

Stock Code: 5515



CHIEN KUO CONSTRUCTION CO.,LTD.  
Chien Kuo Construction Co., Ltd.

2023 Annual Shareholders' Meeting

Meeting Agenda Handbook

Time: 9:00 a.m. June 20, 2023 (Tuesday)

Address: 4F., No. 63, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City, 106056 ,  
Taiwan (Upgrade Business Center - Dunnan Yuanqi)

Convening method: Physical meeting assisted by visual communication network  
(hybrid)

Visual meeting platform: Depository company:

**<https://www.stockvote.com.tw/evote/index.html>**

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**Chapter 1. Meeting Agenda**  
**Chien Kuo Construction Co., Ltd.**  
**2023 Annual Shareholders' Meeting Agenda**

Time: 9:00 a.m. June 20, 2023 (Tuesday)

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**Meeting Procedures:**

**I. Report the Attending Shares**

**II. Call Meeting to Order**

**III. Chairman's Address**

**IV. Report Items**

1. The Company's 2022 Business Report.
2. Audit Committee's Audit Report on the 2022 Final Accounting Books.
3. Report on the distribution of compensation to employees and remuneration to directors for 2022.
4. Report on the status of directors' remuneration for 2022.
5. The 9th repurchase of treasury stock

**V. Ratified Items and Discussion Items**

1. To adopt the Company's 2022 Annual Business Report, Standalone Financial Statements, and Consolidated Financial Statements.
2. To adopt the Company's 2022 Earnings Distribution Proposal.
3. To discuss the amendment to the Company's Articles of Incorporation.

**VI. Extempore Motion**

**VII. Adjournment**

## **Chapter 2. Report Items**

### **Report Item NO.1.**

Subject: The Company's 2022 Business Report

Explanation:

The Company's 2022 Business Report.

#### **I. Business Strategy**

Adhering to the core value of “Integrity, Optimization, Well-being, and Harmony”, Chien Kuo Construction has implemented its philosophy of integrity and activeness, insisted on pre-eminent quality, strictly controlled the overall cost, and fulfilled its social responsibilities through its teamwork spirit of sustainability, innovation, and learning and development. Chien Kuo Construction expects itself to be the new generation construction team that is technology-based, social-cared, and humanistic-aesthetics-oriented.

#### **II. Business Overview**

The Company's 2022 annual consolidated revenue was NT\$5,065,701 thousand, a decrease of 5% over 2021. The net profit attributable to shareholders of the Company was NT\$184,115 thousand, an increase of 55% over 2021. Earnings per share was NT\$0.72. The following is a summary report of the Company's 2022 consolidated business results:

##### **(I) Operational Highlight**

Unit: NT\$ Thousands			
Item	2022	2021	Growth
Operating revenue	5,065,701	5,326,431	-5%
Operating costs	4,517,166	4,702,057	-4%
Gross profit	548,535	624,374	-12%
Operating expenses	293,552	338,354	-13%
Net operating income (loss)	254,983	286,020	-11%
Non-operating income and expense	(38,231)	259,686	-115%
Net profit before tax	216,752	545,706	-60%
Net income	184,115	405,150	-55%

- ✓ The Company's 2022 non-operating income and expense decreased by 115% over 2021. This is mainly due to the disposal of subsidiary in China, and the decrease in financial assets at fair value through profit or loss and dividend income over 2021.

## (II) Cash Flows and Profitability Analysis

### 1. Cash Flows

Unit: NT\$ Thousands

Item	Amount
Net cash outflow from operating activities	(391,880)
Net cash inflow from the investing activities	1,080,852
Net cash outflow from the financing activities	(167,722)
Effect of exchange rate changes on cash and cash equivalents	191,638
Cash increase in the current period	712,888
Cash - beginning of the year	2,453,293
Cash - end of the year	3,166,181

- ✓ Net cash outflows from operating activities was mainly due to the increase in contract liabilities and accounts payable for the period.
- ✓ Net cash inflow from investing activities was mainly used the disposal of financial asset investments.
- ✓ Net cash flows used in financing activities were mainly due to repayment of long-term loans and cash dividends.

### 2. Profitability Analysis

Item		2022
Return on assets		2.4%
Return on equity		3.9%
Ratio of paid-in capital	Operating income	10.1%
	Income before tax	8.6%
Net profit margin		3.6%
Earnings per share (NT\$)		0.72

## III. Technology and R&D

The Company continues to improve its technology R&D based on the concept of technicalization, electronization, automation, and differentiation, with the purpose to improve the core competitiveness of construction. In 2018, the Technology Development Department was officially established to focus on the technology R&D of ICT technology application, professional information software/tool development, and new engineering technology development, with the ultimate goal of smart management and smart construction. Our new patents are not only selling for external enterprises' use, but also beneficial to the Company's implementation of energy-saving and carbon-reduction plans. As of the end of 2022, it has obtained 28 new patents.

#### IV. Outlook

Due to inflation, interest hikes, and geopolitical factors, the global economy is expected to go slack in 2023. The slowing down in real investment, the government's concrete anti-real estate speculation policies, and the passage of The Equalization of Land Rights Act have all weakened the real estate industry, and the real estate industry is expected to remain sluggish in the near future. To build 200,000 public housing units within 8 years, the government has planned the second-phase construction sites, offering 70,000 public housing units across Taiwan. The demand for social residence is stable. On the other hand, the price index for construction industry in Taiwan increased by 7.37% for the year 2022. Despite slightly weakening from 10.93% in 2021, the overall construction cost is still on the rise. The impacts of labor shortage and increase in raw materials will be the main challenges to the Company's future business operation.

Looking forward to 2022, ESGs will continue to raise the enterprises' awareness of environmental protection, social responsibility, and corporate governance. In response to rising construction costs and labor shortage, the Company has introduced aluminum formwork to replace the traditional formwork, which is expected to achieve a 48.72% carbon reduction and resolve the problem of skilled worker shortage. The Company will continue to maintain a balanced mix of residential, factory, and public works, and strive to diversify its products for more robust operations. We also focus on project automation and project management information services with our construction experience and emerging technologies to continue our efforts toward sustainable management.

Chairman: Chang-shiou WU    Manager: Mao-sheng KAN    Accounting Manager: Ling-ju LIN

### **Report Item NO.2.**

Subject: Audit Committee' s Audit Report on the 2022 Final Accounting Books.

Explanation:

- I. The Board of Directors has prepared the 2022 Financial Statements in accordance with Article 228 of the Company Act. Such Financial Statements have been audited and certified by Deloitte & Touche Taiwan. The Financial Statements, along with the Business Report and Earnings Distribution Proposal, have been submitted to and audited by the Audit Committee.
- II. Request members of the Audit Committee to read out the Audit Report.

**Chien Kuo Construction Co., Ltd.**  
**Audit Committee Review Report**

Both the 2022 Standalone Financial Statements and the 2022 Consolidated Financial Statements prepared and submitted by the Board of Directors have been audited by CPA Li-chun CHANG and CPA Wen-chin LIN of Deloitte & Touche Taiwan, and the CPAs have issued an unqualified opinion for the said financial statements. Such two Financial Statements, the Business Report, and the Earnings Distribution Proposals have been reviewed by the Audit Committee, who, after the review, does not believe that there are any non-conformities. Therefore, pursuant to relevant requirements of the Securities and Exchange Act and the Company Act, we hereby submit this report.

To

2023 Annual Shareholders' Meeting

Chien Kuo Construction Co., Ltd.

Convener of the Audit Committee:  
Chin-pao TSAI

March 15, 2023

### **Report Item NO.3.**

Subject: Report on the distribution of compensation to employees and remuneration to directors for 2022

Explanation:

- I. Pursuant to Article 23 of the Articles of Incorporation, the Company shall appropriate 0.1% to 3% of its pre-tax income (before compensations to employees and remunerations to directors are deducted) as employee compensations, and no greater than 3% of such pre-tax income as remuneration to directors.
- II. It is proposed to allocate 3% of the pre-tax income (before netting off the amount of compensation to employees and remuneration to directors) as employee compensation equal to NT\$7,178 thousand paid in quota in cash according to the employees' annual individual performance basis of the Company.
- III. It is proposed to allocate 3% of the pre-tax income (before netting off the amount of compensation to employees and remuneration to directors) as directors' compensation equal to NT\$7,178 thousand paid in cash in accordance with the Company's Regulations Governing Allocation and Payment of Remuneration to Directors.

### **Report Item NO.4.**

Subject: Report on the status of directors' remuneration for 2022.

Explanation:

- I. The Company's policy, system, standards and structure for the remuneration of directors, and the correlation between the amount of remuneration and the responsibilities, risks and time commitment in accordance with the law:
  1. In accordance with Article 18-1 of the Company's Articles of Incorporation, the remuneration of the Company's directors is authorized to be set by the Board of Directors in accordance with the extent of the directors' participation in the Company's operations and the usual standards in the industry.
  2. Article 23 of the Company's Articles of Incorporation also stipulates that no more than 3% of the pre-tax, employee and director's remuneration for the final year shall be used as directors' remuneration. In accordance with the "Regulations Governing the



Payment and Distribution of Directors' Remuneration", the proportion of directors' remuneration is determined based on the value of each director's participation in and contribution to the Company's operations in the final year (independent directors do not participate in the remuneration distribution), and the weighting of each director's position.

**II.** Please refer to #pages 11~13# of this Board of Directors' Manual for a detailed breakdown of directors' remuneration (Appendix 1).

### **Report Item NO.5.**

Subject: Repurchase of treasury stock

Explanation: The Company's 9th repurchase of treasury stock

Session	9th
Date of board resolution:	May 10, 2022
Purpose of repurchase	Secure the Company's credit and shareholders' equity
Repurchase period	May 11, 2022 to July 10, 2022
Proposed repurchase amount (No. of shares)	10,000,000 shares
Price range	NT\$10.0 to NT\$18.0
Number of shares repurchased	5,440,000 shares
Monetary amount for the repurchase	NT\$76,382,198
Number of canceled shares (Note)	5,440,000 shares
Number of shares remaining	0 shares
Number of shares remaining as a percentage of total issued shares (%)	0.00%

Note: The Company has completed the registration for cancellation of treasury stock and capital reduction on August 30, 2022.

## **Chapter 3. Ratified Items and Discussion Items**

### **Proposal NO.1**

**Proposed by the Board of Directors**

Subject: To adopt the Company's 2022 Annual Business Report, Standalone Financial Statements, and Consolidated Financial Statements.

Explanation:

- I. The Company's 2022 Annual Business Report, Standalone Financial Statements, and Consolidated Financial Statements have been prepared; for the Standalone Financial Statements and Consolidated Financial Statements with the seals affixed by the Chairman, managers, and chief auditors, please see Attachment II on #pages 14 to 34# of the Meeting Agenda Handbook.
- II. The aforementioned Standalone Financial Statements and Consolidated Financial Statements have been audited by CPA Li-chun CHANG and CPA Wen-chin LIN of Deloitte & Touche Taiwan, who have then issued an audit report with an unqualified opinion.
- III. The various final accounting books are submitted to the Audit Committee for review, and it is considered that there is no discrepancy.
- IV. We hereby submit the above statements, reports and books for adoption.
- V. For the Annual Business Report, please refer to #pages 2 to 4# of the Meeting Agenda Handbook.

Resolution:

### **Proposal NO.2**

**Proposed by the Board of Directors**

Subject: To adopt the Company's 2022 Earnings Distribution Proposal.

Explanation:

- I. The Financial Statements of the Company for 2022 have been audited by Deloitte & Touche Taiwan. The beginning balance of undistributed earnings was NT\$916,578,726; the net income after tax (NIAT) for the year was NT\$184,113,524, plus the reversal of special reserves from the initial application of IFRS 9 in the amount of NT\$827,661, and remeasurement of the defined benefit plan for the current year recognized under retained earnings in the amount of NT\$2,742,056, the gain/loss on equity instrument investments at fair value through other comprehensive income in the amount of NT\$10,814,602; repurchase of treasury stock for NT\$(4,438,417); the amount of net profit after tax for the period plus items other than net profit after tax for the period included in the undistributed earnings of the year totaled NT\$194,059,426. The provision of legal reserve in the amount of was NT\$(19,405,943) and the distributable earnings for the year in the amount of NT\$1,091,232,209 is to be distributed in accordance with the requirements of the Articles of Incorporation.
- II. The 2022 Earnings Distribution Proposal is to distribute to shareholders the cash dividends in the amount of NT\$252,000,105, or, NT\$1.0 per share (priority of distribution is given to the earnings of the most recent year, rounded down to NT\$1; Any fractional amount below NT\$1 is recognized as the Company's other revenue).

III. The Company's 2022 Earnings Distribution Proposal is presented in the following table:

Chien Kuo Construction Co., Ltd.  
2021 Earnings Distribution Proposal

Unit: Unit: NT\$

Item	Amount
Undistributed earnings - beginning	916,578,726
Profit after tax for the year	184,113,524
Reversal of special reserves from the initial application of IFRS 9	827,661
Remeasurement of defined benefit plans recognized under retained earnings	2,742,056
Disposal of equity instruments at fair value through other comprehensive income	10,814,602
Cancellation of treasury stock	(4,438,417)
Amount of net profit after tax for the period plus items other than net profit after tax for the period included in the undistributed earnings of the year	194,059,426
Provision of legal reserve (10%)	(19,405,943)
Distributable earnings - ending	1,091,232,209
Distribution items	
Dividends to shareholders at NT\$1 per share	(252,000,105)
Undistributed earnings - ending	839,232,104

Chairman: Chang-shiou WU    Manager: Mao-sheng KAN    Accounting Manager: Ling-ju LIN

IV. It is proposed that the Shareholders' Meeting delegates full discretionary power to the chairperson in case a change in the dividend distribution rate for all outstanding shares incurs on the Company's dividend distribution date as a result of either repurchase back of the Company's shares, transfer or retirement of treasury shares, conversion of convertible corporate bonds, exercise of employee stock option certificates, or any other reasons.

V. After the adoption of the proposal by the Shareholders' Meeting, the chairman is authorized to set a separate ex-dividend date, distribution date, and other related matters.

VI. We hereby submit for adoption.

Resolution:

**Proposal NO.3****Proposed by the Board of Directors**

Subject: To discuss the amendment to the Company's Articles of Incorporation

Explanation:

- I. In accordance with the roadmap of Corporate Governance 3.0 issued by the FSC, it is proposed to increase the percentage of seats of independent directors among all directors in order to strengthen the functionality of the board and increase corporate suitability value. AS required by the Executive Yuan, number of independent directors shall be no less than 1/3 of the total number of directors for financial insurance companies initially listed on TWSE or TPEx with paid-in capital more than NT\$10 billion.
- II. To respond to the corporate governance policies issued by the FSC before hand, it is proposed to amend Article 14 of the provisions of the Articles of Incorporation of the Company. For the comparison table of the provisions before and after revision, please refer to Attachment II on #page 35# of the Meeting Agenda Handbook.
- III. Please discuss.

Resolution:

**Chapter 4. Extempore Motion****Chapter 5. Adjournment****Chapter 6. Attachments**

## Schedule of Directors' Remuneration:

Title	Name	Directors' Remuneration:								Ratio of the total of 4 items A, B, C and D to net income after taxes (Note 10)		Relevant remuneration received by directors who are also employees								Proportion of the sum of A, B, C, D, E, F and G to net profit after tax (Note 8)		Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company (Note 9)
		Remuneration (A) (Note 2)		Severance pay and pension (B)		Remuneration to Directors (C) (Note 3)		Business expense (D) (Note 4)				Salary, bonus and special allowance (E) (Note 5)		Pension (F)		Employee's compensation (G) (Note 6)						
		The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company		All companies listed in this Financial Report (Note 7)		The Company	All companies listed in this Financial Report	
Cash	Stock															Cash	Stock					
Chairperson	Chien Hwei Investment Co., Ltd. Representative: Chang-shiou WU	600	600	-	-	2,708	2,708	16	16	3,324 1.81%	3,324 1.81%	11,988	11,988	-	-	4	-	4	-	15,316 8.32%	15,316 8.32%	-
Vice Chairperson	Chi-te CHEN	0	0	-	-	2,023	2,023	12	12	2,035 1.11%	2,035 1.11%	-	-	-	-	-	-	-	-	2,035 1.11%	2,035 1.11%	-
Directors	Pang-yen YANG	240	240	-	-	1,354	1,354	12	12	1,606 0.87%	1,606 0.87%	-	-	-	-	-	-	-	-	1,606 0.87%	1,606 0.87%	-
Corporate Director	Chien Hsiang Investment Co., Ltd. Representative: Jui-hsing TSAI	240	240	-	-	1,354	1,354	12	12	1,606 0.87%	1,606 0.87%	-	-	-	-	-	-	-	-	1,606 0.87%	1,606 0.87%	-
Directors	Tzu-chiang YANG	240	240	-	-	1,354	1,354	12	12	1,606 0.87%	1,606 0.87%	-	-	-	-	-	-	-	-	1,606 0.87%	1,606 0.87%	-
Corporate Director	Chien Hwei Investment Co., Ltd. Representative: Pai-tso SUN	240	240	-	-	1,354	1,354	16	16	1,610 0.87%	1,610 0.87%	4,355	4,392	-	-	4	-	4	-	5,969 3.24%	6,006 3.26%	-
Directors	Chung CHENG	240	240	-	-	1,354	1,354	12	12	1,606 0.87%	1,606 0.87%	-	-	-	-	-	-	-	-	1,606 0.87%	1,606 0.87%	-
Directors	Chu-hsin LEE	240	240	-	-	1,354	1,354	12	12	1,606 0.87%	1,606 0.87%	-	-	-	-	-	-	-	-	1,606 0.87%	1,606 0.87%	-
Directors	Yu-jui CHANG	240	240	-	-	1,354	1,354	12	12	1,606 0.87%	1,606 0.87%	-	-	-	-	-	-	-	-	1,606 0.87%	1,606 0.87%	-

Title	Name	Directors' Remuneration:								Ratio of the total of 4 items A, B, C and D to net income after taxes (Note 10)		Relevant remuneration received by directors who are also employees								Proportion of the sum of A, B, C, D, E, F and G to net profit after tax (Note 8)		Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company (Note 9)
		Remuneration (A) (Note 2)		Severance pay and pension (B)		Remuneration to Directors (C) (Note 3)		Business expense (D) (Note 4)				Salary, bonus and special allowance (E) (Note 5)		Pension (F)		Employee's compensation (G) (Note 6)						
		The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report (Note 7)	The Company	All companies listed in this Financial Report (Note 7)	The Company		All companies listed in this Financial Report (Note 7)		The Company	All companies listed in this Financial Report	
																Cash	Stock	Cash	Stock			
Directors	Chi-hsin CHEN	240	240	-	-	1,354	1,354	12	12	1,606 0.87%	1,606 0.87%	-	-	-	-	-	-	-	-	1,606 0.87%	1,606 0.87%	-
Independent Director	Chin-pao TSAI	960	960	-	-	-	-	28	28	988 0.54%	988 0.54%	-	-	-	-	-	-	-	-	988 0.54%	988 0.54%	-
Independent Director	Chen-yu FENG	960	960	-	-	-	-	28	28	988 0.54%	988 0.54%	-	-	-	-	-	-	-	-	988 0.54%	988 0.54%	-
Independent Director	Li-hsing I	960	960	-	-	-	-	28	28	988 0.54%	988 0.54%	-	-	-	-	-	-	-	-	988 0.54%	988 0.54%	-

- Please illustrate the policies, systems, standards and structure of independent directors' remuneration, as well as the correlation between their remuneration and the responsibilities, risks, and time invested:  
The "Regulations Governing the Payment and Distribution of Directors' Compensation" shall be applied as the basis for evaluation.
- In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent consultant: None

- Note 1: The names of directors shall be listed separately (corporate shareholders shall list the names of corporate shareholders and their representatives separately), and the general directors and independent directors shall be listed separately, and the amount of each payment shall be disclosed in aggregate.
- Note 2: This represents directors' remuneration (including directors' salaries, bonuses, severance pay, various bonuses and incentives, etc.) for 2022.
- Note 3: The Company's Board of Directors resolved on March 15, 2023 that the remuneration of directors for 2022 is NT\$7,178 thousand; the amount is estimated in accordance with the Company's "Regulations Governing the Payment and Distribution of Directors' Remuneration". The total amount of directors' remuneration for 2022, including the amount to be paid by the corporate directors in 2021 (NT\$4,062 thousand for Chien Hwei Investment Co., Ltd. and NT\$1,354 thousand for Chien Hsiang Investment Co., Ltd., not to the representativeness), is \$NT15,563 thousand.
- Note 4: This represents the expenses related to the execution of the business of the directors in 2022 (including transportation expenses, special expenses, various allowances, housing, car, etc.). The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, cars and other transportation or personal expenses are provided. The company provides car and driver for one year for a total amount of NT\$3,431,000, and is not included in the remuneration.
- Note 5: This represents the salaries, salary increments, severance pay, bonuses, incentive payments, transportation expenses, special expenses, allowances, housing, cars, etc. received by the directors and employees (including the president, vice presidents, other managers and employees) in 2022. The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, cars and other transportation or personal expenses are provided. The Company provides car and driver for one year for a total amount of NT\$0, and is not included in the remuneration. Salary expense recognized in accordance with IFRS 2, "Share-based Payment," including the acquisition of employee stock options, new shares with restricted employee rights and participation in cash capital increase to subscribe for shares, shall also be included in remuneration.

- Note 6: This represents the amount of employee compensation (including stock and cash) received by directors who are also employees (including those who are also general managers, vice presidents, other managers and employees) in 2022, which should be disclosed as the amount of employee compensation approved by the Board of Directors in the most recent year, or if it is not possible to estimate, the amount of proposed distribution for this year in proportion to the actual amount of distribution last year, and shall also be listed on Appendix I-III.
- Note 7: The total amount of remuneration paid to the Company's directors by all companies in the consolidated report (including the Company) shall be disclosed.
- Note 8: The Company's net income after tax for 2022 is NT\$184,115 thousand; for those who have adopted IFRSs, the net income after tax refers to the net income after tax for the most recent year of the standalone or standalone financial reports.
- Note 9:
- a. The amount of remuneration received by the directors of the Company from the subsidiaries or the parent company shall be specified in this column.
  - b. If a director of the Company receives remuneration from a subsidiary or a parent company, the remuneration received by the director of the Company from a subsidiary or a parent company should be included in column I of the remuneration scale, and the name of the column shall be changed to "Parent Company and All Revested Subsidiaries".
  - c. Remuneration refers to the compensation, remuneration (including remuneration to employees, directors and supervisors) and business execution expenses related to the director's role as a director, supervisor or manager of a business other than a subsidiary or a parent company of the Company.

## Independent Auditors' Report

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

### Audit Opinions

We have audited the Consolidated Balance Sheets of Chien Kuo Construction Co., Ltd. and its subsidiaries as of December 31, 2022 and 2021, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to Consolidated Financial Statements (including Summary of Significant Accounting Policies) for the period from January 1 to December 31, 2022 and 2021.

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of Chien Kuo Construction Co., Ltd. and its subsidiaries as of December 31, 2022 and 2021, and its consolidated financial performance and consolidated cash flows for the annual periods ended December 31, 2022 and 2021 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and effected by the Financial Supervisory Commission.

### Basis for Audit Opinion

We conducted our audit of the financial statements in accordance with the "Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants," and the auditing standards. Our responsibility under the above mentioned regulations will be further explained in the section titled "The Accountants' Responsibility in Auditing the Consolidated Financial Statements." We have stayed independent from Chien Kuo Construction Co., Ltd. as required by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Norm. We believe that we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 consolidated financial statements of Chien Kuo Construction Co., Ltd. and its subsidiaries. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters for the consolidated financial statements of Chien Kuo Construction Co., Ltd. and its subsidiaries for 2022 are stated as follows:

#### Construction contracts

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



financial statements. Consequently, the estimates of the total costs of the construction contracts are deemed a key audit matter.

The major auditing procedures that we have performed in respect of the matters described above are as follows:

1. Understanding management's procedures for estimating the total costs of long term construction contracts;
2. examining the construction documents, that the management used as evidence for estimating the total costs of construction contracts, in order to assess comprehensively the completeness and reasonableness of the estimates of total costs of long term construction contracts;
3. reviewing whether there are significant adjustments to the estimated total cost of construction contracts after the period;
4. analyzing changes in revenue, costs and gross profit for each project.

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

#### **Other Matters**

Chien Kuo Construction Co., Ltd. has also compiled Financial Statements for 2022 and 2021, and they have also received an unqualified audit opinion from our CPA for your reference.

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

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

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

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

### **The Accountants' Responsibility in Auditing the Consolidated Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determined the key audit matters of the consolidated financial statements of Chien Kuo Construction Co., Ltd. and its subsidiaries of 2022. Such matters have been explicitly stated in our audit report, unless laws or regulations prevent their disclosures, or, in extremely rare cases, we decided not to communicate such matters in our audit report in consideration that the adverse impacts of such communication could be reasonably expected to be greater than the public interest it would promote.

Deloitte Taiwan  
CPA: Li-Chun Chang

CPA: Wen-Chin Lin

Financial Supervisory Commission  
Approval Document No.:  
FSC Approval Document No. 1100356048

Securities and Futures Bureau Approval  
Document No.:  
Tai-Cai-Zheng-6 No. 0920123784

March 15, 2023

### **Notes to Readers**

*The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.*

*The independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

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

## Consolidated Balance Sheets

December 31, 2022 and 2021

Unit: NT\$ Thousands

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note VI)	\$ 3,166,181	41	\$ 2,453,293	29
1110	Financial assets measured at fair value through profit or loss (Note VII)	880,330	11	1,830,044	22
1120	Financial assets measured at fair value through other comprehensive income (Note VIII)	19,392	-	23,126	-
1136	Financial assets measured at amortized cost (Note IX)	231,914	3	573,902	7
1140	Contract assets (Note XXII)	1,584,729	20	1,622,095	20
1150	Notes receivable (Note X)	-	-	34,536	-
1170	Accounts receivable (Notes X and XXII)	110,519	2	241,362	3
1200	Other receivables	25,122	-	27,817	-
1220	Current tax assets	130,217	2	110,984	1
1323	Inventories (for construction business) (Notes XI and XXXI)	467,688	6	465,926	6
1410	Prepayments (Note XII)	163,274	2	119,411	2
1470	Other current assets	<u>72,327</u>	<u>1</u>	<u>11,518</u>	<u>-</u>
11XX	Total current assets	<u>6,851,693</u>	<u>88</u>	<u>7,514,014</u>	<u>90</u>
	Non-current assets				
1510	Financial assets measured at fair value through profit or loss (Note VII)	168,529	2	88,042	1
1517	Financial assets measured at fair value through other comprehensive income (Notes VIII and XXXI)	348,388	5	525,553	6
1535	Financial assets measured at amortized cost (Notes IX and XXXI)	70,050	1	-	-
1550	Investments accounted for using equity method (Note XIV)	48,780	1	-	-
1600	Property, plant and equipment (Note XV)	123,395	2	33,847	1
1755	Right-of-use assets (Note XVI)	13,894	-	23,284	-
1760	Investment properties (Notes XVII and XXXI)	101,493	1	102,487	1
1840	Deferred tax assets (Note XXIV)	19,839	-	25,552	-
1990	Other non-current assets (Note XXXI)	<u>40,720</u>	<u>-</u>	<u>32,291</u>	<u>1</u>
15XX	Total non-current assets	<u>935,088</u>	<u>12</u>	<u>831,056</u>	<u>10</u>
1XXX	Total assets	<u>\$ 7,786,781</u>	<u>100</u>	<u>\$ 8,345,070</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities				
2100	Short-term loans (Note XVIII)	\$ 500,000	6	\$ 200,000	2
2110	Short-term notes and bills payable (Note XVIII)	349,787	5	-	-
2130	Contract liabilities (Note XXII)	28,885	-	287,695	3
2150	Notes payable	-	-	38,137	1
2170	Accounts payable (Note XIX)	1,254,433	16	1,649,752	20
2200	Other payables	175,157	2	281,237	3
2230	Current tax liabilities	32,837	1	52,091	1
2320	Current portion of long-term loans (Notes XVIII and XXXI)	-	-	499,862	6
2399	Other current liabilities (Note XVI)	<u>61,112</u>	<u>1</u>	<u>64,979</u>	<u>1</u>
21XX	Total current liabilities	<u>2,402,211</u>	<u>31</u>	<u>3,073,753</u>	<u>37</u>
	Non-current liabilities				
2570	Deferred tax liabilities (Note XXIV)	537,267	7	486,280	6
2600	Other non-current liabilities (Note XVI)	<u>106,455</u>	<u>1</u>	<u>82,459</u>	<u>1</u>
25XX	Total non-current liabilities	<u>643,722</u>	<u>8</u>	<u>568,739</u>	<u>7</u>
2XXX	Total liabilities	<u>3,045,933</u>	<u>39</u>	<u>3,642,492</u>	<u>44</u>
	Equity (Note XXI)				
	Capital				
3110	Common stock	<u>2,520,001</u>	<u>32</u>	<u>2,574,401</u>	<u>31</u>
3200	Additional paid-in capital	<u>187,308</u>	<u>3</u>	<u>204,852</u>	<u>2</u>
	Retained Earnings				
3310	Legal reserve	724,858	10	682,772	8
3320	Special reserve	11,397	-	46,790	1
3350	Unappropriated earnings	<u>1,110,640</u>	<u>14</u>	<u>1,181,539</u>	<u>14</u>
3300	Total retained earnings	<u>1,846,895</u>	<u>24</u>	<u>1,911,101</u>	<u>23</u>
3400	Other equity	<u>186,644</u>	<u>2</u>	<u>12,224</u>	<u>-</u>
3XXX	Total equity	<u>4,740,848</u>	<u>61</u>	<u>4,702,578</u>	<u>56</u>
	Total liabilities and equity	<u>\$ 7,786,781</u>	<u>100</u>	<u>\$ 8,345,070</u>	<u>100</u>

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

Chairman: Chang-shiou WU

Manager: Mao-sheng KAN

Accounting Manager: Lin-Ju LIN

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

January 1 to December 31, 2022 and 2021

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

Code		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Note XXII)	\$ 5,065,701	100	\$ 5,326,431	100
5000	Operating cost (Notes XXIII and XXX)	<u>4,517,166</u>	<u>89</u>	<u>4,702,057</u>	<u>88</u>
5900	Gross profit	548,535	11	624,374	12
6000	Operating expenses (Notes XXIII and XXX)	<u>293,552</u>	<u>6</u>	<u>338,354</u>	<u>7</u>
6900	Net operating income	<u>254,983</u>	<u>5</u>	<u>286,020</u>	<u>5</u>
	Non-operating income and expenses (Notes XXIII and XXX)				
7010	Other income	88,419	1	142,670	3
7020	Other gains and losses	( 114,223)	( 2)	126,235	2
7050	Finance costs	( 12,207)	-	( 9,219)	-
7060	Shares of profits or loss of associates accounted for using equity method	( <u>220</u> )	<u>-</u>	<u>-</u>	<u>-</u>
7000	Total non-operating income and expenses	( <u>38,231</u> )	( <u>1</u> )	<u>259,686</u>	<u>5</u>
7900	Income before income tax	216,752	4	545,706	10
7950	Income tax expense(Note XXIV)	<u>32,637</u>	( <u>1</u> )	<u>140,556</u>	<u>2</u>
8200	Net income	<u>184,115</u>	<u>3</u>	<u>405,150</u>	<u>8</u>

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Code		2022		2021	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	\$ 3,428	-	\$ 2,318	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	( 90,288 )	( 2 )	50,959	1
8349	Income tax related to items that will not be reclassified subsequently to profit or loss (Note XXIV)	( 686 )	-	( 463 )	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of financial statements of foreign operations	344,404	7	27,394	-
8399	Income tax related to items that will be reclassified subsequently to profit or loss (Note XXIV)	( 68,881 )	( 1 )	( 5,479 )	-
8300	Other comprehensive income or loss (after tax)	<u>187,977</u>	<u>4</u>	<u>74,729</u>	<u>1</u>
8500	Total comprehensive income	<u>\$ 372,092</u>	<u>7</u>	<u>\$ 479,879</u>	<u>9</u>
	Earnings per share (Note XXV)				
9750	Basic	<u>\$ 0.72</u>		<u>\$ 1.57</u>	
9850	Diluted	<u>\$ 0.72</u>		<u>\$ 1.57</u>	

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

Chairman: Chang-shiou WU

Manager: Mao-sheng KAN

Accounting Manager: Lin-Ju LIN

Chien Kuo Construction Co., Ltd. and Subsidiaries  
Consolidated Statements of Changes in Equity  
January 1 to December 31, 2022 and 2021

Unit: 1,000 NTD,  
except for earnings per share (NTD)

Code		Capital	Additional paid-in capital	Retained Earnings			Exchange differences on translation of financial statements of foreign operations	Other equity	Total	Treasury stock	Total equity
				Legal reserve	Special reserve	Unappropriated earnings		Financial Assets Measured at Fair Value through Other Comprehensive Income			
A1	Balance as of January 1, 2021	\$ 2,574,401	\$ 204,852	\$ 645,464	\$ 23,412	\$ 1,038,788	( \$ 229,518 )	\$ 171,252	( \$ 58,266 )	\$ -	\$ 4,428,651
	Appropriation and distribution of retained earnings for 2020										
B1	Provision of legal reserve	-	-	37,308	-	( 37,308 )	-	-	-	-	-
B3	Provision of special reserve	-	-	-	34,854	( 34,854 )	-	-	-	-	-
B5	Cash dividends appropriated to shareholders - NT\$0.80 per share	-	-	-	-	( 205,952 )	-	-	-	-	( 205,952 )
B17	Reversal of special reserve due to disposal of subsidiaries				( 11,476 )	11,476			-		-
D1	Net income for 2021	-	-	-	-	405,150	-	-	-	-	405,150
D3	Other comprehensive income (net of tax) for 2021	-	-	-	-	1,855	21,915	50,959	72,874	-	74,729
D5	Total comprehensive income in 2021	-	-	-	-	407,005	21,915	50,959	72,874	-	479,879
Q1	Disposal of equity instruments measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	2,384	-	( 2,384 )	( 2,384 )	-	-
Z1	Balance as of December 31, 2021	2,574,401	204,852	682,772	46,790	1,181,539	( 207,603 )	219,827	12,224	-	4,702,578
	Appropriation and distribution of retained earnings for 2021										
B1	Provision of legal reserve	-	-	42,086	-	( 42,086 )	-	-	-	-	-
B3	Reversal of special reserve	-	-	-	( 34,566 )	34,566	-	-	-	-	-
B5	Cash dividends appropriated to shareholders - NT\$1.02 per share	-	-	-	-	( 257,440 )	-	-	-	-	( 257,440 )
B17	Reversal of special reserve due to disposal of subsidiaries	-	-	-	( 827 )	827	-	-	-	-	-
D1	Net income for 2022	-	-	-	-	184,115	-	-	-	-	184,115
D3	Other comprehensive income (net of tax) for 2022	-	-	-	-	2,742	275,523	( 90,288 )	185,235	-	187,977
D5	Total comprehensive income in 2022	-	-	-	-	186,857	275,523	( 90,288 )	185,235	-	372,092
Q1	Disposal of equity instrument investments measured at fair value through other comprehensive income	-	-	-	-	10,815	-	( 10,815 )	( 10,815 )	-	-
L1	Purchase of treasury stock	-	-	-	-	-	-	-	-	( 76,382 )	( 76,382 )
L3	Retirement of treasury stock	( 54,400 )	( 17,544 )	-	-	( 4,438 )	-	-	-	76,382	-
Z1	Balance as of December 31, 2022	\$ 2,520,001	\$ 187,308	\$ 724,858	\$ 11,397	\$ 1,110,640	\$ 67,920	\$ 118,724	\$ 186,644	\$ -	\$ 4,740,848

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

Chairman: Chang-shiou WU

Manager: Mao-sheng KAN

Accounting Manager: Lin-Ju LIN

Chien Kuo Construction Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousands

Code		2022	2021
	Cash flows from operating activities		
A10000	Income before income tax	\$ 216,752	\$ 545,706
A20010	Adjustments to reconcile income (loss):		
A29900	Net gain on disposal of subsidiaries	-	( 145,987 )
A21200	Interest income	( 43,028 )	( 66,232 )
A21300	Dividend income	( 18,046 )	( 70,475 )
A22500	Gains on disposal of property, plant and equipment	( 65,533 )	( 22 )
A20400	Net loss on financial assets at fair value through profit or loss	142,518	7,800
A20100	Depreciation expense	30,323	21,184
A20200	Amortization expenses	1,123	295
A20900	Finance costs	12,207	9,219
A20300	Expected credit loss (reversed gain)	( 21,782 )	8,232
A22700	Gain on disposal of investment properties	-	( 62 )
A22300	Shares of loss of associates accounted for using equity method	220	-
A30000	Changes in operating assets and liabilities, net		
A31125	Contract assets	37,366	( 35,724 )
A31130	Notes receivable	34,536	54,516
A31150	Account receivables	152,698	337,188
A31180	Other receivables	( 209 )	9,927
A31200	Construction in Progress	( 1,762 )	-
A31230	Prepayments	( 43,862 )	( 65,808 )
A31240	Other current assets	( 60,809 )	( 5,158 )
A32125	Contract liability	( 258,810 )	193,659
A32130	Notes payable	( 38,137 )	28,017
A32150	Accounts payable	( 395,326 )	( 160,506 )
A32180	Other payables	( 27,538 )	( 32,091 )
A32230	Other current liabilities	( 1,103 )	( 6,564 )
A32990	Other non-current liabilities	( 402 )	( 833 )
A33000	Cash (out)inflow generated from operations	( 348,604 )	626,281
A33100	Interest received	40,858	64,375
A33300	Interest paid	( 12,180 )	( 8,609 )
A33500	Income taxes paid	( 71,954 )	( 89,493 )
AAAA	Net cash (out)inflows from operating activities	( 391,880 )	592,554

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Code		2022	2021
	Cash flows from investment activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	\$ -	( \$ 79,795 )
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	90,611	4,597
B00040	Acquisition of financial assets measured at amortized cost	( 152,603 )	( 425,000 )
B00050	Disposal of financial assets measured at amortized cost	425,000	149,535
B00100	Acquisition of financial assets measured at fair value through profit or loss	( 2,383,142 )	( 6,674,936 )
B00200	Proceeds from disposal of financial assets measured at fair value through profit or loss	3,176,651	6,720,830
B01800	Acquisition of long-term investments accounted for using equity method	( 49,000 )	-
B02300	Net cash flows from disposal of subsidiaries	-	12,504
B02700	Acquisition of property, plant and equipment	( 105,212 )	( 6,939 )
B02800	Proceeds from disposal of property, plant, and equipment	66,487	127
B03800	Decrease (increase) in refundable deposits	5,514	( 173 )
B04500	Acquisition of intangible assets	( 4,989 )	( 1,600 )
B05500	Proceeds from disposal of investment properties	-	19,221
B07100	Increase in prepayment for equipment	( 4,387 )	-
B07600	Dividend received	<u>15,922</u>	<u>63,315</u>
BBBB	Net cash inflows (outflows) from investing activities	<u>1,080,852</u>	( <u>218,314</u> )
	Cash flows from financing activities:		
C00100	Increase in short-term loans	300,000	185,000
C00500	Increase in short-term bills payable	349,787	-
C01700	Repayment of long-term loans	( 500,000 )	( 450,000 )
C03000	Increase (decrease) in guarantee deposits received	31,015	( 22,607 )
C04020	Repayment of lease principal	( 14,702 )	( 13,570 )
C04500	Cash dividends distributed	( 257,440 )	( 205,952 )
C04900	Purchase of treasury stock	( <u>76,382</u> )	-
CCCC	Net cash outflows from financing activities	( <u>167,722</u> )	( <u>507,129</u> )
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>191,638</u>	( <u>32,155</u> )
EEEE	Net increase (decrease) in cash and cash equivalents	712,888	( 165,044 )
E00100	Cash and cash equivalents at the beginning of year	<u>2,453,293</u>	<u>2,618,337</u>
E00200	Cash and cash equivalents at the end of period	<u>\$ 3,166,181</u>	<u>\$ 2,453,293</u>

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Reconciliation of cash and cash equivalents at the beginning of period

<u>Code</u>		<u>December 31, 2022</u>	<u>December 31, 2021</u>
E00210	Cash and cash equivalents reported in the balance sheet	\$ 2,453,293	\$ 2,607,033
E00240	Cash and cash equivalents included in disposal groups classified as held for sale	<u>-</u>	<u>11,304</u>
E00200	Cash and cash equivalents at the beginning of year	<u>\$ 2,453,293</u>	<u>\$ 2,618,337</u>

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

Chairman: Chang-shiou WU

Manager: Mao-sheng KAN

Accounting Manager: Lin-Ju LIN

## **Independent Auditors' Report**

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

### **Audit Opinions**

We have audited the Balance Sheets of Chien Kuo Construction Co., Ltd. as of December 31, 2022 and 2021, the Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, and Notes to Financial Statements (including Summary of Significant Accounting Policies) for the period from January 1 to December 31, 2022 and 2021.

In our opinion, the aforementioned Financial Statements present fairly, in all material respects, the financial position of Chien Kuo Construction Co., Ltd. as of December 31, 2022 and 2021, and its financial performance and cash flows for the annual periods ended December 31, 2022 and 2021 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

### **Basis for Audit Opinion**

We conducted our audit of the financial statements in accordance with the "Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants," and the auditing standards. Our responsibility under the above mentioned regulations will be further explained in the section titled "The Accountants' Responsibility in Auditing the Financial Statements." We have stayed independent from Chien Kuo Construction Co., Ltd. as required by The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled other responsibilities as stipulated by the Norm. We believe that we have obtained sufficient and appropriate audit evidence to serve as a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 financial statements of Chien Kuo Construction Co., Ltd.. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters for the financial statements of Chien Kuo Construction Co., Ltd. for 2022 are stated as follows:

#### **Construction contracts**

The operating revenue of Chien Kuo Construction Co. Ltd. is primarily derived from construction revenue, which is recognized in cost based input method by the management in accordance with IFRS 15 "Revenue from Contracts with Customers." Since the percentage of completion is calculated as the ratio of costs input to the total estimated contract costs, the total estimated construction contract costs are a key factor in calculating the percentage of cost input. As estimated costs and contractual activities are evaluated and judged by the management based on the nature of the different construction projects, the estimated amount of the contract, the duration of construction, the undertaking of construction and the construction methods, and they are prone to influence from changes in commodity prices, labor prices and construction items

due to long duration of construction contracts. Any significant changes in estimates, once occurred, may lead to a revenue recognized in accordance with the percentage of completion method either consisting of errors, or having significant influence on the misstatement of the financial statements. Consequently, the estimates of the total costs of the construction contracts are deemed a key audit matter.

The major auditing procedures that we have performed in respect of the matters described above are as follows:

1. Understanding management's procedures for estimating the total costs of long term construction contracts;
2. examining the construction documents, that the management used as evidence for estimating the total costs of construction contracts, in order to assess comprehensively the completeness and reasonableness of the estimates of total costs of long term construction contracts;
3. reviewing whether there are significant adjustments to the estimated total cost of construction contracts after the period;
4. analyzing changes in revenue, costs and gross profit for each project.

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

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

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

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

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

### **The Accountants' Responsibility in Auditing the Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determined the key audit matters of the financial statements of Chien Kuo Construction Co., Ltd. of 2022. Such matters have been explicitly stated in our audit report, unless laws or regulations prevent their disclosures, or, in extremely rare cases, we decided not to communicate such matters in our audit report in consideration that the adverse impacts of such communication could be reasonably expected to be greater than the public interest it would promote.

Deloitte Taiwan

CPA: Li-Chun Chang

CPA: Wen-Chin Lin

Financial Supervisory Commission Approval

Document No.:

FSC Approval Document No. 1100356048

Securities and Futures Bureau Approval

Document No.:

Tai-Cai-Zheng-6 No. 0920123784

March 15, 2023

### **Notes to Readers**

*The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.*

*The independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*

## Chien Kuo Construction Co., Ltd.

## Balance Sheets

December 31, 2022 and 2021

Unit: NT\$ Thousands

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash (Note VI)	\$ 165,135	2	\$ 623,118	7
1110	Financial assets measured at fair value through profit or loss (Note VII)	2,716	-	303,111	4
1120	Financial assets measured at fair value through other comprehensive income (Note VIII)	19,392	-	23,126	-
1136	Financial assets measured at amortized cost (Note IX)	216,252	3	148,902	2
1140	Contract assets (Note XX)	1,584,729	20	1,622,095	19
1150	Notes receivable (Note X)	-	-	34,536	-
1170	Accounts receivable (Notes X and XX)	105,775	2	236,691	3
1200	Other receivables	7,013	-	235	-
1323	Inventories (for construction business) (Notes XI and XXVIII)	465,926	6	465,926	6
1410	Prepayments	162,879	2	129,722	2
1470	Other current assets	72,322	1	11,498	-
11XX	Total current assets	2,802,139	36	3,598,960	43
	Non-current assets				
1510	Financial assets measured at fair value through profit or loss (Note VII)	29,100	-	26,100	-
1520	Financial assets measured at fair value through other comprehensive income (Notes VIII and XXVI)	348,388	4	525,553	6
1535	Financial assets measured at amortized cost (Notes IX and XXVIII)	70,050	1	-	-
1550	Investments accounted for using equity method (Note XII)	4,306,503	55	4,018,205	48
1600	Property, plant and equipment (Note XIII)	123,224	2	32,357	1
1755	Right-of-use assets (Note XIV)	13,894	-	22,123	-
1760	Investment properties (Notes XV and XXVIII)	76,689	1	77,644	1
1840	Deferred tax assets (Notes XVIII and XXII)	18,123	-	24,069	-
1990	Other non-current assets (Note XXVIII)	40,717	1	32,284	1
15XX	Total non-current assets	5,026,688	64	4,758,335	57
1XXX	Total assets	\$ 7,828,827	100	\$ 8,357,295	100
C o d e	Liabilities and Equity				
	Current liabilities				
2100	Short-term loans (Note XVI)	\$ 520,000	7	\$ 200,000	2
2110	Short-term notes and bills payable (Note XVI)	349,787	4	-	-
2130	Contract liabilities (Note XX)	28,885	-	287,695	3
2170	Accounts payable (Notes XVII and XXV)	1,289,896	16	1,733,212	21
2200	Other payables	170,297	2	270,324	3
2230	Current tax liabilities	31,096	1	37,924	1
2320	Current portion of long-term loans (Note XVI)	-	-	499,862	6
2399	Other current liabilities (Note XIV)	56,427	1	61,202	1
21XX	Total current liabilities	2,446,388	31	3,090,219	37
	Non-current liabilities				
2570	Deferred tax Liabilities (Note XXII)	537,267	7	486,280	6
2600	Other non-current liabilities (Notes XIV and XVIII)	104,324	1	78,218	1
25XX	Total non-current liabilities	641,591	8	564,498	7
2XXX	Total liabilities	3,087,979	39	3,654,717	44
	Equity (Note XIX)				
	Capital				
3110	Common stock	2,520,001	32	2,574,401	31
3200	Additional paid-in capital	187,308	3	204,852	2
	Retained Earnings				
3310	Legal reserve	724,858	10	682,772	8
3320	Special reserve	11,397	-	46,790	1
3350	Unappropriated earnings	1,110,640	14	1,181,539	14
3300	Total retained earnings	1,846,895	24	1,911,101	23
3400	Other equity	186,644	2	12,224	-
3XXX	Total equity	4,740,848	61	4,702,578	56
	Total liabilities and equity	\$ 7,828,827	100	\$ 8,357,295	100

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

Chairman: Chang-shiou WU

Manager: Mao-sheng KAN

Accounting Manager: Lin-Ju LIN

Chien Kuo Construction Co., Ltd.  
Statements of Comprehensive Income  
January 1 to December 31, 2022 and 2021

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

Code		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Note XX)	\$ 5,065,366	100	\$ 5,318,630	100
5000	Operating cost (Notes XXI and XXVII)	<u>4,523,143</u>	<u>89</u>	<u>4,748,454</u>	<u>89</u>
5900	Gross profit	542,223	11	570,176	11
6000	Operating expenses (Notes XXI and XXVII)	<u>293,848</u>	<u>6</u>	<u>299,484</u>	<u>6</u>
6900	Net operating income	<u>248,375</u>	<u>5</u>	<u>270,692</u>	<u>5</u>
	Non-operating income and expenses				
7010	Other income (Notes XXI and XXVII)	50,324	1	66,079	1
7020	Other gains and losses (Note XXI)	( 11,396 )	-	8,198	-
7050	Finance costs (Notes XXI and XXVII)	( 12,412 )	-	( 9,089 )	-
7060	Shares of profits or loss of associates accounted for using equity method (Note XII)	( <u>49,906</u> )	( <u>1</u> )	<u>151,791</u>	<u>3</u>
7000	Total non-operating income and expenses	( <u>23,390</u> )	<u>-</u>	<u>216,979</u>	<u>4</u>
7900	Income before income tax	224,985	5	487,671	9
7950	Income tax expense (Note XXII)	<u>40,870</u>	<u>1</u>	<u>82,521</u>	<u>1</u>
8200	Net income	<u>184,115</u>	<u>4</u>	<u>405,150</u>	<u>8</u>

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Code		2022		2021	
		Amount	%	Amount	%
8310	Other comprehensive income				
	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note XVIII)	\$ 3,428	-	\$ 2,318	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	( 90,288 )	( 2 )	49,650	1
8330	Shares of other comprehensive income from subsidiaries accounted for using equity method	-	-	1,309	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss (Note XXII)	( 686 )	-	( 463 )	-
8360	Items that may be reclassified subsequently to profit or loss:				
8380	Shares of other comprehensive income from subsidiaries accounted for using equity method	344,404	7	27,394	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss (Note XXII)	( 68,881 )	( 1 )	( 5,479 )	-
8300	Other comprehensive income (after tax)	<u>187,977</u>	<u>4</u>	<u>74,729</u>	<u>1</u>
8500	Total comprehensive income	<u>\$ 372,092</u>	<u>8</u>	<u>\$ 479,879</u>	<u>9</u>
	Earnings per share (Note XXIII)				
9750	Basic	<u>\$ 0.72</u>		<u>\$ 1.57</u>	
9850	Diluted	<u>\$ 0.72</u>		<u>\$ 1.57</u>	

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

Chairman: Chang-shiou WU

Manager: Mao-sheng KAN

Accounting Manager: Lin-Ju LIN

Chien Kuo Construction Co., Ltd.  
Statements of Changes in Equity  
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousands

Code		Capital	Additional paid-in capital	Retained Earnings			Exchange differences on translation of financial statements of foreign operations	Other equity		Treasury stock	Total equity
				Legal reserve	Special reserve	Unappropriated earnings		Financial Assets Measured at Fair Value through Other Comprehensive Income	Total		
A1	Balance as of January 1, 2021	\$ 2,574,401	\$ 204,852	\$ 645,464	\$ 23,412	\$ 1,038,788	( \$ 229,518 )	\$ 171,252	( \$ 58,266 )	\$ -	\$ 4,428,651
	Appropriation and distribution of retained earnings for 2020										
B1	Provision of legal reserve	-	-	37,308	-	( 37,308 )	-	-	-	-	-
B3	Provision of special reserve	-	-	-	34,854	( 34,854 )	-	-	-	-	-
B5	Cash dividends appropriated to shareholders - NT\$0.80 per share	-	-	-	-	( 205,952 )	-	-	-	-	( 205,952 )
B17	Reversal of special reserve due to disposal of subsidiaries				( 11,476 )	11,476			-		-
D1	Net income for 2021	-	-	-	-	405,150	-	-	-	-	405,150
D3	Other comprehensive income (net of tax) for 2021	-	-	-	-	1,855	21,915	50,959	72,874	-	74,729
D5	Total comprehensive income in 2021	-	-	-	-	407,005	21,915	50,959	72,874	-	479,879
Q1	Disposal of equity instruments measured at fair value through other comprehensive income by subsidiaries	-	-	-	-	2,384	-	( 2,384 )	( 2,384 )	-	-
Z1	Balance as of December 31, 2021	2,574,401	204,852	682,772	46,790	1,181,539	( 207,603 )	219,827	12,224	-	4,702,578
	Appropriation and distribution of retained earnings for 2021										
B1	Provision of legal reserve	-	-	42,086	-	( 42,086 )	-	-	-	-	-
B3	Reversal of special reserve	-	-	-	( 34,566 )	34,566	-	-	-	-	-
B5	Cash dividends appropriated to shareholders - NT\$1.02 per share	-	-	-	-	( 257,440 )	-	-	-	-	( 257,440 )
B17	Reversal of special reserve due to disposal of subsidiaries				( 827 )	827			-		-
D1	Net income for 2022	-	-	-	-	184,115	-	-	-	-	184,115
D3	Other comprehensive income (net of tax) for 2022	-	-	-	-	2,742	275,523	( 90,288 )	185,235	-	187,977
D5	Total comprehensive income in 2022	-	-	-	-	186,857	275,523	( 90,288 )	185,235	-	372,092
Q1	Disposal of equity instrument investments measured at fair value through other comprehensive income	-	-	-	-	10,815	-	( 10,815 )	( 10,815 )	-	-
L1	Purchase of treasury stock	-	-	-	-	-	-	-	-	( 76,382 )	( 76,382 )
L3	Retirement of treasury stock	( 54,400 )	( 17,544 )	-	-	( 4,438 )	-	-	-	76,382	-
Z1	Balance as of December 31, 2022	\$ 2,520,001	\$ 187,308	\$ 724,858	\$ 11,397	\$ 1,110,640	\$ 67,920	\$ 118,724	\$ 186,644	\$ -	\$ 4,740,848

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

Chairman: Chang-shiou WU

Manager: Mao-sheng KAN

Accounting Manager: Lin-Ju LIN

Chien Kuo Construction Co., Ltd.  
Statements of Cash Flows  
January 1 to December 31, 2022 and 2021

Unit: NT\$ Thousands

Code		2022	2021
	Cash flows from operating activities		
A10000	Income before income tax	\$ 224,985	\$ 487,671
A20010	Adjustments to reconcile income (loss):		
A22400	Shares of profit or loss of subsidiaries and associates accounted for using equity method	49,906	( 151,791 )
A21300	Dividend income	( 15,349 )	( 38,807 )
A20100	Depreciation expense	29,587	19,608
A20200	Amortization expenses	1,123	295
A20400	Net loss (gain) on financial assets at fair value through profit or loss	68,526	( 17,223 )
A20900	Finance costs	12,412	9,089
A22700	Gain on disposal of investment properties	-	( 62 )
A21200	Interest income	( 3,281 )	( 4,435 )
A22500	Gains on disposal of property, plant and equipment	( 64,459 )	-
A30000	Changes in operating assets and liabilities, net		
A31125	Contract assets	37,366	( 35,724 )
A31130	Notes receivable	34,536	( 27,036 )
A31150	Account receivables	130,916	152,765
A31180	Other receivables	( 623 )	6,523
A31230	Prepayments	( 33,157 )	( 64,801 )
A31240	Other current assets	( 60,824 )	( 5,127 )
A32125	Contract liability	( 258,810 )	201,247
A32150	Accounts payable	( 443,316 )	( 233,635 )
A32180	Other payables	( 21,365 )	( 10,536 )
A32230	Other current liabilities	( 3,021 )	( 1,119 )
A32990	Other non-current liabilities	( 396 )	( 372 )
A33000	Cash (out)inflow generated from operations	( 315,244 )	286,530
A33100	Interest received	1,819	4,477
A33300	Interest paid	( 12,385 )	( 7,133 )
A33500	Income taxes paid	( 60,330 )	( 36,134 )
AAAA	Net cash (out)inflows from operating activities	( 386,140 )	247,740

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Code		2022	2021
	Cash flows from investment activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	\$ -	(\$ 79,795)
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	90,611	4,597
B00040	Acquisition of financial assets measured at amortized cost	( 137,400)	-
B00050	Disposal of financial assets measured at amortized cost	-	143,839
B00100	Acquisition of financial assets measured at fair value through profit or loss	( 499,426)	( 915,464)
B00200	Proceeds from disposal of financial assets measured at fair value through profit or loss	645,051	1,341,336
B02200	Net cash outflow from acquisition of subsidiaries	( 27,500)	( 200,000)
B02400	Capital reduction of subsidiaries and refund of shares	-	176,829
B02700	Acquisition of property, plant and equipment	( 105,212)	( 6,940)
B02800	Disposal of property, plant, and equipment	64,459	-
B03800	Decrease (increase) in refundable deposits	5,512	( 183)
B04500	Acquisition of intangible assets	( 4,989)	( 1,600)
B05500	Proceeds from disposal of investment properties	-	19,221
B07100	Increase in prepayment for equipment	( 4,387)	-
B07600	Dividend received	<u>46,925</u>	<u>56,456</u>
BBBB	Net cash inflows from investing activities	<u>73,644</u>	<u>533,699</u>
	Cash flows from financing activities:		
C00100	Increase in short-term loans	320,000	200,000
C00500	Increase in short-term bills payable	349,787	-
C01700	Repayment of long-term loans	( 500,000)	( 450,000)
C03000	Increase (decrease) in guarantee deposits received	32,951	( 18,654)
C04020	Repayment of lease principal	( 14,403)	( 12,762)
C04500	Cash dividends distributed	( 257,440)	( 205,952)
C04900	Purchase of treasury stock	( <u>76,382</u> )	<u>-</u>
CCCC	Net cash outflows from financing activities	( <u>145,487</u> )	( <u>487,368</u> )
EEEE	Net (decrease) increase in cash	( 457,983)	294,071
E00100	Cash at the beginning of year	<u>623,118</u>	<u>329,047</u>
E00200	Cash at the end of year	<u>\$ 165,135</u>	<u>\$ 623,118</u>

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

Chairman: Chang-shiou WU

Manager: Mao-sheng KAN

Accounting Manager: Lin-Ju LIN

Comparison Table for the Articles of Incorporation before and after Revision

Paragraph/ Article	Provisions after Revision	Current Provisions	Explanation
Article XIV	The Company shall have <u>7</u> - 13 directors, elected using the candidate nomination system in the manner as prescribed by Article 192-1 of the Company Act. They shall be elected by the shareholders' meeting from among the candidate for directors, with the term of three (3) years and eligibility for re-election. The total amount of registered shares held by all members of directors shall be handled in accordance with the requirements of the competent authority. When the number of vacancies in the Board of Directors equals one-third of the total number of directors, the Board of Directors shall convene a special shareholders' meeting for the re-election of directors within sixty (60) days.	The Company shall have <u>9</u> - 13 directors, elected using the candidate nomination system in the manner as prescribed by Article 192-1 of the Company Act. They shall be elected by the shareholders' meeting from among the candidate for directors, with the term of three (3) years and eligibility for re-election. The total amount of registered shares held by all members of directors shall be handled in accordance with the requirements of the competent authority. When the number of vacancies in the Board of Directors equals one-third of the total number of directors, the Board of Directors shall convene a special shareholders' meeting for the re-election of directors within sixty (60) days.	To be in line with the roadmap of Corporate Governance 3.0 issued by the FSC
Article XXVI	The Company's Articles of Incorporation was established on October 15, 1960. Amended for the first time on September 30, 1969..... Amended for the thirty-ninth time on June 21, 2022. <u>Amended for the fortieth time on June 20, 2023.</u>	The Company's Articles of Incorporation was established on October 15, 1960. Amended for the first time on September 30, 1969..... Amended for the thirty-ninth time on June 21, 2022.	Updated the date of amendments.

## **Chapter 7. Appendices**

(Appendix I)

Articles of Incorporation of Chien Kuo Construction Co., Ltd. (Before Revision)

### Chapter 1. General Provisions

- Article 1 The Company shall be incorporated, as a company limited by shares, under the Company Act of the Republic of China, and its name shall be Chien Kuo Construction Co., Ltd.
- Article 2 The scope of business of the Company shall be as follows:
- I. E101011 Synthesis Construction
  - II. I101080 Industrial and Mining Consultancy
  - III. F111090 Wholesale of Building Materials
  - IV. F211010 Retail Sale of Building Materials
  - V. C901990 Other Non metallic Mineral Products Manufacturing
  - VI. B202010 Nonmetallic Mining
  - VII. F115020 Wholesale of Mineral
  - VIII. F215020 Retail Sale of Mineral
  - IX. B601010 On land Clay and Stone Quarrying
  - X. F117010 Wholesale of Fire Fighting Equipments
  - XI. F217010 Retail Sale of Fire Fighting Equipments
  - XII. F113010 Wholesale of Machinery
  - XIII. F213080 Retail Sale of Machinery and Equipment
  - XIV. E603020 Elevator Construction
  - XV. F113030 Wholesale of Precision Instruments
  - XVI. F213040 Retail Sale of Precision Instruments
  - XVII. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
  - XVIII. F401010 International Trade.
  - XIX. E602011 Frozen and Air-conditioning Engineering
  - XX. E603050 Cybernation Equipments Construction
  - XXI. E603040 Fire Fighting Equipments Construction
  - XXII. IF01010 Fire Fighting Equipments Overhauling
  - XXIII. IG03010 Energy Technical Services
  - XXIV. F113100 Wholesale of Pollution Controlling Equipments
  - XXV. F213100 Retail Sale of Pollution Controlling Equipments
  - XXVI. E502010 Fuel Pipe Construction
  - XXVII. E599010 Pipe Lines Construction
  - XXVIII. E601020 Electric Appliance Installation
  - XXIX. E603010 Cables Construction
  - XXX. E603080 Traffic Signals Construction
  - XXXI. E604010 Machinery Installation Construction
  - XXXII. E501011 Water Pipe Construction
  - XXXIII. E601010 Electric Appliance Construction
  - XXXIV. E605010 Computing Equipments Installation Construction
  - XXXV. H701010 Residence and Buildings Lease Construction and Development

- XXXVI. H701020 Industrial Factory Buildings Lease Construction and Development
- XXXVII. H701050 Public Works Construction and Investment
- XXXVIII. H701060 New County and Community Construction and Investment
- XXXIX. H701080 Reconstruction within the renewal area
- XL. H701090 Renovation, or maintenance within the renewal area
- XLI. H703090 Real Estate Commerce
- XLII. H703100 Real Estate Rental and Leasing

- Article 2-1 The Company may provide endorsement and guarantee and act as a guarantor when the business or investment requires.
- Article 3 The Company shall have its head office in Taipei City, the Republic of China, and may, pursuant to a resolution adopted at the meeting of the Board of Directors, set up a branch office within or outside the territory of the Republic of China when deemed necessary.
- Article 4 Any and all public announcements shall be made by the Company in accordance with Article 28 of the Company Act.

## Chapter 2. Capital Stock

- Article 5 The total capital stock of the Company shall be in the amount of NT\$5 billion, divided into 500 million shares, at NT\$10 per share, and may be paid-up in installments. A total of 13 million shares among the above total capital stock should be reserved for issuing employee stock options
- Article 6 The Company's shares shall be affixed with the signatures or personal seals of the directors representing the Company, and shall be issued only after being attested by banks competent to serve as attestors for the issuance of share certificates under the laws. The Company may elect not to print out the issued shares but shall register the issued shares with a centralized securities depository enterprise.
- Article 7 Shareholders shall fill in and deposit their shareholder specimen chop with the Company, and they shall do so if any changes in the shareholder specimen chop occur. Shareholders specimen chop shall be the certificate as to receive dividends and bonus, to communicate with the Company in writing, or to exercise any other rights. The establishment, abolishment, and update shall be conducted in accordance with the requirements of the competent authority.
- Article 8 The transfer, inheritance, giving, loss, and destruction of shares shall be conducted in accordance with the Company Act and related decrees.
- Article 8-1 The Company's shares purchased under the Company Act may only be transferred to employees of the parent or subsidiaries who meet certain criteria. The Company's employee stock option certificates may only be transferred to employees of the parent or subsidiaries who meet certain criteria.  
The Company's employee stock option certificates may only be transferred to employees of the parent or subsidiaries who meet certain criteria.  
The Company's issuance of new shares may only be subscribed by employees of the parent or subsidiaries who meet certain criteria.  
The Company's restricted stock awards (RSA) may only be issued to employees of the parent or subsidiaries who meet certain criteria.

### Chapter 3. Shareholders' Meetings

- Article 9 The Company shall not handle any requests for transfers of shares within sixty (60) days prior to the shareholders meeting, thirty (30) days prior to the special shareholders meeting, or five (5) days prior to the record date for the distribution of dividends, bonuses or other interests.
- Article 10 Shareholders' meetings of the Company are of two kinds:  
(I) Regular shareholders' meeting; and  
(II) Special shareholders' meeting.  
Regular meetings shall be convened within six (6) months after the close of each fiscal year. Special meetings may be convened when the Board of Directors deems necessary, unless the Company Act requires otherwise.  
The shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.  
Written notices specifying the date, place, and reasons for the convening of shareholders' meetings shall be sent to all shareholders, at least thirty (30) days in advance, in case of regular meetings; and at least fifteen (15) days in advance, in case of special meetings.
- Article 11 A shareholder may appoint a proxy to attend a shareholders' meeting on his/her/its behalf by executing a power of attorney printed by the Company five (5) days prior to the convening date of the shareholders' meeting. The number of proxy shall be limited to one person. When a person who acts as the proxy for two or more shareholders, the number of the voting power represented by him/her shall not exceed 3% of the total number of voting shares of the Company, otherwise, the portion of excessive voting power shall not be counted. When a corporate person has more than one proxy, the exercise of voting rights is calculated at their combined shareholding. Unless otherwise provided by laws and regulations, each share held by the Company's shareholders shall be entitled to one vote.
- Article 12 Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares. When the number of shareholders present does not constitute the quorum prescribed in the preceding article, but those present represent one-third or more of the total number of issued shares, a tentative resolution may be passed by a majority of those present. A notice of such tentative resolution shall be given to each of the shareholders, and reconvene a shareholders' meeting within one month. In the aforesaid meeting of shareholders, if the tentative resolution is again adopted by a majority of those present who represent one-third or more of the total number of issued shares, such tentative resolution shall be deemed to be a resolution under the preceding article.
- Article 13 Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the company within twenty (20) days after the close of the meeting. The minutes of the shareholders' meeting shall record the date and place of the meeting, the name of the chairman, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. The minutes, along with the attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of the



proxies, shall be kept by the Company. The distribution of the minutes of shareholders' meeting may be made in the manner of public announcement.

#### Chapter 4. Directors

- Article 14 The Company shall have 9 - 13 directors, elected using the candidate nomination system in the manner as prescribed by Article 192-1 of the Company Act. They shall be elected by the shareholders' meeting from among the candidate for directors, with the term of three (3) years and eligibility for re-election. The total amount of registered shares held by all members of directors shall be handled in accordance with the requirements of the competent authority. When the number of vacancies in the Board of Directors equals one-third of the total number of directors, the Board of Directors shall convene a special shareholders' meeting for the re-election of directors within sixty (60) days.
- Article 14-1 Among the seats of directors as stated in the preceding paragraph, the seats of independent directors shall be no less than three people or one-fifth of the seats of directors.  
Independent directors' professional qualification, shareholding, restriction on positions occupied, nomination and election, and other compliance matters shall be in accordance with the requirements of the securities competent authority.
- Article 14-2 The Company may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship for the sake of ensuring shareholders' interest and lowering the Company's operating risks.
- Article 15 Board of Directors shall comprise directors, among whom one Chairman and one Vice Chairman shall be elected by the consent from more than one-half of the directors present at a meeting attended by two-thirds of the directors. The Chairman represents internally the chairman of the shareholders' meeting and chairman of the Board of Directors, and externally the Company. When the Chairman is on leave, the Vice Chairman shall act as an acting Chairman.
- Article 16 The Chairman of the Board of Directors shall internally preside the Board meeting. In case the Chairman is absent for any cause, the Vice Chairman shall act on his behalf. In case the Vice Chairman is also absent or unable for any cause, the Chairman shall designate one of the directors to act on his behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting Chairman of the Board of Directors. Resolutions shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the directors present, who represent more than one-half of the total number of directors.  
In the event that a director is absent for any cause, he/she may delegate a proxy to attend the meeting on his/her behalf, which proxy shall not exceed one person.  
In case a meeting of the Board of Directors is proceeded via the visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.
- Article 16-1 In calling a meeting of the Board of Directors, a written notice stating the cause for the meeting shall be given to each director no later than seven (7) days prior to the scheduled meeting date, except in emergency, in which case the meeting of the Board of Directors may be convened at any time.  
The convening of meeting as mentioned in the preceding paragraph may be made by a notice in the form of writing, fax or email.

- Article 17 Resolutions adopted at a Board meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all directors of the Company within twenty (20) days after the close of the meeting. Such meeting minutes shall, together with the attendance list for the Board meeting, be kept by the Company according to law.
- Article 18 The Board of Directors shall comprise directors who conduct the business operations in accordance with laws and regulations, the Articles of Incorporation, and all resolutions adopted by the shareholders' meeting.
- Article 18-1 The Board of Directors is authorized to determine the salary for the directors, taking into account the extent of the services provided for the management of the Company and the payment standards of the industry.
- Article 19 The Company may set up committees by function.  
The Company may set up an Audit Committee composed of all members of independent directors, whose exercise of duties and other compliance matters shall be handled in accordance with the Company Act, the Securities and Exchange Act, and other relevant decrees.  
The Company may set up a Compensation Committee composed of one or all seats of independent directors and one seat of independent personnel, which seats in total shall be no less than three. Their exercise of duties and other compliance matters shall be handled in accordance with the Company Act, the Securities and Exchange Act, and other relevant decrees.

#### Chapter 5. Manager

- Article 20 The Company shall have one President and a few Vice Presidents. The President shall be responsible for managing all business operations of the Company by adhering to the resolved strategies by the Board of Directors, with the assistance of the Vice Presidents. The appointment, discharge and remuneration of the President shall be made in accordance with Article 29 of the Company Act.
- Article 21 Deleted.

#### Chapter 6. Accounting

- Article 22 Upon the close of each fiscal year, the directors shall prepare various reports and financial statements and shall deliver the same to each of the shareholders for their approval in the manner as prescribed by law.
- I. Business report.
  - II. Financial statements.
  - III. Proposal for the distribution of earnings or make-up of deficits.
- Article 23 With the net income before tax (before netting off employees' compensation and directors' remuneration), the Company shall appropriate 0.1% to 3% of such amount as employees' compensation and no greater than 3% of such amount as directors' remuneration. However, in the case that the Company still has cumulative losses, a portion of the net income shall be retained in the first place to offset such losses. Employees' compensation mentioned in the preceding paragraph shall be distributed in stocks or in cash to employees of subsidiaries who meet certain criteria and control, which are stipulated by the Board of Directors being authorized to do so.

The above-mentioned employees' compensation and directors' remuneration shall be paid pursuant to a resolution adopted by a majority vote of a meeting of the Board of Directors attended by two-thirds or more of all the directors, and reported to the shareholders' meeting.

Article 23-1 In the event that there are any earnings after the annual final accounting, such earnings shall be utilized in the first place to pay for all taxes and duties as required by law and to make up for deficits of prior years. The remaining amount, if any, shall be appropriated in the following order:

- I. Provide legal reserve pursuant to laws and regulations.
- II. Provide (or reverse) special reserves pursuant to laws and regulations or where operation requires.
- III. The remaining balance, along with undistributed earnings of prior years, shall be proposed by the Board of Directors for earnings distribution, which shall then be resolved by the shareholders' meeting.

The Company's dividend policy shall take into account the environment and growth of the industry, long-term financial plans and optimization of shareholders' equity. Cash dividends to be appropriated shall not be less than 10% of the total dividends to be appropriated for the year.

Article 23-2 The Company may, upon the resolution adopted by two-thirds of the shareholders present at the Shareholders' Meeting attended by more than one-half of the voting shares, transfer shares to the employees at an average price lower than the actual repurchase price, or issue employee stock options at the subscription price lower than the closing price on the issuance date.

Article 23-3 The Company may, in accordance with the requirements of the Company Act, distribute its reserves in the form of new shares or cash to shareholders in proportion to their shareholding ratio.

Article 24 The Company may invest in other businesses with an amount exceeding 40% of its paid-in capital.

## Chapter 7. Supplementary Provisions

Article 25 Matters not provided for herein shall be handled in the manner as required by the Company Act.

Article 26 The organizational regulations, internal regulations and the detailed procedures of business operation shall be separately determined by the Board of Directors.

The Company's Articles of Incorporation was established on October 15, 1960.

Amended for the first time on September 30, 1969.

Amended for the second time on December 14, 1971.

Amended for the third time on March 17, 1974.

Amended for the forth time on June 16, 1974.

Amended for the fifth time on March 20, 1976.

Amended for the sixth time on May 2, 1976.

Amended for the seventh time on September 10, 1980.

Amended for the eighth time on November 25, 1985.

Amended for the ninth time on December 1, 1990.

Amended for the tenth time on April 15, 1991.

Amended for the eleventh time on July 31, 1991.

Amended for the second time on November 22, 1991.

Amended for the thirteenth time on April 20, 1992.  
Amended for the fourteenth time on April 16, 1993.  
Amended for the fifteenth time on May 6, 1994.  
Amended for the sixteenth time on April 26, 1995.  
Amended for the seventeenth time on May 12, 1997.  
Amended for the eighteenth time on July 25, 1997.  
Amended for the nineteenth time on May 21, 1999.  
Amended for the twentieth time on May 20, 2000.  
Amended for the twenty-first time on June 14, 2001.  
Amended for the twenty-second time on June 14, 2002.  
Amended for the twenty-third time on May 2, 2003.  
Amended for the twenty-fourth time on June 25, 2004.  
Amended for the twenty-fifth time on June 14, 2005.  
Amended for the twenty-sixth time on June 15, 2006.  
Amended for the twenty-seven time on June 15, 2007.  
Amended for the twenty-eighth time on June 19, 2008.  
Amended for the twenty-nine time on June 16, 2009.  
Amended for the thirtieth time on June 15, 2010.  
Amended for the thirty-first time on June 9, 2011.  
Amended for the thirty-second time on June 18, 2012.  
Amended for the thirty-third time on June 22, 2015.  
Amended for the thirty-fourth time on June 21, 2016.  
Amended for the thirty-fifth time on June 22, 2017.  
Amended for the thirty-sixth time on June 29, 2018.  
Amended for the thirty-fourth time on June 21, 2019.  
Amended for the thirty-eighth time on July 22, 2021.  
Amended for the thirty-ninth time on June 21, 2022.

Chien Kuo Construction Co., Ltd.  
Chairman: Chang-shiou WU

## **Rules and Procedures of Shareholders' Meeting**

Amended and resolved at the annual shareholders' meeting on June 21, 2022

- Article 1 A shareholders' meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures. Any matter not provided in these Rules and Procedures shall be handled in accordance with relevant laws and regulations. Changes to how the Company convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice. The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders will be accepted, the place to register for attendance, and other matters for attention. To convene a virtual shareholders meeting, this Corporation shall include how shareholders attend the virtual meeting and exercise their rights, actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, as well as the date and other notes to be noted if the meeting has to be postponed or adjourned, in the shareholders meeting notice
- Article 2 The time during which shareholder attendance registrations will be accepted shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person. The Company shall upload the the number of shares attended in writing or electronically, meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.
- Shareholders attending the Meeting shall submit the attendance card for the purpose of signing in. In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.
- The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.
- Article 3 Attendance and resolution at shareholders' meetings shall be calculated based on the number of shares. When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence; when voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.
- For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company five (5) days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment unless an explicit

statement to revoke the previously written proxy is made in the proxy which comes later.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or attend the shareholders meeting online or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company two (2) business days before the meeting date. If the cancellation notice is submitted after that time, votes cast by correspondence or electronically shall prevail; if the shareholder exercises voting rights by correspondence or electronically and appoints a proxy to attend the meeting by providing the proxy form, votes cast at the meeting by the proxy shall prevail.

When this Corporation convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 2 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

- Article 4      The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.  
The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.
- Article 5      If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the Board. When the chairperson of the Board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint another director to be the acting chairperson. In the absence of such appointment, the directors present shall elect from among themselves an acting chairperson.
- Article 6      If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two (2) or more such convening parties, they shall mutually select a chair from among themselves.
- Article 7      The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or armbands.
- Article 8      The process of the Meeting shall be audio- and video-recorded and these recorded tapes shall be preserved for at least one (1) year. In the event of a lawsuit filed by shareholders in accordance with Article 189 of the Company Act, these recorded tapes shall be archived until the conclusion of the lawsuit.  
Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by this Corporation, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end and shall be properly kept the Company during the entirety of its existence.
- Article 9      Chairman shall call the Meeting to order at the time scheduled for the Meeting and at the same time announce the relevant information such as the number of non-voting rights and the number of shares present. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two (2) times at the most, and the Meeting shall not

be postponed for longer than one hour in aggregate. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to paragraph , Article of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article .

If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Act of the Republic of China.

Article 10 If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors, and all proposals shall be decided by vote on a case-by-case basis. The Meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, rather than the Board of Directors, entitled to convene such Meeting.

Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the items (including other business and special motions) listed on the agenda as set forth by the preceding two paragraphs are resolved.

The shareholders shall not designate any other person as chairman and continue the Meeting in the same or another place after the Meeting is adjourned.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak shall be set by the chair.

If any shareholder present at the Meeting submits a speech slip but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents given on the speech slip, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders; otherwise, the chairman shall stop such interruption.

Article 12 Except with the consent of the chairman, a shareholder may not speak more than twice on the same proposal, and a single speech shall not exceed five (5) minutes.

In case the speech of any shareholder violates the above provision or exceeds the scope of the agenda items, the chairman may terminate the speech of such shareholder.

Article 13 When a juristic person is appointed to attend as a proxy, it may designate only one person to represent it in the meeting.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

Article 14 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words.

- Article 15 When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote, and also reserve a period of time sufficient for voting.
- Article 16 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the Meeting, and a record made of the vote.  
In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately and immediately disclose them on the video conference platform of the shareholders' meeting.  
Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes, to which the signature or seal of the chair of the meeting shall be affixed. The meeting minutes shall be distributed to each shareholder within twenty (20) days after the conclusion of the Meeting. The meeting minutes may be produced and distributed in electronic form.  
The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.  
The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions are adopted, and a summary of the deliberations and their results (including the number of voting rights). When there is an election of directors, the number of votes for each elected director shall be disclosed. The minutes shall be retained for the duration of the existence of the Company.
- Article 17 When a meeting is in progress, the chair may announce a break based on time considerations.
- Article 18 Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.  
When voting, a vote shall be taken on a proposal-by-proposal basis.
- Article 19 When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When anyone among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- Article 20 The chair may direct the proctors or security personnel to help maintain order at the meeting place.  
When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
- Article 21 The Rules and Procedures, and any amendments thereto, shall be implemented after adoption by the Meeting.



## **Shareholdings of All Directors**

(Appendix III)

Book closure date: April 22, 2023

Title	Name	Date elected	No. of shares documented on the shareholders roster
Chairperson	Chien Hwei Investment Co., Ltd. Representative: Chang-shiou WU	2021.07.22	46,011,532 shares
Vice Chairperson	Chi-te CHEN	2021.07.22	18,844,139 shares
Directors	Pang-yen YANG	2021.07.22	1,393,166 shares
Directors	Chung CHENG	2021.07.22	0 shares
Directors	Chu-hsin LEE	2021.07.22	0 shares
Directors	Tzu-chiang YANG	2021.07.22	0 shares
Directors	Chien Hsiang Investment Co., Ltd. Representative: Jui-hsing TSAI	2021.07.22	578,400 shares
Directors	Yu-jui CHANG	2021.07.22	1,209,804 shares
Directors	Chi-hsin CHEN	2021.07.22	1,688,316 shares
Directors	Chien Hwei Investment Co., Ltd. Representative: Pai-tso SUN	2021.07.22	46,011,532 shares
Independent Director	Chin-pao TSAI	2021.07.22	0 shares
Independent Director	Chen-yu FENG	2021.07.22	0 shares
Independent Director	Li-hsing I	2021.07.22	0 shares
Required minimum shareholding by all directors	12,000,000 shares	Actual shareholding by all directors	69,725,357 shares

Note: The total number of issued shares of the Company as of April 22, 2023 was 252,000,105 shares.

**The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate: Not applicable.**