounted at the incremental borrowing rate of the lessee; all right-of -use assets are measured at the amount of lease liabilities on such date, discounted using the aforementioned rate as if IFRS 16 had been applied when the lease commenced. IAS 36 will be applicable to impairment assessment on all right-of -use assets recognized.

The Group plans to adopt the following expedients:

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

The Group as lessor

The leases to which the Group is a lessor are not adjusted in the transition period, and to apply IFRS 16 beginning on January 1, 2019.

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

According to the amendments, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement of the net defined liabilities (assets). In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The aforementioned amendments are to be applied prospectively by the Group.

Aside from the aforementioned effects, as at the date on which the consolidated financial statements were approved and issued, the Group had been continuously assessing the effects from the amendments to other standards and interpretations on the financial position and financial performance. Related effects will be disclosed once the assessment is completed.

(III) IFRSs that have been issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised, Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendment to IFRS10 and IAS 28 - “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	Not yet decided
IFRS 17 “Insurance Contracts”	January 1, 2021

Note 1: The aforementioned new, revised or amended standards or interpretations are effective for annual periods beginning on or after the effective dates, unless stated otherwise.

As at the date on which the consolidated financial statements were approved and issued, the Group had been continuously assessing the effects from the amendments to other standards and interpretations on the financial position and financial performance. Related effects will be disclosed once the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of Compliance

The consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as

well as the IFRSs 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) Preparation Basis

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 at present value of defined benefit obligations minus fair value of plan assets.

Fair value is measured by using the 3-level fair value hierarchy, which comprises Level 1 to Level 3 according to the significance and the degree of observable features of relevant inputs.

1. Level 1 inputs: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
2. Level 2 inputs: Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. through prices) or indirectly (i.e. derived from prices.)
3. Level 3 inputs: Level 3 inputs are unobservable inputs for the asset or liability.

(III) Basis for Consolidation

The consolidated financial statements comprise the financial statements of the Company and the financial statements of entities controlled by the Company. The statements of comprehensive income have covered the operating gains and losses of the acquired or disposed subsidiaries either until the disposal date or since the acquisition date for the current year. The financial statements of subsidiaries have been adjusted in order to align their accounting policies with those of the Group. In preparing the consolidated financial statements, all transactions, balances, income and expenses between the entities have been eliminated in full. Subsidiaries attribute their total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interest in subsidiaries that do not result in a loss of control by the Group over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group and its non-controlling interests have been adjusted to reflect the changes in its relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair

value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Please refer to Note 17, Appendix Table 8 and 9 for details, shareholding percentage, and operating items of subsidiaries.

(IV) Summary of 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 on the consolidated statements of balance sheets when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities not measured at FVTPL are, at their initial recognition, measured at the sum of fair value and transaction costs that could be directly attributed to issuance or acquisition of such financial assets or financial liabilities. Transaction costs that could be directly attributed to issuance or acquisition of financial assets or financial liabilities measured at FVTPL are immediately recognized in profit or loss.

(1) Financial assets

A regular way purchase or sale of financial assets is recognised and derecognised using trade date accounting.

A. Types of measurement

2018

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

a. Financial assets measured at FVTPL

Financial assets measured at FVTPL are financial assets held for sale. 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

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

c. Investment in debt instruments measured at FVTOCI

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. Investment in equity instruments measured at FVTOCI

However, the Group may choose to designate an equity investment that is not held for trading to be measured at fair value through other comprehensive income upon initial recognition.

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 include financial assets measured at FVTPL, available-for-sale financial assets, and loans and receivables.

a. Financial assets measured at FVTPL

Financial assets measured at FVTPL are financial assets held for sale.

Financial assets measured at FVTPL are measured at fair value; any remeasurement gains (losses) of which are recognized in profit or loss.

b. Available-for-sale financial assets

Available-for-sale financial assets are either non-derivative financial assets designated as available for sale, or financial assets not classified as loans and receivables, held-to-maturity investment, or financial assets measured at FVTPL.

If an available-for-sale financial asset is attributable to an investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, it is subsequently measured at costs less impairment loss and be presented individually as “Financial Assets Carried at Cost”. Such financial asset is subsequently measured at fair value provided that its fair value could then be reliably measured; any difference between the carrying amount and fair value is recognized in other comprehensive income; in case any impairment occurs, it is recognized in profit or loss.

Dividends on an available-for-sale equity investment is recognized when the right of the Group to receive payment is established.

c. Loans and Receivables

Loans and receivables (including accounts receivables, cash and cash equivalents, and Investment in debt instruments for which no active markets exist) are measured at their amortized costs (net of any impairment loss) by using the effective interest method, except for short-term receivables of which the interest recognition does not yield significance.

Cash equivalents comprise time deposits that will mature within 6 months after the acquisition date, that are highly liquid and readily convertible to known amount of cash, and that are

subject to an insignificant risk of changes in value. Cash equivalents are used to satisfy the short-term cash commitments.

B. Impairments 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

Except for financial assets measured at FVTPL, the Group assesses at each balance sheet date as to whether there is any objective evidence indicating an impairment on other financial assets. A financial

asset is deemed impaired when there is objective evidence indicating a detrimental loss on the asset's estimated future cash flows as a result of one or more events that have occurred after initial recognition.

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

If the impairment loss of a financial asset recognized at amortized cost is reduced subsequently, and such reduction can be objectively related to an event that have occurred after the recognition of such impairment, the impairment loss previously recognized is reversed to profit or loss either directly or through the use of an allowance account, provided, however, that the carrying amount of such asset after reversal does not exceed what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

A significant or prolonged decline in the fair value of an available-for-sale equity investment below its cost is also objective evidence of impairment.

When an available-for-sale financial asset is impaired, the cumulative impairment previously recognized in other comprehensive income is recycled to profit or loss.

Impairment loss of an available-for-sale equity instrument investment that had been recognized in profit or loss shall not be reversed through profit or loss. In case the fair value recovers after the recognition of impairment loss, such recovery amount is recognized in other comprehensive income.

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

The impairment loss of all financial assets is deducted directly from the the carrying amount of such financial asset, except for accounts receivables, of which 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. Receivables that had previously been written off but later be recovered are credited to 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 a financial asset only when its contractual rights to cash flows expire, or when such asset and substantially all risks and rewards of ownership of such asset have been transferred to other entities.

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

Redemption of the Company's equity instruments is recognized in or deducted from equity. Purchase, sale, issuance, or retirement of the Company's own equity instruments is not recognized in profit or loss.

(3) Financial liabilities

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

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

(4) Derivatives

The Group enters into foreign exchange forward contracts to manage its exposure to interest rate risks and 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 timing 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 net of fair value of the consideration received or receivable less the estimated customer sales returns, discounts and other similar allowances.

(1) Sales of goods

Sales revenue is recognized when the following conditions are met:

- A. The Group has transferred to the buyer substantial 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. Revenue amount can be reliably measured.
- 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 in proportion to the work completed using the percentage of completion method over the duration of the contract. Contract costs are recognized as expenses when incurred. The percentage of completion is determined by reference to the ratio of contract costs incurred as at the balance sheet date to the total estimated 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 cumulative contract costs incurred to date plus recognized profit less recognized loss exceed the construction progress billings, the difference is recognized as construction contract receivable. When the construction progress billings exceed the cumulative contract costs incurred to date plus recognized profit less recognized loss, the difference is recognized as construction contract payable.

(3) Dividend income and interest income

Dividend income 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 income accrued on a financial asset 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 income is recognized on an accrual basis over the passage of time by reference to the principal amount outstanding and the effective interest rate applicable.

3. Post-employment benefits

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 are the sum of current income tax and deferred income tax. 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. The Primary Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

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 judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on its past history, existing market conditions and forward-looking estimates. For critical assumptions adopted, please refer to Note 13. If the actual future cash inflows are less than expected, a material impairment loss may arise.

2017

When there is objective evidence indicative of impairment, the Group should consider estimating the future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding any future credit losses) discounted at the financial asset's original effective interest rate. If 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

	June 30, 2018	December 31, 2017	June 30, 2017
Cash on hand and revolving funds	\$ 2,907	\$ 2,784	\$ 3,175
Bank checks and demand deposits	651,346	727,440	872,149
Cash equivalents (time deposits with original maturity date within 6 months)	<u>1,367,567</u> <u>\$ 2,021,820</u>	<u>1,788,073</u> <u>\$ 2,518,297</u>	<u>1,561,410</u> <u>\$ 2,436,734</u>

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

June 30, 2018	December 31, 2017	June 30, 2017
0.13%~2.80%	0.13%~4.35%	0.13%~3.90%

VII. Financial Instruments Measured at FVTPL

	June 30, 2018	December 31, 2017	June 30, 2017
<u>Financial assets - current</u>			
Held for trading			
Non-derivative financial assets			
-Domestic and foreign listed stocks	\$ -	\$ 41,230	\$ 37,872
- Fund beneficiary certificate	<u>-</u>	<u>362,231</u>	<u>527,654</u>
Subtotal	<u>-</u>	<u>403,461</u>	<u>565,526</u>
Mandatorily measured at FVTPL			
Non-derivative financial assets			
- Fund beneficiary certificate	279,487	-	-
Hybrid financial assets			
- Structured deposits	\$ 328,668	\$ -	\$ -
Subtotal	<u>608,155</u>	<u>-</u>	<u>-</u>
	<u>\$ 608,155</u>	<u>\$ 403,461</u>	<u>\$ 565,526</u>
Financial assets - non-current			
Mandatorily measured at FVTPL			
Non-derivative financial assets			
- Fund beneficiary certificate	<u>\$ 99,333</u>	<u>\$ -</u>	<u>\$ -</u>
Financial liabilities - current			
Held for trading			
Derivatives (not designated as a hedge)			
- Forward exchange contracts (I)	<u>\$ -</u>	<u>\$ 23,849</u>	<u>\$ -</u>

(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)
Buy	RMB/USD	January 2018	RMB21,078／USD3,000
Buy	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 measured at FVTOCI - 2018

June 30, 2018

Current

Investment in equity instruments measured at FVTOCI	<u>\$ 38,816</u>
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Non-current

Investment in equity instruments measured at FVTOCI	\$300,190
Investment in debt instruments measured at FVTOCI	<u>144,195</u>
	<u>\$444,385</u>

(I) Investment in equity instruments measured at FVTOCI

June 30, 2018

Current

Investments in domestic listed stocks	
Common stock of Chia Hsin Cement Corporation	\$ 16,572
Investments in foreign listed stocks	
Common stock of China Mobile Communications	
Corporation	<u>22,244</u>
Subtotal	<u>\$ 38,816</u>

Non-current

Investments in domestic listed stocks	
Common stock of Chia Hsin Cement Corporation	\$ 88,061
Common stock of Taiwan Cement Corporation	<u>212,129</u>
Subtotal	<u>\$300,190</u>

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 financial instruments pledged at fair value through profit or loss 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	\$ 56,915	5.25%	3.33% / 3.63%	5
CHINA HUARONG ASSET MANAGEMENT CO. LTD	58,889	4.00%	3.32% / 3.35%	4
GREENLAND HOLDINGS CORP LTD	28,391	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.

	June 30, 2018
Total Carrying Amount	\$145,422
Allowance for loss	(507)
Amortized cost	144,915
Adjustment in fair value	(720)
	<u>\$144,195</u>

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

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

Credit Rating	Definition	Basis of Recognition of Expected Credit Losses	Expected Credit Loss Rate	Carrying Amount as of June 30, 2018
Normal	The debtor has a low credit risk and is fully capable of paying off contractual cash flows.	12-month expected credit losses	0.10%	\$ 116,347
Abnormal	Credit risk has increased significantly since original recognition	Lifetime expected credit losses	1.32%	29,075

X. Investments in Debt Instruments with no Active Market - 2017

	December 31, 2017	June 30, 2017
Time deposits with original maturity date over six months	<u>\$ 275,547</u>	<u>\$ 348,469</u>

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

	December 31, 2017	June 30, 2017
	1.95% ~ 4.90%	1.07% ~ 4.20%

XI. Available-for-sale Financial Assets - 2017

	December 31, 2017	June 30, 2017
Domestic investment		
Listed stocks	\$ 274,064	\$ 250,670
Foreign investment		
Investments in bonds (I)	142,574	204,914
Fund beneficiary certificates	<u>14,746</u>	<u>12,414</u>
	<u>\$ 431,384</u>	<u>\$ 467,998</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%	3.36% / 3.38%	
		3.88% / 3.89%	5

(II) For pledged available-for-sale financial assets, please refer to Note 31.

XII. Derivative financial liabilities for hedging purposes - 2017

	December 31, 2017	June 30, 2017
Cash flow hedges - Forward exchange contracts	<u>\$ -</u>	<u>\$ 12,270</u>

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:

June 30, 2017

	Currency	Maturity Date	Contract Amount (in NT\$1,000)
Buy	RMB/USD	November 2017	RMB42,104／USD6,000
Buy	RMB/USD	January 2018	RMB21,078／USD3,000
Buy	RMB/USD	February 2018	RMB49,454／USD7,000

XIII. Notes and Accounts Receivable

	December 31,		
	June 30, 2018	2017	June 30, 2017
Notes receivable	<u>\$ 272,164</u>	<u>\$ 205,622</u>	<u>\$ 184,255</u>
<u>Accounts receivable</u>			
Measured at amortized cost			
Total Carrying Amount	\$ 2,747,168	\$ 2,500,861	\$ 1,803,224
Less: Allowance for loss	(88,381)	(81,113)	(74,889)
	<u>\$ 2,658,787</u>	<u>\$ 2,419,748</u>	<u>\$ 1,728,335</u>

January 1, 2018 ~ June 30, 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 notes receivables is as follows:

	June 30, 2018
Not overdue	\$ 271,342
Less than 180 days past due	<u>822</u>
Total	<u><u>\$ 272,164</u></u>

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

	June 30, 2018
Not overdue	\$ 2,215,864
Less than 180 days past due	352,208
181~360 days past due	75,085
More than 361 days past due	<u>104,011</u>
Total	<u><u>\$ 2,747,168</u></u>

Changes in loss allowance for accounts receivable are as follows:

	June 30, 2018
Beginning balance (IAS 39)	\$ 92,894
Adjustments arising from retrospective application of IFRS 9	(4,719)
Beginning balance (IFRS 9)	88,175
Less: Reversal of impairment loss for the period	(749)
Exchange difference	<u>955</u>
Total	<u><u>\$ 88,381</u></u>

January 1, 2017 ~ June 30, 2017

The credit policy of the Group is mainly based on the contractual terms. Notes and accounts receivables are not interest-bearing. The estimated unrecoverable amount for the allowance for doubtful accounts is determined by reference to the aging analysis of transactions, past default history, and the current financial position of customers.

With regards to the accounts receivables that were past due on the balance sheet date and for which the Group did not recognize an allowance, since the credit quality of which did not change significantly and management of the Group considered the amounts to be recoverable, the Group did not hold any collateral against or other credit enhancements for those accounts receivables.

Aging analysis of notes receivable is stated as follows:

	December 31, 2017	June 30, 2017
Not overdue	\$ 204,620	\$ 183,162
Less than 180 days past due	1,002	1,093
Total	<u>\$ 205,622</u>	<u>\$ 184,255</u>

Aging analysis of accounts receivable is stated as follows:

	December 31, 2017	June 30, 2017
Not overdue	\$ 2,066,709	\$ 1,377,655
Less than 180 days past due	252,217	233,203
181~360 days past due	80,832	87,416
More than 361 days past due	101,103	104,950
Total	<u>\$ 2,500,861</u>	<u>\$ 1,803,224</u>

Aging analysis of financial assets that are past due but not impaired is as follows:

	December 31, 2017	June 30, 2017
Less than 180 days past due	\$ 4,205	\$ 40,521
181~360 days past due	25,944	-
More than 361 days past due	-	-
Total	<u>\$ 30,149</u>	<u>\$ 40,521</u>

The above aging analysis is based on the number of days past due.

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

	January 1, 2017 to June 30, 2017
Beginning balance	\$ 133,394
Reversal of doubtful debts	(30,379)
Exchange difference	(4,859)
Reclassification to assets held for sale (Note 18)	(9,491)
Ending Balance	<u>\$ 88,665</u>

Accounts receivables include construction retainage receivables, which are not interest-bearing, and will be recovered at the end of the retention period of each construction contract. As of December 31, 2017 and June 30, 2017, the amounts that had been more than 12 months past due but later collected were NT\$ 33,009 thousand and NT\$ 159,692 thousand. The aforesaid retention period, usually more than one year, is the normal business cycle of the Group.

XIV. Construction Contract Receivables (Payables) - 2017

	<u>December 31, 2017</u>	<u>June 30, 2017</u>
Construction costs incurred plus recognized profit less recognized loss to date	\$ 14,364,168	\$ 13,251,512
Less: Construction progress billings	(13,591,462)	(12,687,298)
	<u>\$ 772,706</u>	<u>\$ 564,214</u>
Presentation of consolidated balance sheets		
Construction contract receivable	\$ 984,415	\$ 779,549
Construction contract payable	(211,709)	(215,335)
	<u>\$ 772,706</u>	<u>\$ 564,214</u>
Construction retainage receivable (Note 13)	\$ 257,121	\$ 165,168
Construction retainage payable	<u>\$ 555,448</u>	<u>\$ 494,430</u>

XV. Land Held for Construction

The Group acquired the land sitting at the northern part of the industrial zone in Xinzhuang Dist. in July 2017. The purpose of holding such land is to construct buildings for sale. The land is also pledged to the financial institution for loans. Please refer to Notes 21 and 31.

XVI. Prepayments

	<u>June 30, 2018</u>	<u>December 31, 2017</u>	<u>June 30, 2017</u>
Prepayment for purchases	\$ 544,196	\$ 589,736	\$ 254,167
Prepayments construction contracts	68,017	53,645	24,986
Prepaid insurance premium	9,494	10,064	3,679
Tax overpaid retained	8,334	19,080	4,322
Others	<u>5,004</u>	<u>2,831</u>	<u>11,134</u>
	<u>\$ 635,045</u>	<u>\$ 675,356</u>	<u>\$ 298,288</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	Shareholding percentage			Descripti on
			June 30 2018	December 31 2017	June 30 2017	
The Company	Jin Gu Limited (Jin Gu)	Reinvestment	100%	100%	100%	
	Yin Ying Holding Limited (Yin Ying)	Reinvestment	100%	100%	100%	
	Shun Long International Electrical Engineering Co., Ltd. (Shun Long)	Mechanical, electrical and plumbing engineering, undertaking and equipment/wholesale and retail	86.61%	86.61%	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%	
	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)	Reinvestment	100%	100%	100%	
	Jianya (Shanghai) Information Technology Co., Ltd. (Shanghai Information)	Computer software technology development and consultation	100%	100%	100%	
Subsidiaries of Jin Gu and Yin Ying	Kunshan Jianshan Concrete Co., Ltd. (Kunshan Jianshan)	Production and sale of concrete and concrete products	-	-	100%	Please refer to 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%	
	Changzhou Changlong Handling Co., Ltd. (Changzhou Changlong)	Cargo handling	100%	100%	100%	
	Jianya (Nantong) Information Technology Co., Ltd. (Jianya Nantong)	Computer software technology development and consultation	100%	-	-	
Subsidiaries of Jin Gu and Yin Ying	Jianya (Yangzhou) Technology Consultant Co., Ltd. (Jianya Yangzhou)	Computer software technology development and consultation	100%	-	-	(3)

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

(1) Insignificant subsidiaries not reviewed by an certified public accountant on June 30, 2018 include Shun Long, Chien Kuo Development, WeBIM Services, Anping Real Estate, and Jin Gu. Insignificant subsidiaries not reviewed by an independent auditor on June 30, 2017 include Shun Long, Chien Kuo Development, WeBIM Services, Anping Real Estate, and Guangxi Hefa.

(2) Newly incorporated as a result of split-up from Nantong Chien Cheng.

(3) Newly incorporated as a result of split-up from Yangzhou Chien Yung.

(II) Subsidiaries Not Consolidated Into the Consolidated Financial Statements: None.

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

(I) Board of Directors of the Group resolved on July 15, 2015 to dispose all shares of Guangxi Hefa. As of June 30, 2017, the proceeds received in advance were NT\$ 144,043 thousand (RMB 32,078 thousand).

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

	June 30, 2017
Cash and Cash Equivalents	\$ 25,850
Notes Receivables and Accounts Receivables	39,192
Other receivables	10,141
Inventory	6,302
Prepayments	6,375
Other current assets	1,693
Property, plant and equipment	100,029
Other non-current assets	<u>13,506</u>
	<u>\$ 203,088</u>
Other payables	\$ 19,210
Current income tax liabilities	<u>8</u>
Liabilities directly associated with non-current assets held for sale	<u>\$ 19,218</u>
Equity directly relating to non-current assets held for sale	<u>\$ 7,093</u>

(II) The Board of Directors of the Group resolved on March 8, 2017 to dispose of all shares of Kunshan Jianshan Concrete Co., Ltd. (“Jianshan” hereinafter) to Kunshan Shen Kun Concrete Co., Ltd. (“Kuanshan Shen Kun” hereinafter). The two parties executed an equity transfer agreement on March 15, 2017. As of June 30, 2017, proceeds received in advance amounted to NT\$ 70,118 thousand (RMB 15,615 thousand). In addition, Kunshan Shen Kun provided a bank acceptance in the amount of NT\$ 43,108 thousand (RMB 9,600 thousand) as collateral. The primary contractual terms are stated 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 price of the equity transfer agreement totals roughly NT\$ 424,166 thousand (RMB 95,000 thousand), which consists of land, plants and machinery, and the remaining realizable assets of Jianshan.
3. Jianshan's accounts receivable and debts that incurred prior to the asset transfer date are to be collected and paid by the Group until the equity transfer date.
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 under the name of Jianshan during the cooperative operation shall be borne by Kunshan Shen Kun. Kunshan Shen Kun shall not cause any further loss or liabilities for 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 RMB 1,200 thousand per year.

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

	Amount
Cash and Cash Equivalents	\$ 122,271
Notes receivables and accounts receivables, net	278,075
Other receivables	3,490
Inventory	6,085
Prepayments	3,563
Other current assets	37
Property, plant and equipment	50,505
Other non-current assets	11,680
Less: Accounts receivable being eliminated due to consolidation - related party	(\$ 82,870)
Total non-current assets held for sale	<u>\$ 392,836</u>
Accounts payable	\$ 25,597
Other payables	62,439
Current income tax liabilities	754
Other current liabilities	<u>8,414</u>
Total liabilities directly associated with non-current assets held for sale	<u>\$ 97,204</u>
Equity directly relating to non-current assets held for sale	(\$ 22,921)

The disposal of the foregoing transactions has been consummated respectively on September 22, 2017 and August 23, 2017. Please refer to Note 27 in the 2017 consolidated financial statements for related information.

XIX. Property, Plant and Equipment

	June 30, 2018	December 31, 2017	June 30, 2017
Land	\$ 15,742	\$ 15,742	\$ 15,742
Buildings	76,628	81,263	81,315
Machinery	49,961	49,834	49,575
Transportation equipment	8,135	10,182	8,832
Office equipment	3,115	3,589	4,299
Leasehold Improvements	14,550	16,053	9,913
Other Equipment	<u>56,776</u>	<u>55,488</u>	<u>56,923</u>
	<u>\$ 224,907</u>	<u>\$ 232,151</u>	<u>\$ 226,599</u>

Other than recognizing depreciation and being reclassified to non-current assets held for sale, the Group's property, plant and equipment did not incur any material addition, disposal, and impairment for the six-month periods ended June 30, 2018 and 2017.

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

Buildings	
Main building for plants	61 years
Rooftop construction	22 years
Yard construction	22 years
Others	22 years
Leasehold Improvements	4~6 years
Machinery	4~12 years
Transportation equipment	2~12 years
Office equipment	1~10 year(s)
Other 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

	June 30, 2018	December 31, 2017	June 30, 2017
Land	\$ 131,188	\$ 131,188	\$ 131,188
Buildings	35,245	35,806	36,367
Parking space	3,407	3,443	3,478
Construction in progress	<u>722</u>	<u>722</u>	-
	<u>\$ 170,562</u>	<u>\$ 171,159</u>	<u>\$ 171,033</u>
Fair value	<u>\$ 182,136</u>	<u>\$ 182,136</u>	<u>\$ 185,629</u>

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

	June 30, 2018	December 31, 2017	June 30, 2017
<u>Unsecured loans</u>			
Credit loans	\$ _____ -	\$ 220,000	\$ 30,000
Annual interest rate	-	0.96% ~ 1.13%	1.20%

(II) Short-term Bills Payables

	June 30, 2018	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate Range	Collateral
<u>Commercial paper payable</u>						
Shanghai Commercial and Savings Bank	\$ 150,000	(\$ 197)	\$ 149,803	1.290%	None.	
<u>December 31, 2017</u>						
	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate Range	Collateral	
<u>Commercial paper payable</u>						
Mega Bills	\$ 80,000	(\$ 52)	\$ 79,948	0.998%	None	

(III) Long-term loans

	June 30, 2018	December 31, 2017	June 30, 2017
<u>Secured loans (Note 31)</u>			
Syndicated loans (1)	\$ 750,000	\$ 1,050,000	\$ 1,200,000
Bank loans (2)	350,000	350,000	-
	1,100,000	1,400,000	1,200,000
Less: Current portion	(600,000)	(600,000)	(450,000)
Long-term loans	\$ 500,000	\$ 800,000	\$ 750,000
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, amortization, and interest expenses) shall be 200% or more; and
- (4) The tangible net worth shall be NT\$3.5 billion or more.

For the above long-term loans, interest is paid monthly. Starting from December 30, 2017, NT\$150,000 thousand should be repaid every quarter, and the final maturity date should be September 2019.

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 Payables

Accounts payables 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

	June 30, 2018	December 31, 2017	June 30, 2017
Authorized shares (in 1,000 shares)	500,000	500,000	500,000
Authorized capital	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Number of issued and paid shares (in 1,000 shares)	337,900	337,900	337,900
Issued capital	\$ 3,379,001	\$ 3,379,001	\$ 3,379,001

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

(II) Capital surplus

	June 30, 2018	December 31, 2017	June 30, 2017
<u>Used to offset deficits, appropriated as cash dividends or transferred to capital stock (1).</u>			
Share premium	\$ 199,561	\$ 199,561	\$ 199,561
Treasury stock transaction	623	623	623
<u>Used to offset deficits</u>			
Recognized Changes in ownership interests in subsidiaries accounted for using equity method	-	-	338
Adjustment in capital surplus of subsidiaries accounted for 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 surplus may be used to offset deficits, if any, or to issue cash dividends, or replenish the capital stock on the condition that the increase in capital stock is restricted to a certain ratio of paid-in capital every year.

(III) Retained Earnings and Dividend Policy

According to the earnings appropriation policy set forth in the Company's Articles of Incorporation, the annual net income, if any, should be used to pay off all the taxes and duties, as well as to compensate prior deficits. The remaining amount, if any, should be appropriated in the following order of presentation: (1) 10% as legal reserve; (2) set aside or reverse a certain amount as or of special reserve according to operating needs or laws or regulations; (3) the remaining net income plus unappropriated earnings from prior years may be used as dividends or bonus for shareholders after proposed by the Board of Directors and resolved by the shareholders meeting. For appropriation policy regarding compensation to employees and remuneration to supervisors and directors as set forth in 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 Company shall also set aside a legal reserve until it equals the Company's paid-in capital. Such legal reserve may be used to offset the deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The proposals to appropriate earnings for the years ended December 31, 2017 and 2016 are as follows:

	Earnings appropriation proposal		Dividends per Share (NT\$)	
	2017	2016	2017	2016
Legal reserve	\$ 17,118	\$ 4,208		
Special reserve	28,091	-		
Cash Dividend	167,150	167,150	\$ 0.50	\$ 0.50

(IV) Treasury Stocks

The treasury shares of 3,600 thousand shares acquired by the Company during 2015 were originally a repurchase for the purpose of transferring such shares to employees. Since such transfer hasn't taken place in nearly three year, the Company's Board of Directors resolved on August 9, 2018 to cancel the registration of such shares, and planned to set the capital reduction date on October 6, 2018.

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

	April 1, 2018 to June 30, 2018	April 1, 2017 to June 30, 2017	January 1, 2018 to June 30, 2018	January 1, 2017 to June 30, 2017
Construction revenue	\$ 1,056,496	\$ 898,316	\$ 2,025,415	\$ 1,719,979
Sales revenue	804,298	373,858	1,312,940	603,391
Others	5,965	4,528	8,327	6,659
	<u>\$ 1,866,759</u>	<u>\$ 1,276,702</u>	<u>\$ 3,346,682</u>	<u>\$ 2,330,029</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

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

(II) Contract balance

	June 30, 2018	
	Construction Segment	Concrete Segment
Accounts receivable (Note 13)	<u>\$ 462,963</u>	<u>\$ 2,195,824</u>
Contract assets		
Real estate construction	\$ 908,760	\$ -
Construction retainage		
receivables	<u>362,173</u>	<u>-</u>
	<u>1,270,933</u>	<u>-</u>
Contract liability		
Real estate construction	<u>\$ 156,218</u>	<u>\$ -</u>

XXV. Net Income

(I) Other revenue

	April 1, 2018 to June 30, 2018	April 1, 2017 to June 30, 2017	January 1, 2018 to June 30, 2018	January 1, 2017 to June 30, 2017
Interest revenue	\$ 11,785	\$ 18,174	\$ 22,736	\$ 36,489
Others	<u>727</u>	<u>387</u>	<u>4,095</u>	<u>2,975</u>
	<u>\$ 12,512</u>	<u>\$ 18,561</u>	<u>\$ 26,831</u>	<u>\$ 39,464</u>

(II) Other Gains and Losses

	April 1, 2018 to June 30, 2018	April 1, 2017 June 30, 2017	January 1, 2018 June 30, 2018	January 1, 2017 to June 30, 2017
Expected credit impairment loss	(\$ 13,939)	\$ -	(\$ 13,939)	\$ -
Valuation gains (losses) on financial assets at FVTPL	6,168	(270)	12,075	2,825
Net exchange gain (loss)	475	1,775	(6,227)	(36,032)
Net gain from disposal of available-for-sale financial assets	-	425	-	425
Net loss from disposal of property, plant and equipment	(178)	(108)	(225)	(428)
Others	<u>(7,087)</u>	<u>(345)</u>	<u>(8,187)</u>	<u>(2,427)</u>
	<u>(\$ 14,561)</u>	<u>\$ 1,477</u>	<u>(\$ 16,503)</u>	<u>(\$ 35,637)</u>

(III) Finance Costs

	April 1, 2018 to June 30, 2018	April 1, 2017 to June 30, 2017	January 1, 2018 to June 30, 2018	January 1, 2017 to June 30, 2017
Interest expense				
Bank loans	<u>\$ 6,797</u>	<u>\$ 7,133</u>	<u>\$ 14,548</u>	<u>\$ 14,272</u>

(IV) Depreciation and Amortization

	April 1, 2018 to June 30, 2018	April 1, 2017 to June 30, 2017	January 1, 2018 to June 30, 2018	January 1, 2017 to June 30, 2017
Property, plant and equipment	\$ 6,579	\$ 5,706	\$ 13,196	\$ 14,513
Investment property	298	289	597	578
Intangible assets	<u>962</u>	<u>1,690</u>	<u>1,960</u>	<u>3,478</u>
Total	<u>\$ 7,839</u>	<u>\$ 7,685</u>	<u>\$ 15,753</u>	<u>\$ 18,569</u>
Depreciation expenses summarized by functions				
Operating costs	\$ 4,822	\$ 4,409	\$ 9,626	\$ 11,939
Operating Expenses	1,766	1,297	3,589	2,574
Other gains and losses	<u>289</u>	<u>289</u>	<u>578</u>	<u>578</u>
	<u>\$ 6,877</u>	<u>\$ 5,995</u>	<u>\$ 13,793</u>	<u>\$ 15,091</u>
Depreciation expenses summarized by functions				
Operating costs	\$ 291	\$ 253	\$ 542	\$ 551
Operating Expenses	<u>671</u>	<u>1,437</u>	<u>1,418</u>	<u>2,927</u>
	<u>\$ 962</u>	<u>\$ 1,690</u>	<u>\$ 1,960</u>	<u>\$ 3,478</u>

(V) Employee Benefit Expense

	April 1, 2018 to June 30, 2018	April 1, 2017 to June 30, 2017	January 1, 2018 to June 30, 2018	January 1, 2017 to June 30, 2017
Short-term employee benefits	\$ 121,004	\$ 103,161	\$ 241,217	\$ 215,378
Post-employment benefits				
Defined contribution plan	6,641	5,356	13,002	11,458
Defined benefit plans	103	122	242	243
Termination benefits	<u>413</u>	<u>39</u>	<u>940</u>	<u>39</u>
	<u>\$ 128,161</u>	<u>\$ 108,678</u>	<u>\$ 255,401</u>	<u>\$ 227,118</u>
Summary by function				
Operating costs	\$ 68,273	\$ 50,068	\$ 137,585	\$ 108,496
Operating Expenses	<u>59,888</u>	<u>58,610</u>	<u>117,816</u>	<u>118,622</u>
	<u>\$ 128,161</u>	<u>\$ 108,678</u>	<u>\$ 255,401</u>	<u>\$ 227,118</u>

(VI) Compensation to Employees and Remuneration to Directors and Supervisors

Pursuant to the Articles of Incorporation, the Company appropriates 0.1% - 3% of its pre-tax income (before compensations to employees and remunerations to directors and supervisors are deducted from) as employee compensations, and less than 3% of such pre-tax income as remuneration to directors and supervisors. Compensations to employees and remunerations to directors and supervisors for the three-month and six-month periods ended June 30, 2018 and 2017 are stated as follows:

	April 1, 2018 ~ June 30, 2018		April 1, 2017 ~ June 30, 2017	
	Amount	Percentage (%)	Amount	Percentage (%)
Employee compensation	<u>\$ 3,289</u>	3%	<u>\$ 1,24</u>	3.6%
Directors and Supervisors' Remuneration	<u>\$ 3,289</u>	3%	<u>\$ 1,24</u>	3.6%

	January 1, 2018 ~ June 30, 2018		January 1, 2017 ~ June 30, 2017	
	Amount	Percentage (%)	Amount	Percentage (%)
Employee compensation	\$ 6,023	3%	\$ 1,404	3%
Directors and Supervisors' Remuneration	\$ 6,023	3%	\$ 1,404	3%

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.

The Company's compensations to employees and remunerations to directors and supervisors are stated as follows:

	2017		2016	
	Cash	Percentage (%)	Cash	Percentage (%)
Employee compensation	\$ 6,417	3%	\$ 981	2%
Directors and Supervisors' Remuneration	\$ 6,417	3%	\$ 1,470	3%
	\$ 12,834		\$ 2,451	

There is no discrepancy between the real distributed amount of compensations to employees and remunerations to directors and supervisors for 2017 and 2016 and the recognized amount on the consolidated financial statements for 2017 and 2016.

Information about employee compensation and remuneration to directors and supervisors approved by the Board of Directors is available at the Taiwan Stock Exchange Market Observation Post System website.

XXVI. Income Tax

(I) Income tax recognized in profit or loss

Major components of income tax expenses are as follows:

	April 1, 2018 to June 30, 2018	April 1, 2017 to June 30, 2017	January 1, 2018 to June 30, 2018	January 1, 2017 to June 30, 2017
Current income tax				
Income tax expenses recognized in the period	\$ 23,844	\$ 1,577	\$ 47,425	\$ 1,879
Adjustments for prior years	(973)	(8,514)	(973)	(8,514)
	<u>22,871</u>	<u>6,937</u>	<u>46,452</u>	<u>6,635</u>
Deferred income tax				
Income tax expenses recognized in the period	23,236	4,394	40,718	6,516
Adjustments for prior years	-	8,514	-	8,514
Changes in tax rates	<u>-</u>	<u>-</u>	<u>27,356</u>	<u>-</u>
	<u>23,236</u>	<u>12,907</u>	<u>68,074</u>	<u>15,030</u>
Income tax expenses recognized in profit or loss	\$ 46,107	\$ 5,970	\$ 114,526	\$ 8,395

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

	April 1, 2018 to June 30, 2018	April 1, 2017 to June 30, 2017	January 1, 2018 to June 30, 2018	January 1, 2017 to June 30, 2017
Deferred income tax				
Changes in tax rates	\$ -	\$ -	\$ 5,262	\$ -
Income tax expenses recognized in the period				
- Exchange differences on translation of foreign financial statements	<u>\$ 12,988</u>	<u>\$ 11,927</u>	<u>\$ 14,384</u>	<u>(\$ 33,496)</u>
	<u><u>\$ 12,988</u></u>	<u><u>\$ 11,927</u></u>	<u><u>\$ 19,646</u></u>	<u><u>(\$ 33,496)</u></u>

(III) Income Tax Approval Status

The profit-seeking enterprise income tax returns filed by the Company and entities operating within the territory of R.O.C. are approved by the taxation authority.

The approved years are stated as follows:

Company Name	Approval 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\$ per Share			
	April 1, 2018 to June 30, 2018	April 1, 2017 to June 30, 2017	January 1, 2018 to June 30, 2018	January 1, 2017 to June 30, 2017
Basic earnings per share	<u>\$ 0.24</u>	<u>\$ 0.08</u>	<u>\$ 0.36</u>	<u>\$ 0.11</u>
Diluted earnings per share	<u>\$ 0.24</u>	<u>\$ 0.08</u>	<u>\$ 0.36</u>	<u>\$ 0.11</u>

Earnings used for calculation of EPS and weighted average number of shares are stated as follows:

Net income

	April 1, 2018 to June 30, 2018	April 1, 2017 to June 30, 2017	January 1, 2018 to June 30, 2018	January 1, 2017 to June 30, 2017
Net income attributable to	<u>\$ 80,600</u>	<u>\$ 27,846</u>	<u>\$ 121,822</u>	<u>\$ 37,495</u>

shareholders of the Company

Number of shares

Unit: In 1,000 Shares

	April 1, 2018 to June 30, 2018	April 1, 2017 to June 30, 2017	January 1, 2018 to June 30, 2018	January 1, 2017 to June 30, 2017
Weighted average number of common stocks used for the calculation of basic earnings per share	334,300	334,300	334,300	334,300
Effect of dilutive potential common stocks:				
Employee compensation	506	152	787	204
Weighted average number of common stocks used for the calculation of diluted earnings per share	<u>334,806</u>	<u>334,452</u>	<u>335,087</u>	<u>334,504</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 hierarchy

June 30, 2018

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign Funds	\$ 293,265	\$ -	\$ -	\$ 293,265
Private placement	-	-	85,555	85,555
Structured deposits	-	328,668	-	328,668
<u>Financial assets measured at FVTOCI</u>				
Domestic and foreign listed stocks	339,006	-	-	339,006
Investments in foreign bonds	-	144,195	-	144,195
Total	<u>\$ 632,271</u>	<u>\$ 472,863</u>	<u>\$ 85,555</u>	<u>\$ 1,190,689</u>

December 31, 2017

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic and foreign listed stocks	\$ 41,230	\$ -	\$ -	\$ 41,230
Foreign Funds	362,231	-	-	362,231
<u>Available-for-sale financial assets</u>				
Domestic listed stocks	274,064	-	-	274,064
Investments in foreign bonds	-	142,574	-	142,574
Foreign funds	14,746	-	-	14,746
Total	<u>\$ 692,271</u>	<u>\$ 142,574</u>	<u>\$ -</u>	<u>\$ 834,845</u>
<u>Financial liabilities at FVTPL</u>				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 23,849</u>	<u>\$ -</u>	<u>\$ 23,849</u>

June 30, 2017

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic and foreign listed stocks	\$ 37,872	\$ -	\$ -	\$ 37,872
Foreign Funds	527,654	-	-	527,654
<u>Available-for-sale financial assets</u>				
Domestic listed stocks	250,670	-	-	250,670
Investments in foreign bonds	-	204,914	-	204,914
Foreign funds	12,414	-	-	12,414
Total	<u>\$ 828,610</u>	<u>\$ 204,914</u>	<u>\$ -</u>	<u>\$ 1,033,524</u>
<u>Derivative financial liabilities for hedging purposes</u>				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 12,270</u>	<u>\$ -</u>	<u>\$ 12,270</u>

There was no fair value measurement that was transferred between Level 1 and Level 2 for the six-month periods ended June 30, 2018 and 2017.

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

Types of 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 methods: Future cash flows are estimated based on observable forward exchange and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Structured deposits	The fair values of structured deposits are measured at the rates of return derived from the structure of deposit principals and derivatives.

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

Fair value of private placement is measured by using the asset-based approach.

The asset-based approach is used to assess the fair value by reference to the net asset value provided by the fund companies. The unobservable inputs employed by the Group as at June 30, 2018 were liquidity and minority interest, each reduced by 10%. When other inputs are held constant, if liquidity or minority interest reduces by 1%, the fair value will decrease by NT\$ 951 thousand.

(III) Types of Financial Instruments

	June 30, 2018	December 31, 2017	June 30, 2017
<u>Financial assets</u>			
Measured at FVTPL			
Held for trading	\$ -	\$ 403,461	\$ 565,526
Mandatorily measured at FVTPL	707,488	-	-
Loans and receivables (Note 1)	-	6,183,820	5,222,862
Available-for-sale financial assets (Note 2)	-	502,208	510,586
Financial assets at amortized cost (Note 3)	4,967,640	-	-
Financial assets measured at FVTOCI			
Investment in an equity instrument	339,006	-	-
Investment in a debt instrument	144,195	-	-
<u>Financial liabilities</u>			
Financial liabilities at FVTPL	-	23,849	12,270
Measured at amortized cost	3,758,687	4,154,591	3,040,770

(Note 4)

Note 1: Balance is the balance of the loans and receivables measured at amortized cost, including cash and cash equivalents, debt instrument investments for which no active market exists, notes receivables, accounts receivables, and pledged certificate of deposits and reserve accounts.

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

Note 3: Balance is the balance of the financial assets measured at amortized cost, including cash and cash equivalents, notes receivable, 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 rate risk

For the carrying amount of foreign currency monetary assets and foreign currency monetary liabilities that were significant on the balance sheet date, please refer to Note 34.

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, 2018	January 1, 2017	
	to June 30, 2018	to June 30, 2017	
RMB	\$ 1,350	\$ 22	
USD	3	6,087	

(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.

	June 30, 2018	December 31, 2017	June 30, 2017
With fair value interest rate risk			
- Financial assets	\$ 1,367,567	\$ 2,063,620	\$ 1,909,879
- Financial liabilities:	750,000	1,349,948	1,230,000
With cash flow interest rate risk			
- Financial assets	651,346	727,440	872,149
- 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). 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.

If interest rate increases/decreases by 100 basis points, held other variables constant, the Group's income before tax will increase/decrease by NT\$ 758 thousand and NT\$ 4,361 thousand, respectively for the six-month periods ended June 30, 2018 and 2017.

(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 equity prices rise/fall by 10%, the pre-tax income for the six-month period ended June 30, 2018 will increase/decrease by NT\$ 37,882 thousand due to the rise/fall of the fair value of financial assets measured at FVTPL, while the pre-tax other comprehensive income for the six-month period ended June 30, 2018 will increase/decrease by NT\$ 33,901 thousand due to the rise/fall of the fair value of financial assets measured at FVTOCI.

If the price of equity increases/decreases by 10%, the income before tax for the six-month period ended June 30 will, as a result of the gains or losses from equity instruments measured at FVTPL, increase/decrease by NT\$ 56,553 thousand, while the shareholders' equity will, due to gains or losses from equity instruments classified as available-for-sale, increase/decrease by 26,308 thousand.

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.

June 30, 2018

	Less than 1 Year	1~2 Year(s)	2~5 Years
Non-interest bearing liabilities	\$ 2,416,267	\$ 76,581	\$ 16,036
Fixed-rate instruments:	600,000	150,000	-
Floating interest rate instruments	<u>149,803</u>	<u>-</u>	<u>350,000</u>
	<u><u>\$ 3,166,070</u></u>	<u><u>\$ 226,581</u></u>	<u><u>\$ 366,036</u></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-rate instruments:	899,948	450,000	-
Floating interest rate instruments	<u>-</u>	<u>-</u>	<u>350,000</u>
	<u><u>\$ 3,292,202</u></u>	<u><u>\$ 497,820</u></u>	<u><u>\$ 364,569</u></u>

June 30, 2017

	Less than 1 Year	1~2 Year(s)	2~5 Years
Non-interest bearing liabilities	\$ 1,564,907	\$ 222,010	\$ 23,853

Fixed-rate instruments:	480,000	600,000	150,000
	<u>\$ 2,044,907</u>	<u>\$ 822,010</u>	<u>\$ 173,853</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) Line of credit

	June 30, 2018	December 31, 2017	June 30, 2017
credit line of unsecured bank loan			
— Amount used	\$ 150,000	\$ 300,000	\$ 30,000
— Amount unused	<u>2,132,255</u>	<u>787,560</u>	<u>1,232,780</u>
	<u>\$ 2,282,255</u>	<u>\$ 1,087,560</u>	<u>\$ 1,262,780</u>
credit line of secured bank loan			
— Amount used	\$ 1,100,000	\$ 1,400,000	\$ 1,200,000
— Amount unused	<u>100,000</u>	<u>219,495</u>	<u>568,714</u>
	<u>\$ 1,200,000</u>	<u>\$ 1,619,495</u>	<u>\$ 1,768,714</u>

XXX. Related Party Transactions

In preparing the consolidated financial statements, all transactions, balances, income and expenses between the entities have been eliminated in full. 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	Relations with the Group
Jianhui Investment Co., Ltd. (Jianhui Investment)	The company's board chairman is the Company's vice chairman.
Chien Kuo Foundation For Arts and Culture	The foundation's board chairman is the Company's vice chairman.
Yang, Tzu-Chiang	Director of the Company
Yang, Pang-Yen	Director of the Company

(II) Other related party transactions

1. Rental expense

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	April 1, 2018 to June 30, 2018	April 1, 2017 to June 30, 2017	January 1, 2018 to June 30, 2018	January 1, 2017 to June 30, 2017
Jianhui Investment	\$ 1,437	\$ 1,437	\$ 2,874	\$ 2,874

2. Donation expenditure

The Group's Board of Directors resolved on March 29, 2018 to donate to Chien Kuo Foundation for Arts and Culture a supporting fee for its broadcast production. Such donation was recognized in the second quarter of 2018 as a donation expense in the amount of NT\$ 1,620 thousand.

3. Acquisition of financial assets

In January 2018, the Group invested in CSVI VENTURES, L.P. with NT\$ 18,276 thousand (US\$ 600 thousand). The chief decision maker of the fund is the Company's director.

(III) Remuneration to key management

	April 1, 2018 to June 30, 2018	April 1, 2017 to June 30, 2017	January 1, 2018 to June 30, 2018	January 1, 2017 to June 30, 2017
Short-term employee benefits	\$ 7,361	\$ 7,941	\$ 28,783	\$ 28,533
Post-employment benefits	282	294	579	605
	<u>\$ 7,643</u>	<u>\$ 8,235</u>	<u>\$ 29,362</u>	<u>\$ 29,138</u>

XXXI. Mortgaged Assets and Pledged Assets

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

	June 30, 2018	December 31, 2017	June 30, 2017
Land awaiting development	\$ 463,577	\$ 463,577	\$ -
Financial assets at FVTPL - current	\$ -	254,453	-
Pledged certificate of deposit and reserve accounts - current (recognized in other current assets)	\$ -	119,371	357,045
Pledged certificate of deposit and reserve accounts - non-current	78,194	211,782	379,592
Financial assets measured at FVTOCI - noncurrent	131,675	98,542	-
Investment property	23,144	32,408	32,695
Property, plant and equipment	158,060	20,043	20,816
Long-term prepaid rent	33,269	4,941	4,958

Available-for-sale financial assets	131,675	<u>5,205</u>	<u>\$ 1,205,117</u>	<u>-</u>	<u>26,700</u>	<u>\$ 1,285,383</u>	<u>21,700</u>	<u>\$ 582,144</u>
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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:

Contingency

(I) Whereas, Shing Tzung Development Co., Ltd (“Shing Tzung” hereinafter) and its responsible person, Lu,Kuo-Feng, were building a commercial-residential hybrid complex that has 5 floors below ground and 26 floors above ground located at Land No. 537, Zhangzhou Section, Kaohsiung City when the diaphragm wall construction, due to poor construction, damaged the neighbors’ houses on July 20, 2014. Such incident (“Incident” hereinafter) had caused the houses located at 187th lane, Ziqiang 3rd Road, Kaohsiung City to tilt largely, to sink, and to depict cracked walls. Due to the Company’s active participation in the repair work, a total of 25 house owners transferred a certain amount of their creditors’ rights to the Company, by which the Company had petitioned the court for a provisional attachment against Shing Tzung and its responsible person, and for a claim of NT\$ 25 million plus the statutory delay interest accrued thereon from them. The initial verdict rejected the Company’s petition. The Company had recognized in advance relevant loss of NT\$ 14 million based on the verdict contents, and discussed with legal counsels the effects and pros and cons of the reason for judgment.

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

(II) In 2000, Kun Yi Construction Co., Ltd. (Kun Yi) and the Company entered into “Earthwork and Site Preparation Construction Contract” (Earthwork Contract) and “Slope Protection and Retaining Wall Construction Contract” (Slope Protection

Contract). 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.

- (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 June 30, 2018, the letters of performance guarantee issued by banks for the Group for undertaking construction amounted to NT\$ 1,634,033 thousand.
- (V) As of June 30, 2018, the guarantee notes in deposit issued by banks for the Group for business purposes amounted to NT\$ 542,016 thousand.

XXXIII. Significant Subsequent Events:

The Group's Board of Directors resolved on August 9, 2018 to sell Nantong Chien Cheng Concrete Co., Ltd., an investee in Mainland China, to Zhongying Building Materials Co., Ltd. and Nantong Shenye Building Material Co., Ltd. in Nantong Development Zone. Such transaction is expected to be completed in the first quarter of 2019.

XXXIV. Information on Foreign Currency Assets and Liabilities Wielding Significant Influence

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

Unit: Foreign currency/NT\$1,000

June 30, 2018

	Amount in Foreign Currency		Exchange rate	Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
RMB	\$ 29,332		0.1511 (RMB: USD)	\$ 135,033
USD	10		30.46 (USD: NTD)	305
				<u>\$ 135,338</u>

December 31, 2017

	Amount in Foreign Currency		Exchange rate	Carrying Amount
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 20,092		29.76 (USD: NTD)	\$ 597,938

RMB	1,999	0.1530 (RMB: USD)	9.104
			<u>\$ 607,042</u>

June 30, 2017

	Amount in Foreign Currency	Exchange rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 20,011	30.42 (USD: NTD)	\$ 608,735
RMB	521	0.1476 (RMB: USD)	<u>2,339</u>
			<u>\$ 610,974</u>

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

	April 1, 2018 ~ June 30, 2018		April 1, 2017 ~ June 30, 2017	
	Exchange rate	Net exchange gain (loss)	Exchange rate	Net exchange gain (loss)
<u>Financial assets</u>				
RMB	0.1511 (RMB: USD)	(\$ 4,951)	0.1476 (RMB: USD)	(\$ 54)
USD	30.46 (USD: NTD)	<u>4,728</u>	30.42 (USD: NTD)	<u>29,153</u>
		<u>(\$ 223)</u>		<u>\$ 29,099</u>

	January 1, 2018 ~ June 30, 2018		January 1, 2017 ~ June 30, 2017	
	Exchange rate	Foreign exchange gains, net	Exchange rate	Foreign exchange loss, net
<u>Financial assets</u>				
RMB	0.1511 (RMB: USD)	\$ 1,279	0.1476 (RMB: USD)	(\$ 1,795)
USD	30.46 (USD: NTD)	<u>-</u>	30.42 (USD: NTD)	<u>(1,760)</u>
		<u>\$ 1,279</u>		<u>(\$ 3,555)</u>

XXXV. Additional Disclosures

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

1. Loans to others: (Appendix Table 1)
2. Endorsements and Guarantees (Appendix Table 2)
3. Marketable Securities Held at the End of the Period (Excluding Equity in Subsidiaries, Associates and Joint Ventures) (Appendix Table 3)
4. Aggregate trading value on the same securities (including purchase and sales) reaching NT\$300 million or 20 percent of the paid-in capital or more: (Appendix Table 4)

5. Acquisition of Property Amounting to At Least NT\$ 300 Million or Exceeding 20% of 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: (Appendix Table 5)
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (Appendix Table 6)
9. Derivatives trading Please refer to Notes 7 and 12.
10. Others: Inter-company Relationships and Significant Inter-company Transactions (Appendix Table 7)
11. Information on invested companies: (Appendix Table 8)

(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: (Appendix Table 9)
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.

XXXVI. 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.

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 income (loss)	
	January 1, 2018 to June 30, 2018	April 1, 2018 to June 30, 2018	January 1, 2018 to June 30, 2018	April 1, 2018 to June 30, 2018
Construction Segment	\$ 2,033,742	\$ 1,062,461	\$ 96,967	\$ 54,528
Concrete Segment	<u>1,312,940</u>	<u>804,298</u>	<u>186,283</u>	<u>103,214</u>
Total revenue from continuing operations	<u>\$ 3,346,682</u>	<u>\$ 1,866,759</u>	283,250	157,742
Other income			26,831	12,512
Other gains and losses			(16,503)	(14,561)
Headquarters management costs and directors' remuneration			(42,050)	(21,782)
Finance costs			(14,548)	(6,797)
Income before tax			<u>\$ 236,980</u>	<u>\$ 127,114</u>

	Segment Revenue		Segment income (loss)	
	January 1, 2017 to June 30, 2017	April 1, 2017 to June 30, 2017	January 1, 2017 to June 30, 2017	April 1, 2017 June 30, 2017
Construction Segment	\$ 1,726,638	\$ 902,844	\$ 105,247	\$ 45,987
Concrete Segment	<u>603,391</u>	<u>373,858</u>	(14,529)	(7,530)
Total revenue from continuing operations	<u>\$ 2,330,029</u>	<u>\$ 1,276,702</u>	90,718	38,457
Other income			39,464	18,561
Other gains and losses			(35,637)	1,477
Headquarters management costs and directors' remuneration			(34,211)	(16,968)
Finance costs			(14,272)	(7,133)
Income before tax			<u>\$ 46,062</u>	<u>\$ 34,394</u>

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

Chien Kuo Construction Co., Ltd. and Subsidiaries

Loans to Others

January 1, 2018 ~ June 30, 2018

Appendix Table 1

Unit: In Thousands of New Taiwan Dollars

No.	Company as creditor	Company as debtor	Financial Statement Account	Whether a Related Party	Maximum Balance	Ending Balance	Actual Amount Used	Interest Rate Interval	Nature of Loans (Note 1)	Amount arising from ordinary course of business	Reason for short-term financing	Allowance for doubtful debts	Collateral		Limit of loans to a single entity	Limit of total loans	Note
													Item	Value			
0	Chien Kuo Construction Co., Ltd.	Chien Kuo Development Co., Ltd.	Other receivables	Yes	\$ 300,000	\$ 300,000	\$ -	1.2%	(1)	\$ -	Operating capital	\$ -	—	\$ -	20% of the parent's net worth \$ 983,903	20% of the parent's net worth \$ 1,967,807	
1	Jianya (Shanghai) Information Technology Consultant Co., Ltd.	Suzhou Chien Hua Concrete Co., Ltd.	Other receivables	Yes	82,865	82,865	82,865	6.0%	(1)	-	Operating capital	-	—	-	100% of the company's net worth 156,102	100% of the company's net worth 156,102	

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

1. For the purpose of short-term financing.

Note 2: Where there involves a foreign currency, it is translated into New Taiwan Dollars by using the exchange rate as at June 30, 2018 (US\$1=NT\$ 30.46).

Chien Kuo Construction Co., Ltd. and Subsidiaries

Endorsements and Guarantees

January 1, 2018 ~ June 30, 2018

Appendix Table 2

Unit: In Thousands of New Taiwan Dollars

No.	Endorsement/Guarantee Provider Company Name	Parties Being Guaranteed		Limit of endorsement/guarantee for a single entity (Note 1, 2, 4)	Highest balance Up to the Current Month (Note 1)	Outstanding endorsement/guarantee - ending (Note 1)	Actual Amount Used (Note 1)	Endorsement/Guarantee secured with collateral	Ratio of cumulative endorsement/guarantee to the net worth stated in the latest financial statements	Limit of endorsement/guarantee (Notes 1, 3 and 4)	Endorsement/Guarantee provided by parent for subsidiary	Endorsement/Guarantee provided by subsidiary for parent	Endorsement/Guarantee for entities in China	Note
		Company Name	Relationship											
0	Chien Kuo Construction Co. Ltd.	Chien Kuo Asia Co., Ltd.	Sub-subsidiary	\$ 2,459,759	\$ 179,700	\$ 91,380	\$ -	\$ -	1.86%	\$ 4,919,517	Y	N	N	Financing endorsement/guarantee
		Suzhou Chien Hua Concrete Co., Ltd.	Sub-subsidiary	2,459,759	177,239	177,239	55,243	-	3.60%	4,919,517	Y	N	Y	Financing endorsement/guarantee
		Wuxi Chien Bang Concrete Co., Ltd.	Sub-subsidiary	2,459,759	177,238	177,238	96,676	-	3.60%	4,919,517	Y	N	Y	Financing endorsement/guarantee
		Shun Long International Electrical Engineering Co., Ltd.	Subsidiaries	2,459,759	50,000	50,000	-	-	1.02%	4,919,517	Y	N	N	Financing endorsement/guarantee
1	Jin Gu Co., Ltd.	Chien Kuo Construction Co. Ltd.	Parent company	11,278,525	182,760	182,760	182,760	182,760	6.48%	11,278,525	N	Y	N	Financing endorsement/guarantee

Disclosure:

Note 1: Where there involves a foreign currency, it is translated into New Taiwan Dollars by using the exchange rate as at June 30, 2018 (US\$1=NT\$ 30.46).

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.

Note 4: The limit on endorsement and limit on endorsement and guarantee made by Jin Gu Co., Ltd. for a single entity are calculated as follows:

1. The limit on endorsements/guarantees made for a single entity should be 400% of net worth of shareholders' equity.
2. The limit on endorsements/guarantees made to other guaranteed parties should be 400% of net worth of shareholders' equity.

Chien Kuo Construction Co., Ltd. and Subsidiaries
Marketable Securities Held by the End of the Period
June 30, 2018

Appendix Table 3

Unit: In Thousands of New Taiwan Dollars

Holder Company	Type and Name of Marketable Securities	Relationship with the marketable security issuer	Financial Statement Account	Ending				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair value	
Chien Kuo Construction Co. Ltd.	<u>Stock</u> Taiwan Cement Corporation Chia Hsin Cement Corporation Chia Hsin Cement Corporation	—	Financial assets measured at FVTOCI - noncurrent Financial assets measured at FVTOCI - noncurrent Financial assets measured at FVTOCI - current	5,009	\$ 212,129	0.12	\$ 212,129	Note 5 Note 1 —
				6,853	88,061	0.88	88,061	
				1,114	14,321	0.14	14,321	
Jin Gu Limited	<u>Funds</u> YUANTA DIAMOND FUNDS SPC — YUANTA PRIVATE EQUITY FUND SP PVG GCN VENTURES, L.P. CSVI VENTURES, L.P. <u>Stock</u> Chia Hsin Cement Corporation <u>Bonds</u> POLY REAL ESTATE GROUP CO. LTD CHINA HUARONG ASSET MANAGEMENT CO. LTD GREENLAND HOLDINGS CORP LTD	— — — Note 3 — — — — — —	Financial assets at FVTPL - noncurrent Financial assets at FVTPL - noncurrent Financial assets at FVTPL - noncurrent Financial assets measured at FVTOCI - current Financial assets measured at FVTOCI - noncurrent Financial assets measured at FVTOCI - noncurrent	10	32,095	-	32,095	— — — — — — — — — —
				-	27,470	5.00	27,470	
				-	25,990	5.13	25,990	
				175	2,251	0.02	2,251	
				1,850	56,915	-	56,915	
				1,930	58,889	-	58,889	
				950	28,391	-	28,391	

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(Continued from the previous page)

Holder Company	Type and Name of Marketable Securities	Relationship with the marketable security issuer	Financial Statement Account	Ending				Note
				Number of Shares (in Thousands)	Carrying Amount	Shareholding Percentage (%)	Fair value	
Wuxi Chien Bang Concrete Co., Ltd.	<u>Funds</u>	—	Financial assets at FVTPL - noncurrent	3,086	\$ 13,778	-	\$ 13,778	—
	Jinniu China New Dynamic Fund		Financial assets measured at FVTOCI - current	82	22,244	-	22,244	—
	<u>Stock</u>		Financial assets at FVTPL - current	-	95,820	-	95,820	Note 4
	Common stock of China Mobile Communications Corporation		Financial assets at FVTPL - current	-	62,290	-	62,290	Note 4
Suzhou Chien Hua Concrete Co., Ltd.	<u>Structured deposits</u>	—	Financial assets at FVTPL - current	-	39,053	-	39,053	Note 4
	Bank of East Asia Limited		Financial assets at FVTPL - current	-	57,290	-	57,290	Note 4
	Fubon Bank (China)		Financial assets at FVTPL - current	-	279,487	-	279,487	—
	Fubon Bank (China)		Financial assets at FVTPL - current	60,711	60,385	-	60,385	—
Yangzhou Chien Yung Concrete Co., Ltd.	<u>Funds</u>	—	Financial assets at FVTPL - current	-	13,830	-	13,830	—
	China International Fund Management Co., Ltd. Money Market Fund		Financial assets at FVTPL - current	-	279,487	-	279,487	—
	<u>Structured deposits</u>		Financial assets at FVTPL - current	-	60,385	-	60,385	—
	Agricultural Bank of China Limited		Financial assets at FVTPL - current	-	13,830	-	13,830	—
Chien Kuo Construction Consultant (Kunshan) Co., Ltd.	<u>Structured deposits</u>	—	Financial assets at FVTPL - current	-	279,487	-	279,487	—
	Agricultural Bank of China Limited		Financial assets at FVTPL - current	-	60,385	-	60,385	—

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

Note 2: For investment in subsidiaries, please refer to Appendix Table 8 and 9.

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.

Note 5: Among them, 1,720 thousand shares are pledged to the bank as collateral against the litigation between the Company and Shing Tzung.

Chien Kuo Construction Co., Ltd. and Subsidiaries

Aggregate trading value on the same securities (including purchase and sales) reaching NT\$300 million or 20 percent of the paid-in capital or more

January 1, 2018 ~ June 30, 2018

Appendix Table 4

Unit: In Thousands of New Taiwan Dollars

Purchaser/ Seller	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relations hip	Beginning		Buy		Sell				Changes in valuation gain (loss)	Effects from exchange rate	Ending	
					Shares	Amount	Shares	Amount	Shares	Selling price	Book cost	Disposal gain or loss			Shares	Amount
Wuxi Chien Bang Concrete Co., Ltd.	China International Fund Management Co., Ltd. Money Market Fund	Financial assets at FVTPL	—	—	56,167	\$ 255,811	132 (Note 1)	\$ -	56,299	\$ 257,248	\$ 257,248	\$ -	\$ 604	\$ 833	—	\$ —
Suzhou Chien Hua Concrete Co., Ltd.	China International Fund Management Co., Ltd. Money Market Fund	Financial assets at FVTPL	—	—	23,366	106,420	326 (Note 1)	-	23,692	110,961	110,961	-	1,512	3,029	—	—
Yangzhou Chien Yung Concrete Co., Ltd.	China International Fund Management Co., Ltd. Money Market Fund	Financial assets at FVTPL	—	—	-	-	60,711 (Note 2)	275,932	-	-	-	-	3,298	257	60,711	279,487
Nantong Chien Cheng Concrete Co., Ltd.	China International Fund Management Co., Ltd. Money Market Fund	Financial assets at FVTPL	—	—	-	-	32,679 (Note 3)	152,079	32,679	151,808	151,808	-	423 (694)	-	-	-

Note 1: Bonus awarded.

Note 2: Among which 711 units are bonus awarded.

Note 3: Among which 179 units are bonus awarded.

Chien Kuo Construction Co., Ltd. and Subsidiaries

Purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital:

January 1, 2018 ~ June 30, 2018

Appendix Table 5

Unit: Amount in Thousand of New Taiwan Dollars,
Unless Otherwise Stated

Purchaser (Seller)	Counter-party	Relationship	Transaction Amount				Description of and Reasons for the Differences in Transaction Terms as Compared to the Arms-Length Transactions		Notes or accounts receivable (payable)	Note (Note 2)
			Purchase (Sell)	Amount	Ratio to Total purchase (sell)	Credit Period	Unit Price	Credit Period	Balance	
Chien Kuo Construction Co. Ltd.	Shun Long International Electrical Engineering Co., Ltd.	Subsidiaries	Purchase	\$ 138,209	7.67%	Pursuant to the agreement	-	-	(\$ 136,058)	(12.23%)
Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Construction Co. Ltd.	Parent company	Purchase	(138,209)	(68.01%)	Pursuant to the agreement	-	-	117,212	88.54%

Note 1: Where the transaction terms for related parties are different from those of the arms-length transactions, the difference and the reason for it shall be stated in the columns titled “Unit price” and “Credit Period”.

Note 2: If payments are collected (paid) in advance, the reasons, contractual terms, amounts, and difference from arms-length transactions shall be stated in the column titled “Notes”.

Note 3: Paid-in capital refers to the paid-in capital of the parent. Where issuer’s shares have no par value or where the par value per share is not NT\$ 10, any calculations that involve paid-in capital ratio of 20% shall be replaced with the equity ratio of 10% attributable to the owners of the parent company as stated in the balance sheet.

Chien Kuo Construction Co., Ltd. and Subsidiaries

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

June 30, 2018

Appendix Table 6

Unit: Amount in Thousands of New Taiwan Dollars
, Unless Otherwise Stated

Company to which the accounts receivable is due	Counter-party	Relationship	Balance due from related party	Turnover Rate	Overdue Receivables from Related Parties		Subsequent recovered amount from related party (Note 1)	Loss allowance provided
					Amount	Action Taken		
Shun Long International Electrical Engineering Co., Ltd.	Chien Kuo Construction Co. Ltd.	Parent company	\$ 117,212	1.90	\$ -	—	\$ 36,127	\$ -

Note 1: Recovered amount as of July 31, 2018.

Chien Kuo Construction Co., Ltd. and Subsidiaries
 Inter-company Relationships and Significant Inter-company Transactions
 January 1, 2018 ~ June 30, 2018

Appendix Table 7 Unit: In Thousands of New Taiwan Dollars

No.	Company name	Counter-party	Nature of Relationship (Note 1)	Transaction details			
				Financial Statement Account	Amount	Transaction Terms	Ratio to total revenue or total assets
0	Chien Kuo Construction Co. Ltd.	WeBIM Services Co., Ltd. Shun Long International Electrical Engineering Co., Ltd.	(1)	Miscellaneous income	\$ 923	Note 2	0.03%
			(1)	Construction costs	1,794	Note 3	0.05%
			(1)	Construction costs	138,209	Note 4	4.13%
			(1)	Construction contract receivable	556,616	Note 4	5.80%
			(1)	Prepayments	34,161	Note 4	0.36%
			(1)	Accounts payable	136,058	Note 4	1.42%
			(1)	Other receivables	3,880	Note 6	0.04%
1	Chien Kuo Development Co., Ltd.	Anping Real Estate Co., Ltd.	(3)	Other receivables	7,200	Note 5	0.08%

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: This is service revenue paid by subsidiaries to Chien Kuo construction in exchange for its management service.

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

Note 4: Conducted in line with ordinary terms.

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

Note 6: Accounts receivables arising from Shun Long's announcement to distribute cash dividends.

Chien Kuo Construction Co., Ltd. and Subsidiaries

Information on Investees and their locations

January 1, 2018 ~ June 30, 2018

Appendix Table 8

Unit: In Thousands of New Taiwan Dollars

Investor	Name of Investee	Location	Main businesses	Original Investment Amount		Balance-ending			Gains (Losses) of the Investee	Investment gain (loss) recognized for the current period	Note
				End of Current Period	End of the Prior Year	Number of shares (in 1,000 shares)	Ratio (%)	Carrying Amount			
Chien Kuo Construction Co., Ltd.	Jin Gu Limited	British Virgin Islands	Reinvestment	\$ 491,804	\$ 656,126	15,740	100	\$ 2,719,151	\$ 81,031	\$ 81,031	Subsidiary
	Yin Ying Holding Limited	British Virgin Islands	Reinvestment	1,065,645	1,065,645	32,701	100	2,161,192	86,955	86,955	Subsidiary
	Chien Kuo Development Co., Ltd.	Taiwan	Building construction commission; public housing lease	144,065	144,065	11,100	100	98,671	251	255	Subsidiary
	Shun Long International Electrical Engineering Co., Ltd.	Taiwan	Mechanical, electrical and plumbing engineering, undertaking and equipment/wholesale and retail	44,361	44,361	6,063	86.61	45,963	1,525	1,321	Subsidiary
Yin Ying Holding Limited	WeBIM Services Co., Ltd.	Taiwan	Construction technology	15,166	15,166	1,530	76.5	10,682	1,823	1,395	Subsidiary
	Anping Real Estate Co., Ltd.	Taiwan	Housing and building development and lease	140,000	140,000	14,000	100	136,181	(976)	(976)	Subsidiary
	Chien Kuo Asia Co., Ltd.	British Virgin Islands	Reinvestment	910,310	1,177,143	1,746	54.78	1,952,155	158,842	Not applicable	Sub-subsidiary
Jin Gu Limited	Chien Kuo Asia Co., Ltd.	British Virgin Islands	Reinvestment	810,433	1,047,989	1,441	45.22	1,611,473	158,842	Not applicable	Sub-subsidiary
	Shun Long (Hong Kong) Limited	Hong Kong	International trade	0.007794	0.007794	-	100	269	(38)	Not applicable	Sub-subsidiary

Note 1: Where there involves a foreign currency, it is translated into New Taiwan Dollars by using the exchange rate for the six-month period ended June 30, 2018 (US\$1=NT\$ 30.46), except for profit or loss items, which are translated into New Taiwan Dollars by using the exchange rate on June 30, 2018 (US\$1=NT\$ 29.54).

Note 2: For investment in investees in China, please refer to Appendix Table 9.

Chien Kuo Construction Co., Ltd. and Subsidiaries

Investments in Mainland China

January 1, 2018 ~ June 30, 2018

Appendix Table 9

Unit: In Thousands of New Taiwan Dollars

Investee in Mainland China	Main businesses	Paid-in Capital	Manner of investment	Cumulative investment amount remitted from Taiwan - Beginning of the period	Investment amount remitted or received for the current period		Cumulative investment amount remitted from Taiwan - end of the period	Profit or loss of investees for the current period	Percentage of Ownership (Direct or Indirect)	Investment gains (losses) recognized for the current period (Note 1)	Carrying amount of investment - end of the period (Note 1)	Accumulated repatriation of investment income as of the end of the period.	Note
					Remitted	Received							
Shanghai Chien Kuo Concrete Co., Ltd.	Production and sale of concrete and concrete products	\$ 152,666	Investment through a company founded in a third region	\$ 125,779	\$ -	\$ -	\$ 125,779	\$ -	-	\$ -	\$ -	\$ -	Note 4
Jianya (Shanghai) Information Technology Co., Ltd.	Computer software technology development and consultation	109,656	Investment through a company founded in a third region	68,326	-	-	68,326	(419)	100%	(419)	155,685	-	
Suzhou Chien Hua Concrete Co., Ltd.	Production and sale of concrete and concrete products	418,064	Investment through a company founded in a third region	182,036	-	-	182,036	22,513	100%	22,513	592,491	-	
Kunshan Jianshan Concrete Co., Ltd.	Production and sale of concrete and concrete products	304,600	Investment through a company founded in a third region	230,025	-	-	230,025	-	-	-	-	-	Note 4
Wuxi Chien Bang Concrete Co., Ltd.	Production and sale of concrete and concrete products	434,817	Investment through a company founded in a third region	214,059	-	-	214,059	132,632	100%	132,632	1,501,193	-	
Changzhou Chien An Concrete Co., Ltd.	Production and sale of concrete and concrete products	76,150	Investment through a company founded in a third region	69,342	-	-	69,342	-	-	-	-	-	Note 4
Nantong Chien Cheng Concrete Co., Ltd.	Production and sale of concrete and concrete products	61,682	Investment through a company founded in a third region	244,471	-	-	244,471	(3,720)	100%	(3,720)	160,843	-	
Jianya (Nantong) Information Technology Co., Ltd.	Computer software technology development and consultation	152,300	Investment through a company founded in a third region	-	-	-	-	-	100%	-	166,781	-	
Yangzhou Chien Yung Concrete Co., Ltd.	Production and sale of concrete and concrete products	60,920	Investment through a company founded in a third region	197,041	-	-	197,041	7,511	100%	7,511	87,944	-	
Jianya (Yangzhou) Technology Consultant Co., Ltd.	Computer software technology development and consultation	246,726	Investment through a company founded in a third region	-	-	-	-	-	100%	-	257,811	-	
Shanghai Chien Chung Concrete Co., Ltd.	Production and sale of concrete and concrete products	76,150	Investment through an existing company in a third region	-	-	-	-	-	-	-	-	-	Note 4
Kunshan Jindi Concrete Co., Ltd.	Production and sale of concrete and concrete products	42,644	Investment through an existing company in a third region	-	-	-	-	-	100%	-	-	-	Note 4
Zunyi Chien Bang Mining Co., Ltd.	Quarrying	161,126	Investment through an existing company in a third region	-	-	-	-	-	-	-	-	-	Note 4
Changzhou Changlong Handling Co., Ltd.	Cargo handling	2,302	Investment through an existing company in a third region	-	-	-	-	(23)	100%	(23)	953	-	
Jiangsu Shili Construction	Construction	63,966	Investment through a	23,100	-	-	23,100	(1,006)	100%	(1,006)	76,397	-	

Co., Ltd.	consultation	18,276	company founded in a third region and others Investment through a company founded in a third region and others	-	-	-	-	45	100%	45	23,634	-	
Chien Kuo Construction Consultant (Kunshan) Co., Ltd.	Construction consultation												
Loudi Chien Kuo Mining Co., Ltd. and other six invested companies	Quarrying	1,212,917	Investment through an existing company in a third region and others	36,840	-	-	36,840	-	-	-	-	914,492	Note 4

Accumulated investment amount remitted from Taiwan to China as at end of current period	Investment amount approved by the Investment Commission, MOEA	Ceilings on investment in Mainland China imposed by the Investment Commission, MOEA
\$ 1,420,697 (Note 3)	\$ 596,038 (Note 2)	\$ 2,954,120

Note 1: The amount was recognized based on the financial statements of investees for the same period that had been reviewed by an independent auditor.

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:

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

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

Note 4: Changzhou Chien An Concrete Co., Ltd. was disposed of and the equity transfer was completed as at October 31, 2013. Shanghai Chien Chung Concrete Co., Ltd. and Zunyi Chien Bang Mining Co., Ltd. had been liquidated in 2015 and 2013, respectively. Loudi Chien Kuo Mining Co., Ltd. had been liquidated on August 15, 2016. Shanghai Chien Kuo Concrete Co., Ltd. had been liquidated on December 9, 2016; Kunshan Jindi Concrete Co., Ltd. had been liquidated on January 18, 2018. Kunshan Jianshan Concrete Co., Ltd. was disposed of and the equity transfer had been completed as at August 23, 2017. Guangxi Hefa Mining Co., Ltd. was disposed of and the equity transfer had been completed as at September 22, 2017.