

Stock Code: 5515



CHIEN KUO CONSTRUCTION CO., LTD.

Chien Kuo Construction Co. Ltd.

Annual Shareholders' Meeting

2020 Meeting Agenda Handbook

Time: 9:00 a.m., June 23, 2020

Address: B1F., No. 85--, Sec. 4, Roosevelt Rd., Zhongzheng Dist., Taipei City (GIS Convention Center - NTU - Locke Hall)

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## **Chapter 1. Meeting Agenda**

### **2020 Annual Shareholders' Meeting Agenda of Chien Kuo**

#### **Construction Co. Ltd.**

Time: 9:00 a.m., June 23, 2020

Address: B1F., No. 85--, Sec. 4, Roosevelt Rd., Zhongzheng Dist., Taipei City (GIS Convention Center - NTU - Locke Hall)

#### **Meeting Procedures:**

##### **I. Report the Attending Shares**

##### **II. Call Meeting to Order**

##### **III. Chairman's Address**

##### **IV. Report Items**

1. The Company's 2019 Business Report.
2. Audit Committee' s Audit Report on the 2019 Final Accounting Books.
3. Report on the distribution of compensation to employees and remuneration to directors for 2019.
4. Report on the amendment to the Company's Ethical Corporate Management Best Practice Principles.
5. Report on the implementation of treasury stock repurchase.

##### **V. Proposals**

1. To adopt the Company's 2019 Annual Business Report, Financial Statements, and Consolidated Financial Statements.
2. Earnings distribution plan of the Company for 2019.

##### **VI. Extempore Motion**

##### **VII. Adjournment**

## Chapter 2. Report Items

### Report Item No.1.

Subject: To report the Company's 2019 business report

Explanation:

#### 2019 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 2019 annual consolidated revenue was NT\$6,331,757 thousand, a slight increase of 7% over 2018. The net profit attributable to shareholders of the Company was NT\$179,635 thousand, a decrease of 13% over 2018. Earnings per share was NT\$0.57. The following is a summary report of the Company's 2019 consolidated business results.

##### (I) Operational Highlight

Item	2019	2018	Growth
Operating revenue	6,331,757	6,824,128	-7%
Operating costs	5,781,552	6,082,369	-5%
Gross profit	550,205	741,759	-26%
Operating Expenses	377,048	381,479	-1%
Net operating income (loss)	173,157	360,280	-52%
Non-operating income and expense	121,268	14,843	717%
Income before tax	294,425	375,123	-22%
Net income	179,564	207,708	-14%
Net income attributable to non-controlling interest	(71)	2,037	-103%
Net income attributable to shareholders of the Company	179,635	205,671	-13%

- ✓ Revenue decreased by 7% in 2019 over 2018 and gross profit decreased by 26% over the previous year, which was primarily due to the decrease in the ratio of our in the price of such a raw material caused by sales of the rise in the selling price of concrete cement.
- ✓ The difference in non-operating income and expense between the two years are mainly due to the profits from the disposal of subsidiaries and the increase in the dividend income in 2019.

##### (II) Cash Flows and Profitability Analysis

##### 1. Cash Flows

Unit: NT\$1,000

Item	Amount
Net cash provided by operating activities	931,743
Net cash provided by investing activities	451,162
Net cash used in financing activities	(1,080,116)

Item	Amount
Effect of exchange rate changes on cash and cash equivalents	(68,409)
Cash increase in the current period	234,380
Cash amount - beginning of the year	2,455,785
Cash amount - end of the year	2,690,165

- ✓ Net cash inflow from operating activities mainly comes from improvements in the collection of accounts receivables.
- ✓ Net cash inflow from investing activities mainly comes the reduction in pledged certificates of deposit (CD) and disposals of right-of-use assets.
- ✓ Net cash outflow used in financing activities is mainly used in capital decrease, distribution of cash dividend, and repayment of long-term borrowings.

## 2. Profitability Analysis

Item		2019	2018
Return on assets		2.2%	2.4%
Return on equity		3.9%	4.2%
Ratio of return on equity	Operating income	6.5%	10.8%
	Income before tax	11.0%	11.2%
Net profit margin		2.8%	3.0%
Earnings per share (NT\$)		0.57	0.62

## 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 a purpose to improve the core competitiveness of construction. In 2019, 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. As of the end of 2019, it has obtained 16 new patents.

## IV. Outlook

As the Taiwanese government had promulgated the laws and regulations related to the repatriated offshore fund and the trade war between the US and China facilitated the return of enterprises, except for buildings of offices within the product category that is relatively stable, it is promising that the demand for plants for non-residential products will increase. Looking forward to 2020, the construction business will expand its business to include plants, composite commercial facilities, and turn-key business by integrating the professional capacities of electro-mechanics and BIM. Along with the construction experience and emerging technologies gained, the construction business will focus on optimization of construction quality, improvement in information service regarding the management of construction projects, and proactively expanding the plants business for its manufacturing operation, so as to become a strategic partner for excellent real estate companies.

In view of the changing investment environment in mainland China, the Concrete Business will focus on recovering the operating receivables, so as to lower the business risk.

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

## **Report Item No.2.**

Subject: Audit Committee's Audit Report on the 2019 Final Accounting Books

Explanation:I. The Board of Directors has prepared the 2019 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 2018 Consolidated Financial Statements and the 2019 Standalone Financial Statements prepared and submitted by the Board of Directors have been audited by CPA I-Wen Wang and CPA Wen-Qing Lin of Deloitte & Touche Taiwan. 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

The 2020 Annual Shareholders' Meeting of the Company

Chien Kuo Construction Co. Ltd.

Convener of the Audit Committee: Chin- pao TSAI

March 27, 2020

### **Report Item No.3.**

Subject: Report on the distribution of compensation to employees and remuneration to directors for 2019.

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\$7,799 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\$ 7,799 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 amendment to the Company's Ethical Corporate Management Best Practice Principles.

Explanation:I. To accord with the internal control and internal audit systems required by the regulations and the corporate governance evaluation indicators for listed companies, the Company proposed to amend the Company's Ethical Corporate Management Best Practice Principles according to the announcement for the amendment to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies made by the Taiwan Stock Exchange.

## Report Item No.5.

Subject: Report on the implementation of treasury stock repurchase.

Explanation: The 8th implementation of the 8th term of treasury stock repurchase applied by the Company.

Term of Repurchase	8th term
Date of boards of directors resolutions	March 27, 2020
Purpose of repurchase	To safeguard the Company's credibility and shareholder's interests
Repurchase period	From March 30, 2020 to May 29, 2020
Estimated amount of repurchase (share)	10,000,000 shares
Price range of shares for repurchase	From NT\$7.0 to NT\$10.0
Number of shares repurchased (Note)	4,035,000 shares
Total amount for the number of shares repurchased	NT\$38,169,688
Number of shares canceled and transferred	0 share
Accumulated number of shares held by the Company	4,035,000 shares
Ratio of the accumulated number of shares held by the Company to total shares issued (%)	1.51%

Note: As of the closure of shareholders' registrar on April 25, 2020.



### **Chapter 3. Proposals and Discussions**

#### **Proposal No.1.**

#### **Proposed by the Board of Directors**

**Subject:** To adopt the Company's 2019 Annual Business Report, Financial Statements, and Consolidated Financial Statements.

**Explanation:**I. The Company's 2019 Annual Business Report, Financial Statements and Consolidated Financial Statements have been prepared; for the Financial Statements and Consolidated Financial Statements with the seals affixed by the Chairman, managers, and chief auditors, please see Attachment II on #page17to36# of the Handbook.

II. The mentioned Financial Statements and Consolidated Financial Statements have been audited by CPA I-Wen Wang and CPA Wen-Qing 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. Business report. Please refer to #page2to3# of this Meeting Agenda Handbook.

**Resolution:**

#### **Proposal No.2.**

#### **Proposed by the Board of Directors**

**Subject:** To adopt the Company's 2019 Earnings Distribution Proposal

**Explanation:**I. The Financial Statements of the Company for 2019 have been audited by Deloitte & Touche Taiwan. The beginning balance of undistributed earnings was NT\$611,142,353; the net income after tax (NIAT) of for the year was NT\$179,635,274, plus the reversal of special reserves from the initial application of IFRS 9 in the amount of NT\$7,176,070, and remeasurement of the defined benefit plan for the current year recognized under retained earnings in the amount of NT\$2,292,678; 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\$189,104,022. The provision of legal reserve in the amount of was NT\$(18,910,402) and the special reserves provided according to the law was NT\$18,089,542; the distributable earnings for the year in the amount of NT\$799,425,515 is to be distributed in accordance with the requirements of the Articles of Incorporation.

- II. The 2019 Earnings Distribution Proposal is to distribute to shareholders the cash dividends in the amount of NT\$133,720,052, or, NT\$0.5 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 2019 Earnings Distribution Proposal is presented in the following table:

Chien Kuo Construction Co. Ltd.  
2019 Earnings Distribution Proposal

Unit: NT\$

Item	Amount
Undistributed earnings - beginning	611,142,353
Profit after tax for the year	179,635,274
Reverse from Special Capital Reserve arising from the initial adoption of TIFRS	7,176,070
Remeasurement of defined benefit plans recognized under retained earnings	2,292,678
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	189,104,022
Provision of legal reserve (10%)	(18,910,402)
Reversal of special reserves mandatorily provided	18,089,542
Distributable earnings for the period	799,425,515
Distribution items	
Dividends to shareholders at NT\$0.5 per share	(133,720,052)
Undistributed earnings - ending	665,705,463

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

- 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, the 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:

## Chapter 4. Extempore Motion

## Chapter 5. Adjournment

## Chapter 6. Attachments

Comparison Table for the Ethical Corporate Management Best Practice Principles Before and After  
Revision (Attachment I)

Paragraph/Article	Provisions after revision	Current Provisions	Explanation
Article 5	Policy The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and obtain approval from the Board of Directors, and establish good corporate governance and risk control and management mechanism to create an operational environment for sustainable development.	Policy The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism to create an operational environment for sustainable development.	According to Paragraph 3-7 and 5.1.1 of the ISO37001 Anti-Bribery Management System (ABMS), the board of directors is responsible to approve an organization's anti-bribery management policy. This article is amended to stipulate that the ethical corporate management policy shall be passed by the Board of Directors.
Article 7	Scope of Prevention Programs The Company shall establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis. The Company shall refer to prevailing domestic and foreign standards or guidelines in establishing the preventive programs, which shall at least include preventive measures against the following: I. Offering and acceptance of bribes. II. Illegal political donations. III. Improper charitable donations or sponsorship. IV. Offering or acceptance of	Scope of Prevention Programs When establishing the prevention program, the Company shall analyze business activities within their business scope which may be at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.  The prevention program established by the Company shall at least include preventive measures against the following:  I. Offering and acceptance of bribes. II. Illegal political donations. III. Improper charitable donations or sponsorship. IV. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.  V. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.  VI. Engaging in unfair	I. According to Paragraph 4.5.1 of ISO 37001 regarding regular bribery risk assessment and the assessment of suitability and effectiveness of existing control methods by organizations and Paragraph 4.5.2 of ISO 37001 regarding the establishment of the category of bribery risk level assessment, Paragraph 1 of this article is amended.  II. To strengthen ethical corporate management, domestic and foreign standards or guidelines such as ISO 37001, GRI 205: Anti-Corruption 2016, and the 2013 edition of the Transparency International's Business Principles for Countering Bribery shall be introduced. Paragraph 2 of this article is amended accordingly.

	<p>unreasonable presents or hospitality, or other improper benefits.</p> <p>V. Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.</p> <p>VI. Engaging in unfair competitive practices.</p> <p>VII. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p>	<p>competitive practices.</p> <p>VII. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p>	
Article 8	<p>Promise and Execution</p> <p>The Company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and, in the employment criteria, require employees to comply with such policy. The Company and its business group shall clearly specify in their rules and external documents and on the company website the ethical corporate management policies and the commitment by the Board of Directors and the senior management for rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities. The Company shall compile</p>	<p>Promise and Execution</p> <p>The Company and its business group shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the Board of Directors and the management for rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p>	<p>1. According to Subparagraph c, Paragraph 7.2.2.2 of ISO 37001 regarding senior management members and directors required to issue a statement on compliance with the anti-bribery policy by organizations, and Subparagraph a, Paragraph 7.2.2.1 of ISO 37001 regarding employees required to comply with the anti-bribery policy under the terms of employment, Paragraph 1 is added.</p> <p>2. The current article is amended and moved to the second paragraph. According to the "Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore</p>

	documented information on the ethical management policy, statement, commitment and implementation mentioned in the first and second paragraphs and retain the said information properly.		Exchange-Traded Funds" and "Taipei Exchange Rules Governing Information Reporting by Companies with TPEX Listed Securities," the ethical corporate management policies and the commitment by the board of directors and the senior management for rigorous and thorough implementation of such policies shall be disclosed on the company website. Paragraph 1 is added accordingly. 3. According to ISO 37001 regarding the policies, procedures, and implementation of anti-bribery management mechanisms, Paragraph 3 is added.
Article 17	<p>Organization and Responsibilities The directors, Remuneration Committee members, managers, employees, retained entities, and those under substantial control of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To improve ethical management, the Company shall set up a dedicated unit under the Board of Directors and allocate sufficient resources and qualified personnel to the unit to be responsible for the formulation and supervision of ethical management policy and prevention plans. It is mainly responsible for the following matters and</p>	<p>Organization and Responsibilities The directors, Remuneration Committee members, managers, employees, retained entities, and those under substantial control of the Company shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>To improve ethical management, the Company shall set up a dedicated unit under the Board of Directors and responsible for the formulation and supervision of ethical management policy and prevention plans. It is mainly responsible for the following matters and reports to the Board of Directors regularly:</p> <p>I. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention</p>	<p>1. According to Paragraph 5.3.2 of ISO 37001 regarding provision of sufficient resources and qualified personnel for the anti-bribery unit and Paragraph 9.4 of ISO 37001 regarding the anti-bribery unit reporting to the board of directors at least once a year, Paragraph 2 of this article is amended.</p> <p>2. In line with the amendment to Paragraph 1, Article 7, Subparagraph 2, Paragraph 2 of this article is added regarding the main responsibilities of the dedicated unit in charge of ethical corporate management that shall include regular analysis and assessment of the risks of unethical conduct within the business scope, and the relevant text is adjusted accordingly.</p>

	<p>reports to the Board of Directors regularly (at least once a year):</p> <p>I. Assisting in incorporating ethics and moral values into the Company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>II. Analyzing and assessing on a regular basis the risk of involvement in unethical conduct within the business scope, adopting accordingly programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.</p> <p>III. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p>	<p>measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations.</p> <p>II. Adopting programs to prevent unethical conduct, and setting out in each program the standard operating procedures and conduct guidelines with respect to the Company's operations and business.</p> <p>III. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.</p> <p>IV. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>V. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>VI. Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>	
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	<p>IV. Promoting and coordinating awareness and educational activities with respect to ethics policy.</p> <p>V. Developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>VI. Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.</p>		
Article 20	<p>Accounting and Internal Control</p> <p>The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>The internal audit unit of the Company shall, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans including auditees, audit scope, audit items, audit</p>	<p>Accounting and Internal Control</p> <p>The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.</p> <p>I. The internal audit unit of the Company shall periodically examine the compliance with the systems specified in the preceding paragraph and prepare audit reports and submit the same to the Board of Directors. The internal audit unit may engage a certified public</p>	<p>1. According to Article 9.2 of ISO 37001 regarding the anti-bribery management system's internal audit, Paragraph 2 of this article is amended.</p> <p>2. Paragraph 3 is added. According to Subparagraph d, Paragraph 9.2.2 of ISO 37001, the relevant anti-bribery management system personnel, senior management personnel, and the Board of Directors shall be notified of audit results.</p> <p>3. For structural considerations, the sentence that "and prepare audit reports and submit the same to the Board of Directors" in Paragraph 2 and the notification procedure after the audit performed by the internal audit unit are set out in this paragraph.</p>

	<p>frequency, etc., and examine accordingly the compliance with the prevention programs. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.</p> <p>The results of the audit in the preceding paragraph shall be reported to senior management and the ethical management dedicated unit. An audit report shall be consolidated to be submitted to the Board of Directors.</p>	<p>accountant to carry out the audit, and may engage professionals to assist if necessary.</p>	
Article 23	<p><b>Reporting System</b> The Company shall establish and implement a solid reporting system, which shall cover at least the following matters:</p> <p>I. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow insiders and outsiders to submit reports.</p> <p>II. The dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior management shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p>III. After the investigation of the prescribed prosecution case is completed, follow-up measures to be taken</p>	<p><b>Reporting System</b> The Company shall establish and implement a solid reporting system, which shall cover at least the following matters:</p> <p>I. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow insiders and outsiders to submit reports.</p> <p>II. The dedicated personnel or unit appointed to handle whistle-blowing system. Any tip involving a director or senior manager shall be reported to the independent directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.</p> <p>III. Documentation and preservation of case acceptance, investigation processes, investigation results and relevant</p>	<p>1. According to Article A.18.8 of the ISO 37001 Appendix, which states that organizations shall take appropriate follow-up action upon completion of an investigation of a bribery, Subparagraph 3, Paragraph 1 of this article is added, with the existing Subparagraphs 3 to 6, Paragraph 1 moved to Subparagraphs 4 to 7, Paragraph 1.</p> <p>2. For the consistency of terms, the relevant text of Subparagraph 2, Paragraph 1 is adjusted accordingly.</p> <p>3. According to Subparagraph c, Paragraph 8.9 of ISO 37001, which allows anonymous reporting, Paragraph 1 is amended and moved to Subparagraph 5.</p>



	<p>in accordance with the severity of the circumstances shall be reported to the competent authority or transferred to the judicial organ for investigation if necessary.</p> <p>IV. Documentation and preservation of case acceptance, investigation processes, investigation results and relevant documents.</p> <p>V. Confidentiality of the identity of whistle-blowers and the content of reported cases, and an undertaking regarding anonymous reporting.</p> <p>VI. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>VII. Whistle-blowing incentive measures.</p> <p>VIII. If a serious violation is found or the Company is in danger of severe losses, the Company's personnel or unit responsible for accepting the case shall immediately notify the independent directors in a written report.</p>	<p>documents.</p> <p>IV. Confidentiality of the identity of whistle-blowers and the content of reported cases.</p> <p>V. Measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.</p> <p>VI. Whistle-blowing incentive measures.</p> <p>If a serious violation is found or the Company is in danger of severe losses, the Company's personnel or unit responsible for accepting the case shall immediately notify the independent directors in a written report.</p>	
Article 27	<p>Implementation</p> <p>The Ethical Corporate Management Best Practice Principles of the Company shall be implemented after the Board of Directors grants the approval, and shall be sent to the Audit Committee and reported at a shareholders' meeting. The same procedure shall be followed when the Principles have been</p>	<p>Implementation</p> <p>The Ethical Corporate Management Best Practice Principles of the Company shall be promulgated for implementation after the Board of Directors grants the approval, and shall be sent to the Audit Committee and reported at a shareholders' meeting. The same procedure shall be followed when the Principles have been amended.</p>	<p>According to the government's provision that TWSE/TPEX listed companies shall appoint independent directors, Paragraph 2 of this article is amended in line with practical operations.</p>

	<p>amended.</p> <p>When the Company submits the Ethical Corporate Management Best Practice Principles to the Board of Directors for discussion pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the Board of Directors meeting. An independent director that cannot attend the Board meeting in person to express objections or reservations shall provide a written opinion before the Board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.</p> <p>The Principles shall apply mutatis mutandis to the Audit Committee.</p>	<p>The Company has appointed independent directors. When the Company submits the Ethical Corporate Management Best Practice Principles to the Board of Directors for discussion pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the Board of Directors meeting. An independent director that cannot attend the Board meeting in person to express objections or reservations shall provide a written opinion before the Board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.</p>	
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## **Independent Auditors' Report**

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

### **Audit Opinions**

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

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of Chien Kuo Construction Co. Ltd. as of December 31, 2019 and 2018, and its consolidated financial performance and consolidated cash flows for the annual periods ended December 31, 2019 and 2018 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) to the extent endorsed and effected by the Financial Supervisory Commission.

### **Basis for Audit Opinion**

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

### **Key Audit Matters**

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

Key Audit Matters for the consolidated financial statements of Chien Kuo Construction Co. Ltd. and its subsidiaries for 2019 are stated as follows:

### Construction contracts

The operating revenue of Chien Kuo Construction Co. Ltd. is primarily derived from construction revenue, which is recognized in cost-based input method by the management in accordance with IFRS 15 Revenue from Contracts with Customers. Since the percentage of completion is calculated at the ratio of costs input to the total estimated contract costs, the total estimated construction contract costs are a key factor in calculating the percentage of cost input. Since the estimates of total costs are made by the management's judgment on the types, periods, execution, and techniques of construction, and are prone to influence from changes in commodity prices, labor prices and construction items, any significant changes in estimates, once occurred, may lead to a revenue recognized in accordance with the percentage of completion method either consisting of errors, or having significant influence on the misstatement of the financial statements. Consequently, the estimates of the total costs of the construction contract are deemed a key audit matter.

Our audit procedures included, among others, understanding the procedures by which the management estimates the total costs of long-term construction contracts; assessing on the management estimates the total costs of long-term construction contracts; examining the accompanying construction documents to assess comprehensively the completeness and reasonableness of the estimates of total costs of long-term construction contracts; and assessing the important changes in the cost of construction contracts after the completion of construction projects. For information about construction contracts, please refer to Note 22.

### Assessment of Impairment of Accounts Receivable

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

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

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

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

### **Other Matters**

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

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

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

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

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

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

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

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

1. Identified and assessed the risks of a material misstatement(s) due to fraud or errors in the Consolidated Financial Statements; designed and carried out appropriate countermeasures against the assessed risks; and obtained sufficient and appropriate audit evidence to provide the basis for audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or overrides of internal controls, the risk of an undetected material misstatement due to fraud is greater than that due to errors.
2. Acquired necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal controls of Chien Kuo Construction Co. Ltd. and its subsidiaries.
3. Assessed the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.

4. Concluded, based on the audit evidence acquired, on the appropriateness of the management's use of going concern basis of accounting, and determined whether a material uncertainty exists within events or conditions that might cast significant doubt on the ability of Chien Kuo Construction Co. Ltd. and its subsidiaries to continue as a going concern. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the Consolidated Financial Statements in our audit report of the relevant disclosures therein, or to amend our audit opinion in the event that any inappropriate disclosure was found. Our conclusion is based on the audit evidence obtained as of the date of the audit report. However, future events or conditions may cause Chien Kuo Construction Co. Ltd. and its subsidiaries to cease to continue as a going concern.
5. Assessed the overall presentation, structure and content of the Consolidated Financial Statements (including the related notes), and determined whether the Consolidated Financial Statements present fairly the related transactions and events.
6. Obtained sufficient and appropriate audit evidence regarding financial information of entities within Chien Kuo Construction Co. Ltd. and its subsidiaries in order to express opinions on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion on Chien Kuo Construction Co. Ltd. and its subsidiaries.

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

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

From the matters communicated with those charged with governance, we determine the key audit matters of the 2019 consolidated financial statements of Chien Kuo Construction Co. Ltd. and its subsidiaries. Such matters have been explicitly stated in our audit report, unless laws or regulations prevent their disclosures, or, in extremely rare cases, we decide not to communicate such matters in our audit report in consideration that the adverse impacts of such communication could be reasonably expected to be greater than the public interest it would promote.

Deloitte Taiwan CPA: I-Wen Wang Approval

number by the Financial Supervisory  
Commission FSC - 0980032818

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

March 27, 2020

Unit: NT\$ Thousand

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

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

Chairperson: Chang-shiou Wu

Manager: Chang-shiou Wu

Accounting Manager: Shu-fen Yang

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

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

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

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

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

Chairperson: Chang-shiou Wu

Manager: Chang-shiou Wu

Accounting Manager: Shu-fen Yang

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

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

Chairperson: Chang-shiou Wu

Manager: Chang-shiou Wu

Accounting Manager: Shu-fen Yang

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

Unit: NT\$ Thousand

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

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

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

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

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

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

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

## **Independent Auditors' Report**

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

### **Audit Opinions**

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

In our opinion, the aforementioned Individual Financial Statements present fairly, in all material respects, the Individual financial position of Chien Kuo Construction Co. Ltd. as of December 31, 2019 and 2018, and its individual financial performance and Individual cash flows for the annual periods ended December 31, 2019 and 2018 in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

### **Basis for Audit Opinion**

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

### **Key Audit Matters**

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

Key Audit Matters for the individual financial statements of Chien Kuo Construction Co. Ltd. for 2019 are stated as follows:

#### Construction contracts

The operating revenue of Chien Kuo Construction Co. Ltd. is primarily derived from construction revenue, which is recognized in cost-based input method by the management in accordance with IFRS 15 Revenue from Contracts with Customers. Since the percentage of completion is calculated at the ratio of costs input to the total estimated contract costs, the total estimated construction contract costs are a key factor in calculating the percentage of cost input. Since the estimates of total costs are made by the management's judgment on the types, periods, execution, and techniques of construction, and are prone to influence from changes in commodity prices, labor prices and construction items, any significant changes in estimates, once occurred, may lead to a revenue

recognized in accordance with the percentage of completion method either consisting of errors, or having significant influence on the misstatement of the financial statements. Consequently, the estimates of the total costs of the construction contract are deemed a key audit matter.

Our audit procedures included, among others, understanding the procedures by which the management estimates the total costs of long-term construction contracts; assessing on the management estimates the total costs of long-term construction contracts; examining the accompanying construction documents to assess comprehensively the completeness and reasonableness of the estimates of total costs of long-term construction contracts; and assessing the important changes in the cost of construction contracts after the completion of construction projects. For information about construction contracts, please refer to Note 18.

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

It is the management's responsibility to fairly present the Individual Financial Statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and to sustain internal controls respecting preparation of the Individual Financial Statements so as to avoid material misstatements due to fraud or errors therein.

In preparing the Individual Financial Statements, the responsibility of management includes assessing the ability of Chien Kuo Construction Co. Ltd. to continue as a going concern, disclosing going concern matters, as well as adopting going concern accounting, unless the management intends to liquidate Chien Kuo Construction Co. Ltd. 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 Individual Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Individual 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 is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements may result from fraud or errors. If it could be reasonably anticipated that the misstated individual amounts or aggregated sums could have influence on the economic decisions made by the users of the parent financial statements, they shall be deemed as material.

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

1. Identified and assessed the risks of material misstatement within the Individual financial statements, whether due to fraud or error; design and execute counter-measures in response to those risks; and obtain sufficient and appropriate audit evidence to provide a basis for our 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 going concern basis of accounting, and determined whether a material uncertainty exists within events or conditions that might cast significant doubt on the ability of Chien Kuo Construction Co. Ltd. to continue as a going concern. If we believe there are events or conditions indicating the existence of a material uncertainty, we are required to remind the users of the Individual Financial Statements in our audit report of the relevant disclosures therein, or to amend our audit opinion in the event that any inappropriate disclosure was found. Our conclusion is based on the audit evidence obtained as of the date of the audit report. However, future events or conditions may cause Chien Kuo Construction Co. Ltd. to cease to continue as a going concern.
5. Assessed the overall presentation, structure and content of the Individual Financial Statements (including the related notes), and determined whether the Individual Financial Statements present fairly the related transactions and events.
6. Obtained sufficient and appropriate audit evidence regarding financial information of entities within Chien Kuo Construction Co. Ltd. in order to express opinions on the Individual 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.

Deloitte Taiwan CPA: I-wen Wang Approval  
number by the Financial Supervisory  
Commission FSC - 0980032818

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

March 27, 2020



Code	Assets	December 31, 2019		December 31, 2018	
		Amount	%	Amount	%
	Current assets				
1100	Cash (Notes 6)	\$ 380,687	5	\$ 201,630	2
1120	Financial assets at fair value through other comprehensive income (Note 8)	24,909	-	15,157	-
1140	Contract assets (Note 18)	1,298,880	17	1,304,299	16
1150	Notes receivable (Note 9)	13,125	-	26,838	-
1170	Accounts receivable (Note 9 and 17)	578,046	7	260,971	3
1200	Other receivables	7,723	-	8,162	-
1323	Land held for construction (Notes 10 and 25)	463,577	6	463,577	6
1410	Prepayments	96,574	1	122,644	2
1460	Non-current assets held for sale (Note 11)	-	-	14,417	-
1470	Other current assets (Note 25)	21,779	-	5,946	-
11XX	Total current assets	<u>2,885,300</u>	<u>36</u>	<u>2,423,641</u>	<u>29</u>
	Non-current assets				
1510	Financial assets measured at FVTPL (Note 7)	8,100	-	-	-
1520	Financial assets at fair value through other comprehensive income (Notes 8 and 25)	410,826	5	289,351	4
1550	Investments by equity method (Note 11)	4,362,248	55	5,205,419	63
1600	Property, plant and equipment (Notes 25)	33,053	1	33,526	1
1755	Right-of-use assets (Note 12)	32,178	1	-	-
1760	Investment property (Notes 13 and 25)	150,507	2	191,445	2
1840	Deferred income tax assets (Note 20)	15,534	-	78,372	1
1980	Pledged certificate of deposit (Note 25)	-	-	7,700	-
1990	Other Non-current Assets (Note 25)	15,393	-	9,320	-
15XX	Total non-current assets	<u>5,027,839</u>	<u>64</u>	<u>5,815,133</u>	<u>71</u>
1XXX	Total assets	<u>\$ 7,913,139</u>	<u>100</u>	<u>\$ 8,238,774</u>	<u>100</u>
Code	Liabilities and Equity	December 31, 2019		December 31, 2018	
		Amount	%	Amount	%
	Current liabilities				
2130	Contract liabilities (Note 18)	\$ 245,696	3	\$ 57,730	1
2170	Accounts payable (Notes 15 and 24)	1,549,723	19	1,163,348	14
2200	Other payables	145,350	2	118,689	1
2230	Current income tax liabilities	2,071	-	-	-
2320	Long-term loans due within one year (Note 14 and 25)	-	-	450,000	5
2399	Other current liabilities (Note 12)	56,750	1	47,505	1
21XX	Total current liabilities	<u>1,999,590</u>	<u>25</u>	<u>1,837,272</u>	<u>22</u>
	Non-current liabilities				
2540	Short-term loans (Notes 14 and 25)	948,991	12	799,131	10
2570	Deferred income tax liabilities (Note 20)	518,591	7	583,786	7
2600	Other Non-Current Liabilities (Note 12 and 16)	97,227	1	69,112	1
25XX	Total non-current liabilities	<u>1,564,809</u>	<u>20</u>	<u>1,452,029</u>	<u>18</u>
2XXX	Total Liabilities	<u>3,564,399</u>	<u>45</u>	<u>3,289,301</u>	<u>40</u>
	Equity (Note 17)				
	Capital stock				
3110	Capital from common stock	2,674,401	34	3,343,001	41
3200	Capital surplus	201,627	3	201,627	2
	Retained earnings				
3310	Appropriated as legal capital reserve	626,554	8	605,987	7
3320	Appropriated as special capital reserve	50,001	1	67,179	1
3350	Unappropriated Earnings	800,246	9	788,857	10
3300	Total retained earnings	1,476,801	18	1,462,023	18
3400	Others	(4,089)	-	(57,178)	(1)
3XXX	Total equity	<u>4,348,740</u>	<u>55</u>	<u>4,949,473</u>	<u>60</u>
	Total liabilities and equity	<u>\$ 7,913,139</u>	<u>100</u>	<u>\$ 8,238,774</u>	<u>100</u>

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

Chairperson: Chang-shiou Wu

Manager: Chang-shiou Wu

Accounting Manager: Shu-fen Yang

Chien Kuo Construction Co. Ltd. Individual Statements of Comprehensive Income From January  
1 to December 31, 2019 and 2018

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

Code		2019		2018	
		Amount	%	Amount	%
4000	Operational Revenue (Note 18)	\$ 4,756,126	100	\$ 3,932,756	100
5000	Operating cost (Notes 19 and 24)	<u>4,440,872</u>	<u>93</u>	<u>3,632,074</u>	<u>93</u>
5900	Gross profit	<u>315,254</u>	<u>7</u>	<u>300,682</u>	<u>7</u>
	Operating Expenses				
6200	General and administrative expenses (Note 19 and 24)	<u>242,905</u>	<u>5</u>	<u>240,531</u>	<u>6</u>
6900	Net operating income	<u>72,349</u>	<u>2</u>	<u>60,151</u>	<u>1</u>
	Non-operating income and expenses				
7010	Other revenues (Note 19 and 24)	41,290	-	18,156	1
7020	Other gains and losses (Note 19)	( 10,827)	-	( 41,841)	( 1)
7050	Financial costs (Note 19)	( 15,448)	-	( 26,360)	( 1)
7060	Share of profits (losses) of subsidiaries associates accounted for using the equity method (Note 11)	<u>157,599</u>	<u>3</u>	<u>280,306</u>	<u>7</u>
7000	Total non-operating revenue and expenses	<u>172,614</u>	<u>3</u>	<u>230,261</u>	<u>6</u>
7900	Income before tax	244,963	5	290,412	7
7950	Income tax fees (Note 20)	<u>65,328</u>	<u>1</u>	<u>84,741</u>	<u>2</u>
8200	Net income	<u>179,635</u>	<u>4</u>	<u>205,671</u>	<u>5</u>

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Code		2019		2018	
		Amount	%	Amount	%
	Other comprehensive income				
	Items that will not be reclassified to profit or loss				
8311	Remeasurements of defined benefit plans (Note 16)	\$ 2,866	-	\$ 1,695	-
8316	Unrealized valuation gain on investments in equity instruments at fair value through other comprehensive income	131,227	3	19,787	1
8330	Share of other comprehensive income from subsidiaries accounted for using equity method	( 565)	-	( 4,123)	-
8349	Income tax relating to items that will not be reclassified (Note 20)	( 573)	-	( 475)	-
8310		<u>132,955</u>	<u>3</u>	<u>16,884</u>	<u>1</u>
	Items that may be reclassified subsequently to profit or loss				
8380	Share of other comprehensive income from subsidiaries accounted for using equity method	( 97,238)	( 2)	6,265	-
8399	Income tax relating to items that will not be reclassified (Notes 20)	<u>19,665</u>	<u>-</u>	<u>( 6,442)</u>	<u>-</u>
8360		<u>( 77,573)</u>	<u>( 2)</u>	<u>( 177)</u>	<u>-</u>
8300	Other comprehensive income or loss (after tax)	<u>55,382</u>	<u>1</u>	<u>16,707</u>	<u>1</u>
8500	Total comprehensive income	<u>\$ 235,017</u>	<u>5</u>	<u>\$ 222,378</u>	<u>6</u>
	Earnings per share (Note 21)				
9750	Basic earnings per share	<u>\$ 0.57</u>		<u>\$ 0.62</u>	
9850	Diluted earnings per share	<u>\$ 0.57</u>		<u>\$ 0.61</u>	

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

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

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

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

Chairperson: Chang-shiou Wu

Manager: Chang-shiou Wu

Accounting Manager: Shu-fen Yang

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

Unit: NT\$ Thousand

Code		2019	2018
	Cash flows from operating activities		
A10000	Income before tax	\$ 244,963	\$ 290,412
A20010	Gains and Losses:		
A22400	Shares of profits of subsidiaries and associates accounted for using the equity method	( 157,599)	( 280,306)
A21300	Dividend income	( 26,178)	( 11,497)
A20100	Depreciation	16,448	5,513
A20900	Finance costs	15,448	26,360
A21200	Interest income	( 2,151)	( 2,758)
A20200	Amortization expenses	1,741	2,765
A22700	Loss on disposal of investment property	1,146	-
A29900	Net loss from disposal of subsidiaries	371	-
A22500	Net loss (gain) from disposal of property, plant and equipment	131	( 29)
A24100	Net loss (gain) on foreign exchange	3	( 7,836)
A20300	Expected credit losses	-	26,891
A29900	Litigation compensations	-	15,959
A30000	Changes in operating assets and liabilities		
A31115	Financial instruments at fair value through profit or loss	( 8,100)	-
A31125	Contract assets	5,419	( 79,007)
A31130	Notes receivable	13,713	45,345
A31150	Accounts receivable	( 317,075)	( 25,671)
A31180	Other receivables	555	240
A31230	Prepayments	26,070	( 11,985)
A31240	Other current assets	667	( 852)
A32125	Contract liabilities	187,966	( 153,979)
A32130	Notes payable	-	( 100)
A32150	Accounts payable	386,375	( 120,682)
A32180	Other payables	26,688	10,660
A32230	Other current liabilities	( 898)	9,801
A32990	Other non-current liabilities	( 7,221)	5
A33000	Cash provided by (used in) operating activities	408,482	( 260,751)
A33100	Interest received	2,156	6,878

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Code		2019	2018
A33300	Interest paid	(\$ 14,826)	(\$ 26,494)
A33500	Income tax paid	( 46,070)	( 16,227)
AAAA	Net cash provided by (used in) operating activities	<u>349,742</u>	<u>( 296,594)</u>
	Cash flows from investing activities		
B02300	Net cash provided by disposal of subsidiaries	5,500	-
B02400	Subsidiary Capital Reduction and Return of Share Proceeds	453,474	153,329
B03800	Decrease in refundable deposits	343	507
B02700	Purchase of property, plant and equipment	( 4,133)	( 1,049)
B02800	Proceeds from disposal of property, plant and equipment	-	326
B04500	Acquisition of intangible assets	( 1,904)	-
B05400	Acquisition of investment property	( 1,076)	( 47,161)
B05500	Proceeds from Disposal of Investment Property	39,621	-
B06700	Increase (Decrease) in pledged certificate of deposit and reserve account	( 8,800)	378,368
B07600	Dividend received	<u>477,964</u>	<u>12,796</u>
BBBB	Net cash generated from investing activities	<u>960,989</u>	<u>497,116</u>
	Cash flows from financing activities		
C00100	Decrease in short-term loans	-	( 220,000)
C00500	Decrease in short-term bills payable	-	( 79,948)
C01600	Increase in long-term loans	149,860	449,189
C01700	Repayment of long-term loans	( 450,000)	( 600,000)
C03000	Increase in guarantee deposits received	15,317	16,699
C04020	Repayment of lease principal	( 11,098)	-
C04500	Cash dividends paid	( 167,150)	( 167,150)
C04600	Cash capital reduction	( 668,600)	-
CCCC	Net cash used in financing activities	<u>( 1,131,671)</u>	<u>( 601,210)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>( 3)</u>	<u>7,836</u>
EEEE	Increases (decreases) in cash and cash equivalents	179,057	( 392,852)
E00100	Balance of cash and cash equivalents - beginning of the year	<u>201,630</u>	<u>594,482</u>
E00200	Balance of cash and cash equivalents - end of the year	<u>\$ 380,687</u>	<u>\$ 201,630</u>

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

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

## **Chapter 7. Appendices**

### **Articles of Incorporation of Chien Kuo Construction Co. Ltd. (Appendix I)**

#### **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:
1. E101011 Synthesis Construction
  2. I101080 Industrial and Mining Consultancy
  3. F111090 Wholesale of Building Materials
  4. F211010 Retail Sale of Building Materials
  5. C901990 Other Non metallic Mineral Products Manufacturing
  6. B202010 Nonmetallic Mining
  7. F115020 Wholesale of Mineral
  8. F215020 Retail Sale of Mineral
  9. B601010 On land Clay and Stone Quarrying
  10. F117010 Wholesale of Fire Fighting Equipments
  11. F217010 Retail Sale of Fire Fighting Equipments
  12. F113010 Wholesale of Machinery
  13. F213080 Retail Sale of Machinery and Equipment
  14. E603020 Elevator Construction
  15. F113030 Wholesale of Precision Instruments
  16. F213040 Retail Sale of Precision Instruments
  17. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
  18. F401010 International Trade.
  19. E602011 Frozen and Air-conditioning Engineering
  20. E603050 Cybernation Equipments Construction
  21. E603040 Fire Fighting Equipments Construction
  22. IF01010 Fire Fighting Equipments Overhauling
  23. IG03010 Energy Technical Services
  24. F113100 Wholesale of Pollution Controlling Equipments
  25. F213100 Retail Sale of Pollution Controlling Equipments
  26. E502010 Fuel Pipe Construction
  27. E599010 Pipe Lines Construction
  28. E601020 Electric Appliance Installation
  29. E603010 Cables Construction
  30. E603080 Traffic Signals Construction

31. E604010 Machinery Installation Construction
32. E501011 Water Pipe Construction
33. E601010 Electric Appliance Construction
34. E605010 Computing Equipments Installation Construction
35. H701010 Residence and Buildings Lease Construction and Development
36. H701020 Industrial Factory Buildings Lease Construction and Development
37. H701050 Public Works Construction and Investment
38. H701060 New County and Community Construction and Investment
39. H701080 Reconstruction within the renewal area
40. H701090 Renovation, or maintenance within the renewal area
41. H703090 Real Estate Commerce
42. H703100 Real Estate Rental and Leasing

- Article 2-1. The Corporation 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 a 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 registered shares, shall be assigned with serial numbers, shall be affixed with the signatures or personal seals of no less than three directors, and shall be issued only after being approved by the competent authority or duly certified by the issuance institution delegated by the competent authority. 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.



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 60 days prior to the shareholders meeting, 30 days prior to the special shareholders meeting, or 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:

1. Regular Shareholders' Meeting
2. 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.

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 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 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 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 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 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.

1. Business report.
2. Financial statements
3. 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:

1. Provide legal reserve pursuant to laws and regulations.
2. Provide (or reverse) special reserves pursuant to laws and regulations or where operation requires.
3. The remaining balance, along with undistributed earnings of prior years, shall be proposed by the Board of Directors for earnings distribution, which shall then be

resolved by the Shareholders' Meeting.

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 15th, 1960.

Amended firstly on September 30, 1969

Amended secondly on December 14, 1971

Amended thirdly on March 17, 1974

Amended fourthly on June 16, 1974

Amended fifthly on March 20, 1976

Amended sixthly 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 twelfth 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 20, 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-seventh time on June 15, 2007  
Amended for the twenty-eighth time on June 19, 2008  
Amended for the twenty-ninth 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-seventh time on June 21, 2019.

Chien Kuo Construction Co. Ltd.  
Chairperson: Chang-shiou Wu

## **Rules and Procedures of Shareholders' Meeting** (Appendix II)

- Article 1. 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.
- Article 2. Shareholders attending the Meeting shall submit the attendance card for the purpose of signing in.
- The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in 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 numbers of shares. When the Company holds a shareholders meeting, it shall allow the shareholders to exercise voting rights by correspondence or electronic means. 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 before 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.
- After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before 2 business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.
- 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.
- 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

or more such convening parties, they shall mutually select a chair from among themselves.

Article 7. This 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- or video-recorded and these recorded tapes shall be preserved for at least one year.

Article 9. Chairman shall call the Meeting to order at the time scheduled for the Meeting. 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 times at the most, and Meeting shall not be postponed for longer than one hour in aggregate. If after two postponements, no quorum can yet be constituted, but the shareholders present at the Meeting represent more than one-third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Act of the Republic of China.

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. 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 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.

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.

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.

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be distributed to each shareholder within 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.

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 of Procedures, and any amendments thereto, shall be implemented after adoption by the Meeting.

### Shareholdings of All Directors (Appendix III)

Book closure date: April 25, 2020

Title	Name	Date elected	No. of shares documented on the shareholders roster
Chairperson	Jianhui Investment & Development Co. Ltd Representative: Chang-shiou Wu	2018.06.29	46,011,532 shares
Vice Chairperson	Chi-te CHEN	2018.06.29	17,829,162 shares
Director	Pang-yen YANG	2018.06.29	1,393,166 shares
Director	Chung CHENG	2018.06.29	0 share
Director	Chu-hsin LEE	2018.06.29	0 share
Director	Tzu-chiang YANG	2018.06.29	0 share
Director	Jianxiang Investment Co., Ltd. Representative: Jui-hsing TSAI	2018.06.29	578,400 shares
Director	Yu-jui CHANG	2018.06.29	1,209,804 shares
Director	Chi-hsin CHEN	2018.06.29	1,440,316 shares
Director	Chien Hwei Investment Co., Ltd Representative: Pai-tso SUN	2018.06.29	46,011,532 shares
Independent Director	Chin-pao TSAI	2018.06.29	0 share
Independent Director	Chen-yu FENG	2018.06.29	0 share
Independent Director	Li-hsing I	2018.06.29	0 share
Required minimum shareholding by all directors	12,000,000 shares	Actual shareholding by all directors	68,462,380 shares

Note: The total number of issued shares of the Company as of April 25, 2020 was 267,440,105 shares.

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