

Stock Code: 5515



CHIEN KUO CONSTRUCTION CO.,LTD.

Annual Shareholders' Meeting

2019 Meeting Agenda Handbook

(Translation)

Time: 9:00 a.m., June 21, 2019

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
2019 Annual Shareholders' Meeting Agenda of
Chien Kuo Construction Co. Ltd.

Time: 9:00 a.m., June 21, 2019 (Friday)

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 2018 Business Overview
2. Audit Committee's Audit Report on the 2018 Final Accounting Books
3. Report on the distribution of compensation to employees and remuneration to directors for 2018

V. Proposals and Discussions

1. To adopt the Company's 2018 Annual Business Report, Financial Statements, and Consolidated Financial Statements.
2. To adopt the Company's 2018 Earnings Distribution Proposal
3. To adopt the Company's capital reduction and share capital refunding
4. To revise the Company's Articles of Incorporation
5. To revise the Company's Procedures for Acquisition or Disposal of Assets
6. To revise the Company's Operational Procedures for Loaning of Funds and Making of Endorsements/Guarantees

VI. Extempore Motion

VII. Adjournment

Chapter 2 Report Items

Report Item No. 1

Subject: To report the Company's 2018 business overview

Explanatory Note:

2018 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 2018 annual consolidated revenue was NT\$6,824,128 thousand, a 19% increase over 2017. The net profit attributable to shareholders of the Company was NT\$205,671 thousand. Both the gross profit and the net profit for 2018 have seen a significant increase as compared with those for 2017. Earnings per share was NT\$0.62. The following is a summary report of the Company's 2018 consolidated business results

(I) Operational status

Unit: NT\$1,000

Item	2018	2017	Growth
Operating revenue	6,824,128	5,733,908	19%
Operating costs	6,082,369	5,188,280	17%
Gross profit	741,759	545,628	36%
Operating expenses	381,479	329,301	16%
Net operating income (loss)	360,280	216,327	67%
Non-operating income and expense	14,843	44,156	-66%
Income before tax	375,123	260,483	44%
Net income	207,708	172,173	21%
Net income attributable to non-controlling interest	2,037	995	105%
Net income attributable to shareholders of the Company	205,671	171,178	20%

- ✓ Revenue grew by 19% in 2018 over 2017 and gross profit grew by 36% over the previous year. Such an increase was contributed by

the rise in the selling price of concrete cement in line with the rise in the price of such a raw material caused by sales incremental.

- ✓ The difference in non-operating income and expense between the two years are mainly due to the recognition of losses incurred by lawsuits over construction projects in 2018.

(II) Cash flow status and profitability analysis

1. Cash flow status

Unit: NT\$1,000

Item	Amount
Net cash inflow from operating activities	196,005
Net cash inflow from investing activities	294,792
Net cash outflow used in financing activities	(597,940)
Effect of exchange rate changes on cash and cash equivalents	44,631
Cash reduction in current period	(62,512)
Cash amount - beginning balance	2,518,297
Cash amount - ending balance	2,455,785

- ✓ Net cash inflow from operating activities mainly comes from the collection of accounts receivables.
- ✓ Net cash inflow from investing activities mainly comes from proceeds arising from the disposal of subsidiaries and reduction in pledged certificates of deposit (CD).
- ✓ Net cash outflow used in financing activities is mainly used in repayment of loans and distribution of cash dividends.

2. Profitability analysis

Item		Ratio
Return on assets		2.4%
Return on equity		4.2%
Ratio of paid-in capital	Operating income	10.8%
	Income before tax	11.2%
Net profit margin		3.0%
Earnings per share (NT\$)		0.62

III. Outlook

The Taiwan government launched a series of policies to suppress housing prices, freezing the housing market. Judging from the record-low housing transaction volume, sentiment over the housing market still isn't optimistic in the following year. Non-residential products - offices, plants, retailing department stores, and the like, are relative stable products, for they are primarily either for owners' own use or for long-term lease. Looking forward

into 2019, the construction business will expand its business to include plants, composite commercial facilities, and turnkey business by integrating the technological application ability and professionalism of its electromechanical subsidiaries and the BIM subsidiary. Along with emerging technologies gained from the construction experience over the past few years, e.g., acoustic products, special modeling, and structure construction, the construction business will also focus on optimization of construction quality, improvement in information service regarding the management of construction projects, and becoming a strategic partner with excellent real estate companies.

In view of the changing investment environment in mainland China, the concrete business will be primarily operated in niche-type regions in order to maintain profits and actively recover 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 2018 Final Accounting Books

Explanatory Note:

- I. The Board of Directors has prepared the 2018 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 2018 Standalone Financial Statements prepared and submitted by the Board of Directors have been audited by CPA I-Wen Wang and CPA Yu-Wei Fan 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, don't 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 2019 Annual Shareholders' Meeting of the Company

Chien Kuo Construction Co. Ltd.

Convener of the Audit Committee: Chin-Pao Tsai

March 28, 2019

Report Item No. 3

Subject: Report on the distribution of compensation to employees and remuneration to directors for 2018

Explanatory Note:

- 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\$9,200 thousand paid in cash in accordance with the Company's Regulations Governing Employee Compensation and on an individual performance basis.
- 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\$ 9,200 thousand paid in cash in accordance with the Company's Regulations Governing Allocation and Payment of Remuneration to Directors.

Chapter 3 Proposals and Discussions

Proposal No.1

Proposed by the Board of Directors

Subject: To adopt the Company's 2018 Annual Business Report, Financial Statements, and Consolidated Financial Statements.

Explanatory Note:

- I. The Company's 2018 Annual Business Report, Financial Statements and Consolidated Financial Statements have been prepared by the Board of Directors, of which the Financial Statements and Consolidated Financial Statements have been audited by CPA I-Wen Wang and CPA Yu-Wei Fan of the Deloitte & Touche Taiwan, who have then issued an audit report with an unqualified opinion.
- II. The various final accounting books are submitted to the Audit Committee for review and it is considered that there is no discrepancy.
- III. We hereby submit the above statements, reports and books for adoption.
- IV. The following statements, reports and books are attached.
 1. Business report. Please refer to page 2 to 4 of this Meeting Agenda Handbook.
 2. Financial Statements and Consolidated Financial Statements. Please refer to Attachment I on page 12 to 33 of this Meeting Agenda Handbook.

Resolution:

Proposal No.2

Proposed by the Board of Directors

Subject: To adopt the Company's 2018 Earnings Distribution Proposal

Explanation:

- I. For 2018, distributable earnings in the amount of NT\$778,292,418 is to be distributed in accordance with the requirements of the Articles of Incorporation. Such amount was derived by taking the 2018 net income after tax (NIAT) of NT\$205,670,610, minus the provision of legal reserve in the amount of NT\$(20,567,061), and plus the beginning balance of undistributed earnings of NT\$577,452,711, effects from initial application of IFRS 9 in the amount of NT\$4,514,294, reversal of special reserves mandatorily provided in the amount of NT\$10,001,734, and remeasurement of defined benefit plan for the current year recognized under retained earnings in the amount of NT\$1,220,130.
- II. The 2018 Earnings Distribution Proposal is to distribute to shareholders the cash dividends in the amount of NT\$167,150,065, 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 2018 Earnings Distribution Proposal is presented in the following table:

Chien Kuo Construction Co. Ltd.
2018 Earnings Distribution Proposal

Unit:NT\$

Item	Amount
Undistributed earnings - beginning	577,452,711
Effects from initial application of IFRS 9	4,514,294
Remeasurement of defined benefit plans recognized under retained earnings	1,220,130
Undistributed earnings after adjustment	583,187,135
Net income	205,670,610
Provision of legal reserve	(20,567,061)
Reversal of special reserves mandatorily provided	10,001,734
Distributable earnings - ending	778,292,418
Distribution items	
Dividends to shareholders at NT\$0.5 per share	(167,150,065)
Undistributed earnings - ending	611,142,353

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, exercise of employee stock option certificates, or any other reasons.
- V. After the adoption of the proposal by the Shareholders' Meeting, the chairman is authorized to set a separate ex-dividend date, distribution date, and other related matters.
- VI. We hereby submit for adoption.
- Resolution:

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

Subject: To discuss the Company's capital reduction and share capital refunding

Explanation:

- I. In order to adjust the capital structure and increase the return on equity, it is proposed to have a capital reduction and refund the share proceeds in cash to shareholders.
- II. It is proposed to have a 20% capital reduction, eliminating 66,860,026 shares and refunding share proceeds in cash to shareholders in the amount equal to NT\$668,600,260. The capital after such reduction will be NT\$2,674,401,050 and the listed common shares after such reduction will be 267,440,105 shares.
- III. Calculated base on the number of issued shares as stated in the preceding paragraph, every 1,000 shares are reduced by around 200 shares (i.e. 1,000 old shares exchanging for 800 new shares). The share capital to be refunded is calculated based on the shareholding ratio recorded on the shareholders' roster on the "record date for share-swap due to capital reduction" fully returned in cash to shareholders in proportion to their shareholding ratio, rounded down to NT\$1.
- IV. The new shares as a result of such cash reduction are to be issued in a scripless form with the rights and obligations same as the old shares. Any resulted fractional shareholding less than one share may be applied to the Company's securities agent by shareholders for consolidation into whole shares and registration five days to one day before the book closure date for such capital reduction and share swap. The fractional shares after such consolidation, if any, shall be paid at the face value of such shares in cash to shareholders, rounded down to NT\$1. Fractional shares will be purchased by persons arranged by the Chairman as authorized.
- V. After having been reviewed and approved by the 2019 Shareholders' Meeting, such proposal will be reported to the competent authority for approval. It is proposed that the Shareholders' Meeting authorizes the Chairman to set up a separate record date for capital reduction and a record date for share swap, as well as manage other related matters. In the event that the proposed capital reduction ratio is affected by changes in the number of outstanding shares due to either changes in laws and regulations, request by the competent authority, the Company's repurchase back or retirement of treasury shares, or any other reasons that contribute to changes in share ratios, it is proposed that the Shareholders' Meeting authorizes the Chairman to make an adjustment in accordance with laws and regulations.
- VI. We hereby propose for discussion.

Resolution:

Proposal No.4**Proposed by the Board of Directors**

Subject: To discuss the revision of the Company's Articles of Incorporation

Explanatory Note:

- I. In accordance with the amendments to the provisions of the Company Act, it is proposed to amend some of the provisions of the Articles of Incorporation of the Company. For the comparison table of the provisions before and after revision, please refer to Attachment II on page 34-35 of this Meeting Agenda Handbook.
- II. We hereby propose for adoption.

Resolution:

Proposal No.5**Proposed by the Board of Directors**

Subject: To discuss the revision of the Company's Procedures for Acquisition or Disposal of Assets

Explanation:

- I. In response to the amendments to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" made by the competent authority in consideration of the International Financial Reporting Standards (IFRS) or operational practices, it is proposed that some of the Company's provisions of "Procedure for Acquisition and Disposal of Assets" be amended. For comparison table of the provisions before and after revision, please refer to Attachment III on page 36-57 of this Meeting Agenda Handbook.
- II. We hereby propose for adoption.

Resolution:

Proposal No.6**Proposed by the Board of Directors**

Subject: To discuss the revision of provisions of the Company's Operational Procedures for Loaning of Funds and Making of Endorsements/Guarantees

Explanation:

- I. In response to the amendments to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" made by the competent authority, it is proposed that some of the Company's provisions of "Operational Procedures for Loaning of Funds and Making of Endorsements/Guarantees" be amended. For comparison table of the provisions before and after revision, please refer to Attachment IV on page 58-61 of this Meeting Agenda Handbook.
- II. We hereby propose for adoption.

Resolution:

Chapter 4 Extempore Motion

Chapter 5 Adjournment

Chapter 6 Attachments

Independent Auditors' Report

To Chien Kuo Construction Co. Ltd.

Auditors' Opinions

We have audited the Consolidated Balance Sheet of Chien Kuo Construction Co. Ltd. and its subsidiaries as of December 31, 2018 and 2017, 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 ended December 31, 2018 and 2017.

In our opinion, the afore-mentioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of Chien Kuo Construction Co. Ltd. as of December 31, 2018 and 2017, and its consolidated financial performance and consolidated cash flows for the annual periods ended December 31, 2018 and 2017 in conformity with 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 planned and conducted our audits in accordance with Rules Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards in the Republic of China. Our responsibility under the above mentioned regulations will be further explained in the section titled "Accountant's 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 refer to most vital matters in the process of auditing of 2018 Consolidated Financial Statements of Chien Kuo Construction Co. Ltd. and its subsidiaries based on our professional judgment. 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 2018 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 total costs of construction contracts 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 24.

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 reflects 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 12.

Other Matters

Chien Kuo Construction Co. Ltd. has prepared its Parent Only Financial Statements for the years 2018 and 2017, on which we have issued an unqualified audit report for 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 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

The purpose of our audit is to provide reasonable assurance that the Consolidated Financial Statements as a whole contains no material misstatements, 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 exercised professional judgment and maintained professional skepticism while abiding by GAAS in our audit. 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 are required to communicate with the governing body 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 are also required to provide the governing body with a statement 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 reasonably be thought to bear on our independence, and where applicable, related safeguards.

We have identified, from the matters communicated with the governing body, the key audit matters in the audit of the Consolidated Financial Statements of Chien Kuo Construction Co. Ltd. and its subsidiaries for 2018. 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

CPA: Yu-Wei Fan

Approval number by the Financial
Supervisory Commission

FSC - 0980032818

Approval number by the Securities and
Futures Commission

Taiwan-Finance-Securities - 0920123784

March 28, 2019

Chien Kuo Construction Co. Ltd. and Subsidiaries
Consolidated Balance Sheets
for the Years Ended December 31, 2018 and 2017

Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2018		December 31, 2017	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	\$ 2,437,312	26	\$ 2,518,297	25
1110	Financial assets measured at FVTPL (Note 7)	159,157	2	403,461	4
1120	Financial assets measured at FVTOCI (Note 8)	41,347	-	-	-
1140	Contract asset (Note 24)	1,331,215	14	-	-
1147	Investment in debt instruments for which no active market exists (Note 10)	-	-	275,547	3
1150	Notes receivable (Note 12)	111,011	1	205,622	2
1170	Accounts receivable (Note 12)	2,609,969	28	2,419,748	24
1190	Construction contract receivable (Note 13)	-	-	984,415	10
1200	Other receivables	31,875	-	27,969	-
1310	Inventory	27,102	-	15,023	-
1323	Land awaiting development (Note 14 and Note 33)	463,577	5	463,577	5
1410	Advance payment (Note 15)	632,002	7	675,356	7
1460	Non-current assets held for sale (Note 17)	75,602	1	-	-
1470	Other current assets (Note 33)	<u>191,253</u>	<u>2</u>	<u>383,410</u>	<u>4</u>
11XX	Total current assets	<u>8,111,422</u>	<u>86</u>	<u>8,372,425</u>	<u>84</u>
	Non-current assets				
1510	FVTPL (Note 7)	95,174	1	-	-
1520	FVTOCI (Note 8, Note 9 and Note 33)	346,411	4	-	-
1523	Available-for-sale financial assets (Note 11 and 33)	-	-	431,384	4
1543	Financial assets carried at cost	-	-	71,424	1
1600	Property, plant and equipment (Note 18 and 33)	191,066	2	232,151	2
1760	Investment Property (Note 19 and 33)	216,684	2	171,159	2
1840	Deferred tax assets (Note 26)	79,743	1	68,108	1
1980	Pledged certificate of deposit (Note 33)	205,844	2	379,592	4
1985	Long-term prepaid rent (Note 33)	148,101	2	163,730	2
1990	Other non-current assets	<u>19,018</u>	<u>-</u>	<u>58,649</u>	<u>-</u>
15XX	Total noncurrent assets	<u>1,302,041</u>	<u>14</u>	<u>1,576,197</u>	<u>16</u>
1XXX	Total assets	<u>\$ 9,413,463</u>	<u>100</u>	<u>\$ 9,948,622</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities				
2100	Short-term debt (Note 20)	\$ -	-	\$ 220,000	2
2110	Short-term bills payables (Note 20)	-	-	79,948	1
2120	Financial liabilities measured at FVTPL (Note 7)	-	-	23,849	-
2130	Contract liability (Note 24)	57,730	1	-	-
2150	Notes payable	385,388	4	388,034	4
2170	Accounts payable (Note 21)	1,701,653	18	1,829,655	18
2190	Construction contract payable (Note 13)	-	-	211,709	2
2200	Other payables	216,759	2	236,954	2
2230	Current income tax liabilities	13,316	-	51,806	1
2260	Liabilities directly associated with non-current assets held for sale (Note 17)	4,935	-	-	-
2320	Long-term loans due within one year (Note 20)	450,000	5	600,000	6
2399	Other current liabilities	<u>166,519</u>	<u>2</u>	<u>71,734</u>	<u>1</u>
21XX	Total current liabilities	<u>2,996,300</u>	<u>32</u>	<u>3,713,689</u>	<u>37</u>
	Non-current liabilities				
2540	Long-term loans (Note 20)	799,131	8	800,000	8
2570	Deferred tax liabilities (Note 26)	583,786	6	480,046	5
2600	Other non-current liabilities (Note 22)	<u>72,981</u>	<u>1</u>	<u>49,315</u>	<u>1</u>
25XX	Total noncurrent liabilities	<u>1,455,898</u>	<u>15</u>	<u>1,329,361</u>	<u>14</u>
2XXX	Total liabilities	<u>4,452,198</u>	<u>47</u>	<u>5,043,050</u>	<u>51</u>
	Equity attributable to shareholders of the Company (Note 23)				
	Capital				
3110	Capital of common shares	<u>3,343,001</u>	<u>36</u>	<u>3,379,001</u>	<u>34</u>
3200	Capital reserves	<u>201,627</u>	<u>2</u>	<u>200,462</u>	<u>2</u>
	Retained earnings				
3310	Legal reserve	605,987	7	588,869	6
3320	Special reserve	67,179	1	39,088	-
3350	Undistributed earnings	<u>788,857</u>	<u>8</u>	<u>789,811</u>	<u>8</u>
3300	Total retained earnings	<u>1,462,023</u>	<u>16</u>	<u>1,417,768</u>	<u>14</u>
3400	Other equity	(<u>57,178</u>)	(<u>1</u>)	(<u>67,179</u>)	(<u>1</u>)
3500	Treasury shares	-	-	(<u>34,835</u>)	-
31XX	Total equity attributable to shareholders of the Company	<u>4,949,473</u>	<u>53</u>	<u>4,895,217</u>	<u>49</u>
36XX	Non-controlling interest	<u>11,792</u>	<u>-</u>	<u>10,355</u>	<u>-</u>
3XXX	Total equity	<u>4,961,265</u>	<u>53</u>	<u>4,905,572</u>	<u>49</u>
	Total liabilities and equity	<u>\$ 9,413,463</u>	<u>100</u>	<u>\$ 9,948,622</u>	<u>100</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: Wu, Chang-Shiou

Manager: Wu, Chang-Shiou

Accounting Manager: Yang, Shu-Fen

Chien Kuo Construction Co. Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
for the Years Ended December 31, 2018 and 2017

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

Code		2018		2017	
		Amount	%	Amount	%
4000	Operating revenue (Note 24)	\$ 6,824,128	100	\$ 5,733,908	100
5000	Operating costs (Note 22 and 25)	<u>6,082,369</u>	<u>89</u>	<u>5,188,280</u>	<u>90</u>
5900	Gross profit	<u>741,759</u>	<u>11</u>	<u>545,628</u>	<u>10</u>
	Operating expenses (Note 22, 25 and 32)				
6100	Selling expense	34,612	1	33,421	1
6200	Administrative expense	<u>346,867</u>	<u>5</u>	<u>295,880</u>	<u>5</u>
6000	Total operating expenses	<u>381,479</u>	<u>6</u>	<u>329,301</u>	<u>6</u>
6900	Operating Income	<u>360,280</u>	<u>5</u>	<u>216,327</u>	<u>4</u>
	Non-operating income and expenses (Note 25)				
7010	Other income	75,602	1	117,795	2
7020	Other gains and losses	(34,394)	(1)	(42,563)	(1)
7050	Finance cost	(<u>26,365</u>)	<u>-</u>	(<u>31,076</u>)	<u>-</u>
7000	Total non-operating income and expenses	<u>14,843</u>	<u>-</u>	<u>44,156</u>	<u>1</u>
7900	Income before tax	375,123	5	260,483	5
7950	Income tax expense (Note 26)	<u>167,415</u>	<u>2</u>	<u>88,310</u>	<u>2</u>
8200	Net income	<u>207,708</u>	<u>3</u>	<u>172,173</u>	<u>3</u>

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Code		2018		2017	
		Amount	%	Amount	%
	Other comprehensive income				
	Items that are not reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 22)	\$ 1,695	-	(\$ 2,717)	-
8316	Unrealized gain on valuation on Equity instrument at FVTOCI	15,664	-	-	-
8349	Income tax related to items that are not subsequently reclassified to profit or loss (Note 26)	(475)	-	462	-
8310		<u>16,884</u>	<u>-</u>	<u>(2,255)</u>	<u>-</u>
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	6,579	-	(182,761)	(3)
8362	Unrealized valuation gains on available-for-sale financial assets	-	-	39,800	1
8363	The effective portion of gains on financial instruments designated as cash flow hedges	-	-	(7,559)	-
8367	Unrealized valuation gains on debt instrument at FVTOCI	(314)	-	-	-
8399	Income tax related to items that may be reclassified to profit or loss (Note 26)	(6,442)	-	31,069	-
8360		<u>(177)</u>	<u>-</u>	<u>(119,451)</u>	<u>(2)</u>
8300	Other comprehensive income (net) - Total	<u>16,707</u>	<u>-</u>	<u>(121,706)</u>	<u>(2)</u>
8500	Total comprehensive income	<u>\$ 224,415</u>	<u>3</u>	<u>\$ 50,467</u>	<u>1</u>
	Net income attributable to:				
8610	Shareholders of the Company	\$ 205,671	3	\$ 171,178	3
8620	Non-controlling interest	2,037	-	995	-
8600		<u>\$ 207,708</u>	<u>3</u>	<u>\$ 172,173</u>	<u>3</u>
	Total comprehensive income attributable to:				
8710	Shareholders of the Company	\$ 222,378	3	\$ 49,472	1
8720	Non-controlling interest	2,037	-	995	-
8700		<u>\$ 224,415</u>	<u>3</u>	<u>\$ 50,467</u>	<u>1</u>
	Earnings per share (Note 27)				
9750	Basic	<u>\$ 0.62</u>		<u>\$ 0.51</u>	
9850	Diluted	<u>\$ 0.61</u>		<u>\$ 0.51</u>	

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: Wu, Chang-Shiou

Manager: Wu, Chang-Shiou

Accounting Manager: Yang, Shu-Fen

Chien Kuo Construction Co. Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
for the Years Ended December 31, 2018 and 2017

Unit: In Thousands of New Taiwan Dollars

		Equity attributable to shareholders of the Company												
		Retained earnings					Other equity items					Total	Non-controlling interest	Total Equity
Code		Capital	Capital reserves	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Unrealized valuation gains (losses) of available-for-sale financial assets	Fair value through other comprehensive income	Cash flow hedge	Treasury shares			
A1	Balance as of December Jauary 31, 2017	\$ 3,379,001	\$ 200,557	\$ 584,661	\$ 48,403	\$ 783,675	\$ 42,552	\$ 2,161	\$ -	\$ 7,559	(\$ 34,835)	\$5,013,734	\$ 2,774	\$5,016,508
B1	Earnings appropriation and allocation for 2016													
	Legal reserve	-	-	4,208	-	(4,208)	-	-	-	-	-	-	-	-
B5	Cash dividend for shareholders of the Company - NT\$ 0.50 per share	-	-	-	-	(167,150)	-	-	-	-	-	(167,150)	-	(167,150)
B17	Special reserve reversed due to disposal of subsidiaries	-	-	-	(9,315)	9,315	-	-	-	-	-	-	-	-
D1	Net income for 2017	-	-	-	-	171,178	-	-	-	-	-	171,178	995	172,173
D3	Other comprehensive income (net of tax) for 2017	-	-	-	-	(2,255)	(151,692)	39,800	-	(7,559)	-	(121,706)	-	(121,706)
D5	Total comprehensive income for 2017	-	-	-	-	168,923	(151,692)	39,800	-	(7,559)	-	49,472	995	50,467
T1	Changes in equity in subsidiaries	-	73	-	-	-	-	-	-	-	-	73	11	84
M7	Changes in ownership interests in subsidiaries	-	(373)	-	-	(744)	-	-	-	-	-	(1,117)	6,575	5,458
N1	Employee stock options issued by subsidiaries	-	205	-	-	-	-	-	-	-	-	205	-	205
Z1	Balance as of December 31, 2017	3,379,001	200,462	588,869	39,088	789,811	(109,140)	41,961	-	-	(34,835)	4,895,217	10,355	4,905,572
A3	Effect of retrospective application and retrospective restatement	-	-	-	-	4,514	-	(41,961)	36,475	-	-	(972)	-	(972)
A5	Balance as restatement after 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 in 2017													
B1	Legal reserve	-	-	17,118	-	(17,118)	-	-	-	-	-	-	-	-
B3	Appropriated retained earnings	-	-	-	28,091	(28,091)	-	-	-	-	-	-	-	-
B5	Cash dividend for shareholders of the Company - NT\$ 0.50 per share	-	-	-	-	(167,150)	-	-	-	-	-	(167,150)	-	(167,150)
D1	Net income for 2018	-	-	-	-	205,671	-	-	-	-	-	205,671	2,037	207,708
D3	Other comprehensive income (net of tax) for 2018	-	-	-	-	1,220	137	-	15,350	-	-	16,707	-	16,707
D5	Total comprehensive income for 2018	-	-	-	-	206,891	137	-	15,350	-	-	222,378	2,037	224,415
L3	Treasury shares retired	(36,000)	1,165	-	-	-	-	-	-	-	34,835	-	-	-
O1	Cash dividend for shareholders of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(600)	(600)
Z1	Balance as of December 31, 2018	<u>\$ 3,343,001</u>	<u>\$ 201,627</u>	<u>\$ 605,987</u>	<u>\$ 67,179</u>	<u>\$ 788,857</u>	<u>(\$ 109,003)</u>	<u>\$ -</u>	<u>\$ 51,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,949,473</u>	<u>\$ 11,792</u>	<u>\$4,961,265</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: Wu, Chang-Shiou

Manager: Wu, Chang-Shiou

Accounting Manager: Yang, Shu-Fen

Chien Kuo Construction Co. Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2018 and 2017

Unit: In Thousands of New Taiwan Dollars

Code		2018	2017
	Cash flows from operating activities		
A10000	Income before tax	\$ 375,123	\$ 260,483
A20010	Income and expense item:		
A21200	Interest income	(51,102)	(79,238)
A20300	Expected credit impairment loss	36,199	-
A20100	Depreciation	26,524	28,506
A20900	Finance costs	26,365	31,076
A29900	Litigation damages	15,959	-
A21300	Dividends revenues	(13,397)	(8,892)
A22500	Gain (loss) from deposit of property, plant and equipment	(6,938)	1,423
A20200	Amortization	3,856	6,490
A29900	Investment Property listed as the other expenses	722	-
A23100	Net loss from disposal of investments	628	989
A24100	Gain (loss) from foreign currency exchange	81	(15,507)
A20300	Gain on reversal of bad debts	-	(27,781)
A29900	Net gain from deposit of subsidiaries	-	(17,915)
A22800	Compensation cost of employee stock options	-	289
A30000	Net changes in operating assets and liabilities		
A31110	Financial instruments held for trading	-	232,225
A31115	Enforcement of Financail instruments measure at FVTPL	659,985	-
A31125	Contract assets	(91,193)	-
A31130	Note receivable	93,194	(129,109)
A31150	Accounts receivable	(517,885)	(414,841)
A31170	Construction contract receivable	-	(259,773)
A31180	Other receivables	(8,531)	(44,251)
A31200	Deposit	(12,822)	1,001
A31200	Land to be built	-	(463,577)
A31230	Prepayments	33,779	(456,346)
A31240	Other current assets	35,322	(13,693)
A31990	Other non-current assets	1,333	(18,364)
A32125	Contract liability	(153,979)	-
A32130	Bills payable	4,118	258,323
A32150	Accounts payable	(\$ 117,830)	\$ 646,926
A32170	Construction contracts payable	-	(96,786)
A32180	Other payable	(13,846)	79,579
A32230	Other current liabilities	(35,158)	44,948
A32990	Other non-current liabilities	5	(346)
A33000	Cash provided by (used in) operating activities	290,512	(454,161)
A33100	Interest received	62,677	77,589
A33300	Interest paid	(26,499)	(30,837)
A33500	Income tax paid	(130,685)	(39,819)
AAAA	Net cash provided by (used in) operating activities	196,005	(447,228)

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Code		2017	2016
	Cash flows from investing activities		
B02900	Advance received from disposal of subsidiaries	132,043	
B06700	Decrease (Increase) in pledged certificate of deposit and reserve account	128,497	(409,490)
B00020	Proceeds from disposal of financial assets measured at fair value through other comprehensive income	85,583	-
B05400	Acquisition of investment property	(47,441)	(722)
B00100	Acquisition of financial assets measured at fair value through profit or loss	(18,432)	-
B02700	Acquisition of property, plant and equipment	(17,086)	(32,916)
B03800	Decrease (Increase) in refundable deposits	12,486	(165)
B07600	Cash dividends received	10,817	8,892
B02800	Proceeds from disposal of property, plant, and equipment	8,980	2,602
B04500	Acquisition of intangible assets	(655)	(289)
B06000	Acquisition of investment in debt instruments with no active market	-	(272,545)
B00700	Proceeds from sales of investment in debt instruments for which no active market exists	-	723,758
B02300	Net cash provided by disposal of subsidiaries	-	303,488
B00400	Disposal of available-for-sale financial assets	-	80,143
B01200	Acquisition of financial assets carried at cost	-	(30,430)
B00300	Acquisition of available-for-sale financial assets	-	(6,058)
BBBB	Net cash provided by investing activities	<u>294,792</u>	<u>366,268</u>
	Cash flows from financing activities:		
C01700	Repayment of long-term loans	(600,000)	(150,000)
C01600	Increase in long-term loans	449,189	350,000
C00200	Increase (decrease) in Short-term borrowings	(220,000)	130,000
C04500	Distribution of cash dividends	(167,150)	(167,150)
C00600	Increase (decrease) in short-term bills payable	(79,948)	79,948
C03000	Increase in guarantee deposits received	\$ 20,569	\$ 9,833
C05800	Cash dividends for shareholders of subsidiaries	(600)	-
C05400	Changes in non-controlling interests	-	5,458
CCCC	Net cash provided by (used in) financing activities	(<u>597,940</u>)	<u>258,089</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>44,631</u>	(<u>141,115</u>)
EEEE	Increase (Decrease) in cash and cash equivalents	(62,512)	36,014
E00100	Balance of cash and cash equivalents - beginning of the year	<u>2,518,297</u>	<u>2,482,283</u>
E00200	Balance of cash and cash equivalents - end of the year	<u>\$ 2,455,785</u>	<u>\$ 2,518,297</u>

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

<u>Code</u>		<u>December 31, 2018</u>	<u>December 31, 2017</u>
E00210	Cash and cash equivalents presented on the balance sheets	\$ 2,437,312	\$ 2,518,297
E00240	Cash and cash equivalents attributable to disposal group held for sale	<u>18,473</u>	<u>-</u>
E00200	Balance of cash and cash equivalents - end of the year	<u>\$ 2,455,785</u>	<u>\$ 2,518,297</u>

The accompanying notes are an integral part of the Consolidated Financial Statements.

Chairman: Wu, Chang-Shiou

Manager: Wu, Chang-Shiou Accounting Manager: Yang, Shu-Fen

Independent Auditors' Report

To Chien Kuo Construction Co. Ltd.

Auditors' Opinions

We have audited the Parent Company Only Balance Sheet of Chien Kuo Construction Co. Ltd. of December 31, 2018 and 2017, the Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows, and Notes to Parent Company Only Financial Statements (including Summary of Significant Accounting Policies) for the annual period ended December 31, 2018 and 2017.

In our opinion, the afore-mentioned Parent Company Only Financial Statements present fairly, in all material respects, the parent company only financial position of Chien Kuo Construction Co. Ltd. as of December 31, 2018 and 2017, and its parent company only financial performance and parent company only cash flows for the annual periods ended December 31, 2018 and 2017 in conformity with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Audit Opinion

We planned and conducted our audits in accordance with Rules Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards in the Republic of China. Our responsibility under the above mentioned regulations will be further explained in the section titled "Accountant's Responsibility in Auditing the Parent Company Only 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 refer to most vital matters in the process of auditing of 2018 Parent Company Only Financial Statements of Chien Kuo Construction Co. Ltd. based on our professional judgment. 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 parent company only financial statements of Chien Kuo Construction Co. Ltd. for 2018 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 total costs of construction contracts 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 Parent Company Only Financial Statements

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

In preparing the Parent Company Only 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 Parent Company Only Financial Statements

The purpose of our audit is to provide reasonable assurance that the Parent Company Only Financial Statements as a whole contains no material misstatements, 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 Parent Company Only 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 exercised professional judgment and maintained professional skepticism while abiding by GAAS in our audit. We have also:

1. Identified and assessed the risks of a material misstatement(s) due to fraud or errors in the Parent Company Only Financial Statements; designed and carried out appropriate countermeasures against the assessed risks; and obtained sufficient and appropriate audit evidence to provide the basis for audit opinion. As fraud may involve collusion, forgery, deliberate omissions, false statements, or overrides of internal controls, the risk of an undetected material misstatement due to fraud is greater than that due to errors.
2. Acquired necessary understanding of internal controls pertaining to the audit in order to develop audit procedures appropriate under the circumstances. Nevertheless, the purpose of such understanding is not to provide any opinion on the effectiveness of the internal controls of Chien Kuo Construction Co. Ltd.

3. Assessed the appropriateness of the accounting policies adopted by the management, as well as the reasonableness of their accounting estimates and relevant disclosures.
4. Concluded, based on the audit evidence acquired, on the appropriateness of the management's use of 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 Parent Company Only 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 Parent Company Only Financial Statements (including the related notes), and determined whether the Parent Company Only 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 Parent Company Only Financial Statements. We are responsible for the direction, supervision and performance of the audit. we remain solely responsible for our audit opinion on Chien Kuo Construction Co. Ltd.

We are required to communicate with the governing body 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 are also required to provide the governing body with a statement 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 reasonably be thought to bear on our independence, and where applicable, related safeguards.

We have identified, from the matters communicated with the governing body, the key audit matters in the audit of the Parent Company Only Financial Statements of Chien Kuo Construction Co. Ltd for 2018. 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

CPA: Yu-Wei Fan

Approval number by the Financial
Supervisory Commission
FSC - 0980032818

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

March 28, 2019

Chien Kuo Construction Co. Ltd.
Parent Company Only Balance Sheets
for the Years Ended December 31, 2018 and 2017

Unit: In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2018		December 31, 2017	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	\$ 201,630	2	\$ 594,482	7
1110	Financial assets measured at FVTPL	-	-	14,878	-
1120	Financial assets measured at FVTOCI (Note 7)	15,157	-	-	-
1140	Contract asset (Note 18)	1,304,299	16	-	-
1150	Notes receivable (Note 9)	26,838	-	72,183	1
1170	Accounts receivable (Note 9 and Note 18)	260,971	3	501,507	6
1190	Construction contract receivable (Note 10)	-	-	969,685	11
1200	Other receivables	8,162	-	5,077	-
1323	Land awaiting development (Note 11 and Note 26)	463,577	6	463,577	5
1410	Advance payment (Note 15)	122,644	2	111,123	1
1460	Net of non-current assets held for sale (Note 12)	14,417	-	-	-
1470	Other current assets (Note 26)	5,946	-	32,402	1
11XX	Total current assets	<u>2,423,641</u>	<u>29</u>	<u>2,764,914</u>	<u>32</u>
	Non-current assets				
1517	FVTOCI (Note 8, Note 7 and Note 26)	289,351	4	-	-
1523	Available-for-sale financial assets (Note 8 and 26)	-	-	274,064	3
1550	Investments accounted for using equity method (Note 12)	5,205,419	63	5,091,347	58
1600	Property, plant and equipment (Note 26)	33,526	1	37,132	-
1760	Investment property (Note 13 and Note 26)	191,445	2	145,439	2
1840	Deferred tax assets (Note 20)	78,372	1	66,848	1
1980	Pledged certificate of deposit (Note 26)	7,700	-	358,760	4
1990	Other non-current assets (Note 26)	9,320	-	36,948	-
15XX	Total noncurrent assets	<u>5,815,133</u>	<u>71</u>	<u>6,010,538</u>	<u>68</u>
1XXX	Total assets	<u>\$ 8,238,774</u>	<u>100</u>	<u>\$ 8,775,452</u>	<u>100</u>
Code	Liabilities and Equity				
	Current liabilities				
2100	Short-term debt (Note 14)	\$ -	-	\$ 220,000	3
2110	Short-term bills payables (Note 14)	-	-	79,948	1
2130	Contract liability (Note 18)	57,730	1	-	-
2150	Notes payable	-	-	100	-
2170	Accounts payable (Note 15 and Note 25)	1,163,348	14	1,284,030	15
2190	Construction contract payable (Note 10)	-	-	211,709	2
2200	Other payables	118,689	1	108,105	1
2230	Current income tax liabilities	-	-	9,340	-
2320	Long-term loans due within one year (Note 14 and Note 26)	450,000	5	600,000	7
2399	Other current liabilities	47,505	1	37,704	-
21XX	Total current liabilities	<u>1,837,272</u>	<u>22</u>	<u>2,550,936</u>	<u>29</u>
	Non-current liabilities				
2540	Long-term loans (Note 14 and Note 26)	799,131	10	800,000	9
2570	Deferred tax liabilities (Note 20)	583,786	7	480,046	5
2600	Other non-current liabilities (Note 16)	69,112	1	49,253	1
25XX	Total noncurrent liabilities	<u>1,452,029</u>	<u>18</u>	<u>1,329,299</u>	<u>15</u>
2XXX	Total liabilities	<u>3,289,301</u>	<u>40</u>	<u>3,880,235</u>	<u>44</u>
	Equity (Note 17)				
	Capital				
3110	Capital of common shares	3,343,001	41	3,379,001	39
3200	Capital reserves	201,627	2	200,462	2
	Retained earnings				
3310	Legal reserve	605,987	7	588,869	7
3320	Special reserve	67,179	1	39,088	-
3350	Undistributed earnings	788,857	10	789,811	9
3300	Total retained earnings	<u>1,462,023</u>	<u>18</u>	<u>1,417,768</u>	<u>16</u>
3400	Other equity	(57,178)	(1)	(67,179)	(1)
3500	Treasury shares	-	-	(34,835)	-
3XXX	Total equity	<u>4,949,473</u>	<u>60</u>	<u>4,895,217</u>	<u>56</u>
	Total liabilities and equity	<u>\$ 8,238,774</u>	<u>100</u>	<u>\$ 8,775,452</u>	<u>100</u>

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

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

Chien Kuo Construction Co. Ltd.

Parent Company Only Statements of Comprehensive Income

for the Years Ended December 31, 2018 and 2017

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

Code		2018		2017	
		Amount	%	Amount	%
4000	Operating revenue (Note 18)	\$ 3,932,756	100	\$ 3,778,110	100
5000	Operating costs (Note 19 and 25)	<u>3,632,074</u>	<u>93</u>	<u>3,482,002</u>	<u>92</u>
5900	Gross profit	300,682	7	296,108	8
6200	Operating expenses Management expenses (Note 19 and 25)	<u>240,531</u>	<u>6</u>	<u>205,244</u>	<u>6</u>
6900	Operating Income	<u>60,151</u>	<u>1</u>	<u>90,864</u>	<u>2</u>
	Non-operating income and expenses (Note 25)				
7010	Other income (Note 19 and 25)	18,156	1	23,472	1
7020	Other gains and losses (Note 19)	(41,841)	(1)	(46,390)	(1)
7050	Finance cost (Note 19)	(26,360)	(1)	(31,071)	(1)
7060	Total non-operating income and expenses (Note 12)	<u>280,306</u>	<u>7</u>	<u>164,211</u>	<u>4</u>
7000	Income or loss from subsidiaries for using equity method	<u>230,261</u>	<u>6</u>	<u>110,222</u>	<u>3</u>
7900	Income before tax	290,412	7	201,086	5
7950	Income tax expense (Note 20)	<u>84,741</u>	<u>2</u>	<u>29,908</u>	<u>1</u>
8200	Net income	<u>205,671</u>	<u>5</u>	<u>171,178</u>	<u>4</u>

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Code		2018		2017	
		Amount	%	Amount	%
	Other comprehensive income				
	Items that are not reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 16)	\$ 1,695	-	(\$ 2,717)	-
8316	Unrealized gain on valuation on Equity instrument at FVTOCI	19,787	1	-	-
8330	Income or loss from subsidiaries for using equity method	(4,123)			
8349	Income tax related to items that are not subsequently reclassified to profit or loss (Note 20)	(475)	-	462	-
8310		<u>16,884</u>	<u>1</u>	<u>(2,255)</u>	<u>-</u>
	Items that may be reclassified subsequently to profit or loss:			38,441	
8362	Unrealized valuation gains on available-for-sale financial assets	-	-	39,800	1
8380	Other income or loss from subsidiaries for using equity method	(6,265)	-	188,961	(5)
8399	Income tax related to items that may be reclassified to profit or loss (Note 20)	(6,442)	-	31,069	1
8360		(177)	-	(119,451)	(3)
8300	Annual other comprehensive income (net) - Total	<u>16,707</u>	<u>1</u>	<u>(121,706)</u>	<u>(3)</u>
8500	Total comprehensive income	<u>\$ 222,378</u>	<u>6</u>	<u>\$ 49,472</u>	<u>1</u>
	Earnings per share (Note 21)				
9750	Basic	<u>\$ 0.62</u>		<u>\$ 0.51</u>	
9850	Diluted	<u>\$ 0.61</u>		<u>\$ 0.51</u>	

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

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

Chien Kuo Construction Co. Ltd.
Parent Company Only Statements of Changes in Equity
for the Years Ended December 31, 2018 and 2017

Unit: In Thousands of New Taiwan Dollars

Code		Capital	Capital reserves	Retained earnings			Exchange differences on translation of foreign financial statements	Other equity items		Cash flow hedge	Treasury shares	Total Equity
				Legal reserve	Special reserve	Undistributed earnings		Unrealized valuation gains (losses) of available-for-sale financial assets	Financial assets measured at FVTOCI			
A1	Balance as of December January 31, 2017	\$ 3,379,001	\$ 200,557	\$ 584,661	\$ 48,403	\$ 783,675	\$ 42,552	\$ 2,161	\$ -	\$ 7,559	(\$ 34,835)	\$ 5,013,734
	Earnings appropriation and allocation for 2016											
B1	Legal reserve	-	-	4,208	-	(4,208)	-	-	-	-	-	-
B5	Cash dividend for shareholders - NT\$ 0.50 per share	-	-	-	-	(167,150)	-	-	-	-	-	(167,150)
B17	Special reserve reversed due to disposal of subsidiaries	-	-	-	(9,315)	9,315	-	-	-	-	-	-
D1	Net income for 2017	-	-	-	-	171,178	-	-	-	-	-	171,178
D3	Other comprehensive income (net of tax) for 2017	-	-	-	-	(2,255)	(151,692)	39,800	-	(7,559)	-	(121,706)
D5	Total comprehensive income for 2017	-	-	-	-	168,923	(151,692)	39,800	-	(7,559)	-	49,472
T1	Changes in equity in subsidiaries	-	73	-	-	-	-	-	-	-	-	73
M7	Changes in ownership interests in subsidiaries	-	(373)	-	-	(744)	-	-	-	-	-	(1,117)
N1	Employee stock options issued by subsidiaries	-	205	-	-	-	-	-	-	-	-	205
Z1	Balance as of December 31, 2017	3,379,001	200,462	588,869	39,088	789,811	(109,140)	41,961	-	-	(34,835)	4,895,217
A3	Effect of retrospective application and retrospective restatement	-	-	-	-	4,514	-	(41,961)	36,475	-	-	(972)
A5	Balance as restatement after 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 in 2017											
B1	Legal reserve	-	-	17,118	-	(17,118)	-	-	-	-	-	-
B3	Listed appropriated retained earnings	-	-	-	28,091	(28,091)	-	-	-	-	-	-
B5	Cash dividend for shareholders - NT\$ 0.50 per share	-	-	-	-	(167,150)	-	-	-	-	-	(167,150)
D1	Net income for 2018	-	-	-	-	205,671	-	-	-	-	-	205,671
D3	Other comprehensive income (net of tax) for 2018	-	-	-	-	1,220	137	-	15,350	-	-	16,707
D5	Total comprehensive income for 2018	-	-	-	-	206,891	137	-	15,350	-	-	222,378
L3	Treasury shares retired	(36,000)	1,165	-	-	-	-	-	-	-	34,835	-
Z1	Balance as of December 31, 2018	<u>\$ 3,343,001</u>	<u>\$ 201,627</u>	<u>\$ 605,987</u>	<u>\$ 67,179</u>	<u>\$ 788,857</u>	<u>(\$ 109,003)</u>	<u>\$ -</u>	<u>\$ 51,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,949,473</u>

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

Chairman: Wu, Chang-Shiou

Manager: Wu, Chang-Shiou

Accounting Manager: Yang, Shu-Fen

Chien Kuo Construction Co. Ltd.
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2018 and 201

Unit: In Thousands of New Taiwan Dollars

Code		2018	2017
	Cash flows from operating activities		
A10000	Income before tax	\$ 290,412	\$ 201,086
A20010	Income and expense item:		
A22400	Income or loss from subsidiaries		
	for using equity method	(280,306)	(164,211)
A20300	Expected credit impairment loss	26,891	-
A20900	Finance costs	26,360	31,071
A29900	Litigation damages	15,959	-
A21300	Dividends revenues	(11,497)	(8,856)
A24100	Net loss (gain) of exchange		
	foreign currency from		
	depositing property, plant and	(7,836)	14,750
A20100	Amortization	5,513	3,841
A20200	Interest income	2,765	5,440
A21200	Net gain from deposit of		
	subsidiaries	(2,758)	(7,784)
A22500	Gain (loss) from deposit of		
	property, plant and equipment	(29)	-
A21900	Compensation cost of employee		
	stock options	-	205
A30000	Net changes in operating assets		
	and liabilities		
A31110	Financial instruments held for		
	trading	-	(5,149)
A31125	Contract assets	(79,007)	-
A31130	Note receivable	45,345	28,834
A31150	Accounts receivable	(25,671)	(8,729)
A31170	Construction contract receivable	-	(189,581)
A31180	Other receivables	240	305
A31200	Land to be built	-	(463,577)
A31230	Prepayments	(11,985)	(37,257)
A31240	Other current assets	(852)	2,072
A32125	Contract liability	(153,979)	-
A32130	Bills payable	(100)	(150)
A32150	Accounts payable	(120,682)	270,378
A32170	Construction contracts payable	-	(131,368)
A32180	Other payable	10,660	20,151
A32230	Other current liabilities	9,801	12,984
A32990	Other non-current liabilities	<u>5</u>	(<u>8</u>)
A33000	Cash provided by (used in)		
	operating activities	(260,751)	(425,553)
A33100	Interest received	6,878	3,761
A33300	Interest paid	(26,494)	(30,832)
A33500	Income tax paid	(<u>16,227</u>)	(<u>12,661</u>)
AAAA	Net cash provided by (used in)		
	operating activities	(<u>296,594</u>)	(<u>465,285</u>)

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Code		2017	2016
	Cash flows from investing activities		
B06700	Decrease (Increase) in pledged certificate of deposit and reserve account	\$ 378,368	(\$ 197,368)
B02400	Share amount returned from capital reduction of subsidiaries	153,329	-
B05400	Acquisition of investment property	(47,161)	-
B07600	Cash dividends received	12,796	653,471
B02700	Acquisition of property, plant and equipment	(1,049)	(20,931)
B02800	Proceeds from disposal of property, plant, and equipment	326	-
B03800	Decrease (Increase) in refundable deposits	507	(165)
B04500	Acquisition of intangible assets	-	(151)
B09900	Cash provided by subsidiaries	-	(24,544)
B00300	Acquisition of available-for-sale financial assets	-	(6,058)
BBBB	Net cash provided by investing activities	<u>497,116</u>	<u>404,254</u>
	Cash flows from financing activities:		
C01700	Repayment of long-term loans	(600,000)	(150,000)
C01600	Increase in long-term loans	449,189	350,000
C00100	Increase (decrease) in Short-term borrowings	(220,000)	130,000
C04500	Distribution of cash dividends	(167,150)	(167,150)
C00500	Increase (decrease) in short-term bills payable	(79,948)	79,948
C03000	Increase in guarantee deposits received	<u>16,699</u>	<u>9,833</u>
CCCC	Net cash provided by (used in) financing activities	<u>(601,210)</u>	<u>252,631</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>7,836</u>	<u>(14,750)</u>
EEEE	Increase (Decrease) in cash and cash equivalents	(392,852)	176,850
E00100	Balance of cash and cash equivalents - beginning of the year	<u>594,482</u>	<u>417,632</u>
E00200	Balance of cash and cash equivalents - end of the year	<u>\$ 201,630</u>	<u>\$ 594,482</u>

The accompanying notes are an integral part of the Parent Company Only Financial Statements.

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

Comparison Table for the Articles of Incorporation Before and After Revision (Attachment II)

Paragraph/Article	Provisions after revision	Current provisions	Explanation
Article 8-1	<p>The Company's shares purchased under the Company Act may only be transferred to employees of the parent or subsidiaries who meet certain criteria.</p> <p>The Company's employee stock option certificates may only be transferred to employees of the parent or subsidiaries who meet certain criteria.</p> <p>The Company's issuance of new shares may only be subscribed by employees of the parent or subsidiaries who meet certain criteria.</p> <p>The Company's restricted stock awards (RSA) may only be issued to employees of the parent or subsidiaries who meet certain criteria.</p>		<p>The amendment to the Company Act requires that the Articles of Incorporation specify the entitled employees as employees of the parent or subsidiaries who meet certain criteria.</p>
Article 23	<p>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</p>	<p>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 the subsidiaries who meet certain criteria, which are stipulated by the Board of Directors being authorized</p>	<p>The amendment to the Company Act requires that the Articles of Incorporation specify the entitled employees as employees of the parent or subsidiaries who meet certain criteria.</p>

Paragraph/Article	Provisions after revision	Current provisions	Explanation
	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.	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 26	The Company's Articles of Incorporation was established on October 15, 1960. Amended firstly on September 30, 1969. Amended for the thirty-sixth time on June 29, 2018. Amended for the thirty-seventh time on June 21, 2019.	The Company's Articles of Incorporation was established on October 15, 1960. Amended first on September 30, 1969 Amended for the thirty-sixth time on June 29, 2018	Update of date of amendments

**Comparison Table for the Procedures for Acquisition or Disposal of Assets”
Before and After Revision (Attachment III)**

Paragraph/Article	Provisions after revision	Current provisions	Explanation
1.	Governing Law: The Company’s Procedures for Acquisition or Disposal of Assets” was established in compliance with Article 36-1 of the Securities and Exchange Act and the Regulations Governing the Acquisition and Disposal of Assets by Public Companies (hereinafter the “Regulations”). However, if provisions of related financial laws and regulations stipulate otherwise, such provisions shall prevail.	Governing Law: This procedure was revised in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies as promulgated by the FSC-Securities and Exchange-Letter Ref. No. 1060001296 on February 9, 2017.	Revised to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies made by the competent authority.
2	Scope of assets: 2.1 Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing an interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2.2 Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment. 2.3 Membership certificate. 2.4 Patents, copyrights, trademarks, franchise rights, and other intangible assets. 2.5 Right-of-use assets. 2.6 Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables). 2.7 Derivatives. 2.8 Assets acquired or	Scope of assets: 2.1 Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing an interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. 2.2 Real property (including land, houses and buildings, investment property, land-use rights, and construction enterprise inventory) and equipment. 2.3 Membership certificate. 2.4 Patents, copyrights, trademarks, franchise rights, and other intangible assets. 2.5 Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).	Revised to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies made by the competent authority.

Paragraph/Article	Provisions after revision	Current provisions	Explanation
	disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 2.9 Other major assets.	2.6 Derivatives. 2.7 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law. 2.8 Other major assets.	
4.	Terms definition: 4.1 Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. 4.2 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed of through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding	Terms definition: 4.1 Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts. 4.2 Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed of through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding	Revised to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies made by the competent authority.

Paragraph/Article	Provisions after revision	Current provisions	Explanation
	<p>Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p> <p>4.3 Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4.4 Professional appraiser: Refers to a real property appraiser or another person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>4.5 Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other dates that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>4. 6 Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the</p>	<p>Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, Paragraph 8 of the Company Act.</p> <p>4.3 Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>4.4 Professional appraiser: Refers to a real property appraiser or another person duly authorized by law to engage in the value appraisal of real property or equipment.</p> <p>4.5 Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other dates that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the</p>	

Paragraph/Article	Provisions after revision	Current provisions	Explanation
	<p>Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>4.7 Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</p> <p>4.8 Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</p> <p>4.9 Over-the-counter venue ("OTC venue"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a</p>	<p>date of receipt of approval by the competent authority shall apply.</p> <p>4.6 Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p>	

Paragraph/Article	Provisions after revision	Current provisions	Explanation
	venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.		
5.1.2	When acquiring or disposing of real properties or their right-of-use assets or other fixed assets, the appraisal procedures (including determination on price, price reference, and the levels to which authority is delegated) for determining the transaction terms and conditions, aside from being appraisal-item-based as required, shall perform the procedures regarding purchase requisition, tendering, acceptance and disposal set forth in the Company's "Regulations Governing Procurement Procedures", and shall be determined in accordance with the Company's internal control system, table for degree of approval authority, and delegation of authority by jobs. Where the transaction value exceeds NT\$500 million, such transaction shall be reported to the Board of Directors for approval before being carried out; where the transaction value does not exceed NT\$500 million, such transaction is determined by the Chairperson as authorized by the Board of Directors (in case the Chairperson has delegated another party, it is subject to the decision of such person). After the	When acquiring or disposing of real properties or other fixed assets, the appraisal procedures (including determination on price, price reference, and the levels to which authority is delegated) for determining the transaction terms and conditions, aside from being appraisal-item-based as required, shall perform the procedures regarding purchase requisition, tendering, acceptance and disposal set forth in the Company's "Regulations Governing Procurement Procedures", and shall be determined in accordance with the Company's internal control system, table for degree of approval authority, and delegation of authority by jobs. Where the transaction value exceeds NT\$500 million, such transaction shall be reported to the Board of Directors for approval before being carried out; where the transaction value does not exceed NT\$500 million (inclusive), such transaction is determined by the Chairperson as authorized by the Board of Directors (in case the Chairperson has	Revised to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies made by the competent authority.

Paragraph/Article	Provisions after revision	Current provisions	Explanation
	acquisition, such assets shall be registered, administered and used in the manner as stipulated in “Regulations Governing Administration of Fixed Assets”.5.1.8	delegated another party, it is subject to the decision of such person). After the acquisition, such assets shall be registered, administered and used in the manner as stipulated in “Regulations Governing Administration of Fixed Assets”.5.1.8	
5.1.4	<p>Procedures for investment in marketable securities</p> <p>2.) Procedures for determining the transaction terms</p> <p>(1) The acquisition or disposal of marketable securities shall be determined by the responsible unit in consideration of market factors such as the net worth per share, profitability, and future development potential. Where the single transaction amount reaches NT\$100 million or more, such transaction shall be carried out only after being reported to and approved by the Board of Directors; where the single transaction value does not exceed NT\$500 million, such transaction is determined by the Chairperson as authorized by the Board of Directors (in case the Chairperson has delegated another party, it is subject to the decision of such person).</p> <p>(2) (omitted)</p> <p>(3) (omitted)</p> <p>(4) Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the</p>	<p>Procedures for investment in marketable securities</p> <p>2.) Procedures for determining the transaction terms</p> <p>(1) The acquisition or disposal of marketable securities shall be determined by the responsible unit in consideration of market factors such as the net worth per share, profitability, and future development potential. Where the single transaction amount exceeds NT\$100 million, such transaction shall be carried out only after being reported to and approved by the Board of Directors; where the single transaction value does not exceed or equals to NT\$500 million (inclusive), such transaction is determined by the Chairperson as authorized by the Board of Directors (in case the Chairperson has delegated another party, it is subject to the decision of such person).</p> <p>(2) (omitted)</p> <p>(3) (omitted)</p> <p>(4) Where the Company acquires or disposes of</p>	Revised to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies made by the competent authority.

Paragraph/Article	Provisions after revision	Current provisions	Explanation
	<p>transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. If the transaction amount does not reach 20% of the Company's paid-in capital or NT\$300 million, such transaction is determined by the Chairperson as authorized by the Board of Directors (in case the Chairperson has delegated another party, it is subject to the decision of such person).</p> <p>(5) (omitted) (6) (omitted) (7) (omitted)</p>	<p>memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>(5) (omitted) (6) (omitted) (7) (omitted)</p>	
5.1.5	<p>Content required to be publicly announced:</p> <p>1.) Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(1) Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal</p>	<p>Content required to be publicly announced:</p> <p>1.) Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <p>(1) Acquisition or disposal of real property from or to a related party, or acquisition or</p>	<p>Revised to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies made by the competent authority.</p>

Paragraph/Article	Provisions after revision	Current provisions	Explanation
	<p>of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(2) (omitted)</p> <p>(3) (omitted)</p> <p>(4) Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>(a) (omitted)</p> <p>(b) (omitted)</p> <p>(5) Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of</p>	<p>disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(2) (omitted)</p> <p>(3) (omitted)</p> <p>(4) Where equipment for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:</p> <p>(a) (omitted)</p> <p>(b) (omitted)</p> <p>(5) Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount reaches NT\$500 million.</p> <p>(6) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint</p>	

Paragraph/Article	Provisions after revision	Current provisions	Explanation
	<p>real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.</p> <p>(6) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>(7) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(a) Trading of domestic government bonds</p> <p>(b) Where done by professional investors—securities trading on securities exchanges or OTC</p>	<p>construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>(7) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(a) Trading of government bonds</p> <p>(b) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the</p>	

Paragraph/Article	Provisions after revision	Current provisions	Explanation
	<p>markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>(c) (omitted)</p> <p>(8) The amount of transactions above shall be calculated as follows:</p> <p>(a) The amount of each individual transaction.</p> <p>(b) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>(c) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>(d) (omitted)</p> <p>(e) (omitted)</p> <p>(f) (omitted)</p> <p>(g) (omitted)</p> <p>(h) Relevant contracts, meeting minutes, log</p>	<p>rules of the Taipei Exchange.</p> <p>(c) (omitted)</p> <p>(8) The amount of transactions above shall be calculated as follows:</p> <p>(a) The amount of each individual transaction.</p> <p>(b) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.</p> <p>(c) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year.</p> <p>(d) (omitted)</p> <p>(e) (omitted)</p> <p>(f) (omitted)</p> <p>(g) (omitted)</p> <p>(h) Relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions shall be retained for 5 years except where another act provides otherwise.</p>	

Paragraph/Article	Provisions after revision	Current provisions	Explanation
	books, appraisal reports and CPA, attorney, and securities underwriter opinions shall be kept at the Company, where they shall be retained for 5 years except where another act provides otherwise.		
5.1.6	<p>Total amounts of real property and right-of-use assets thereof or securities acquired by the Company and each subsidiary for business use, and limits on individual securities shall not exceed the following limits:</p> <p>1.) The total amount of the purchase of real property and the right-of-use assets thereof for business use shall not exceed half of the paid-in capital.</p> <p>2.) (omitted)</p> <p>3.) (omitted)</p>	<p>Total amounts of real property or securities acquired by the Company and each subsidiary for business use, and limits on individual securities shall not exceed the following limits:</p> <p>1.) The total amount of the purchase of real property for business use shall not exceed half of the paid-in capital.</p> <p>2.) (omitted)</p> <p>3.) (omitted)</p>	Revised to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies made by the competent authority.
5.1.7	In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:	<p>In acquiring or disposing of real property, or equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1.) Where due to special circumstances it is</p>	Revised to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies made by the competent authority.

Paragraph/Article	Provisions after revision	Current provisions	Explanation
	<p>circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.</p> <p>2.) (omitted)</p> <p>3.) (omitted)</p> <p>4.) (omitted)</p> <p>5.) Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>(1) May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since the completion of service of the sentence, since the</p>	<p>necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.</p> <p>2.) (omitted)</p> <p>3.) (omitted)</p> <p>4.) (omitted)</p> <p>5.) Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.</p> <p>6.) (omitted)</p>	

Paragraph/Article	Provisions after revision	Current provisions	Explanation
	<p>expiration of the period of a suspended sentence, or since a pardon was received.</p> <p>(2) May not be a related party or de facto related party of any party to the transaction.</p> <p>(3) If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>(1) Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</p> <p>(2) When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>(3) They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the</p>		

Paragraph/Article	Provisions after revision	Current provisions	Explanation
	<p>information, as the basis for issuance of the appraisal report or the opinion.</p> <p>(4) They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</p> <p>(6) (omitted)</p>		
5.1.9	<p>When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and the Board of Directors:</p>	<p>When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and the Board of Directors:</p>	<p>Revised to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies made by the competent authority.</p>

Paragraph/Article	Provisions after revision	Current provisions	Explanation
	1). (omitted) 6.) (omitted)	1). (omitted) 6.) (omitted)	
5.1.10	When the Company obtains real property or the right-of-use assets thereof from related parties, the reasonableness of transaction costs should be assessed in the following ways: 1). (omitted) 2.) (omitted) 3.) Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph. The Company that acquires real property or right-of-use assets thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the paragraph 1.) and 2.) shall also engage a CPA to check the appraisal and render a specific opinion.	When the Company obtains real property, the reasonableness of transaction costs should be assessed in the following ways: 1). (omitted) 2.) (omitted) 3.) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph. The Company that acquires real property from a related party and appraises the cost of the real property in accordance with the paragraph 1.) and 2.) shall also engage a CPA to check the appraisal and render a specific opinion.	Revised to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies made by the competent authority.
5.1.11	Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 5.1.9, and the preceding article does not apply: 1.) The related party acquired the real property or right-of-use assets	Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 5.1.9, and the preceding article does not apply: 1.) The related party acquired the real property through inheritance or as a gift.	Revised to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies made by the competent authority.

Paragraph/Article	Provisions after revision	Current provisions	Explanation
	<p>thereof through inheritance or as a gift.</p> <p>2.) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</p> <p>3.) The real property is acquired through the signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p> <p>4.) The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</p>	<p>2.) More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>3.) The real property is acquired through the signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</p>	
5.1.12	<p>When the price appraised according to 5.1.10 1.) and the price appraised according to 2.) are lower than the transaction price, it is conducted in accordance with 5.1.13. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1.) Where the related party acquired undeveloped land</p>	<p>When the price appraised according to 5.1.10 1.) and the price appraised according to 2.) are lower than the transaction price, it is conducted in accordance with 5.1.13. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>1.) Where the related</p>	<p>Revised to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies made by the competent authority.</p>

Paragraph/Article	Provisions after revision	Current provisions	Explanation
	<p>or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) (omitted)</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.</p> <p>(3) (omitted)</p> <p>2.) Where the Company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of similar size by unrelated parties within the preceding year.</p> <p>3.) Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in</p>	<p>party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) (omitted)</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p>(3) (omitted)</p> <p>2.) Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of similar size by unrelated parties within the preceding year.</p> <p>3.) Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value;</p>	

Paragraph/Article	Provisions after revision	Current provisions	Explanation
	principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.	transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.	
5.1.13	Where the Company acquires real property or the right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with 5.1.11 and 5.1.12 are uniformly lower than the transaction price, the following steps shall be taken: 1.) A special reserve shall be set aside in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price or the price of the right-of-use assets and the appraised costs, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, Paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. 2.) The Audit Committee	Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with 5.1.11 and 5.1.12 are uniformly lower than the transaction price, the following steps shall be taken: 1.) A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised costs, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, Paragraph 1 of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company. 2.) The Audit Committee shall comply with Article	Revised to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies made by the competent authority.

Paragraph/Article	Provisions after revision	Current provisions	Explanation
	<p>shall comply with Article 218 of the Company Act.</p> <p>3.) Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	<p>218 of the Company Act.</p> <p>3.) Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	
5.1.17	<p>Operational procedures for derivative transaction:</p> <p>12.) The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives transaction in accordance</p>	<p>Operational procedures for derivative transaction:</p> <p>12.) The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle</p>	<p>Revised to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies made by the competent</p>

Paragraph/Article	Provisions after revision	Current provisions	Explanation
	with its Procedures for Engaging in Derivatives Transaction.	derivatives transaction in accordance with its Procedures for Engaging in Derivatives Transaction.	authority.
5.1.22	<p>A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <p>1.) (omitted) 2.) (omitted) 3.) (omitted)</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the</p>	<p>A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <p>1.) (omitted) 2.) (omitted) 3.) (omitted)</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company shall, within 2 days counting inclusively from the date</p>	Revised to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies made by the competent authority.

Paragraph/Article	Provisions after revision	Current provisions	Explanation
	prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation. Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.	of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.	
5.1.28	Public announcement by subsidiaries: 1.) The acquisition or disposal of assets by subsidiaries of the Company shall also be handled in accordance with the Regulations.5.1.5 2.) In the case that the Company's subsidiary is not a public company and its acquisition or disposal of assets has reached the threshold for public announcement, such public announcement shall be made by the Company.5.1.5 3.) The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether it reaches a threshold requiring public announcement.	Public announcement by subsidiaries: 1.) The acquisition or disposal of assets by subsidiaries of the Company shall also be handled in accordance with the Regulations.5.1.5 2.) In the case that the Company's subsidiary is not a public company and its acquisition or disposal of assets has reached the threshold for public announcement, such public announcement shall be made by the Company.5.1.5 3.) The threshold of "reaching 20% of paid-in-capital or 10% of total assets" for public announcement by subsidiaries denotes the Company's paid-in-capital or total assets.	Revised to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies made by the competent authority.

Paragraph/Article	Provisions after revision	Current provisions	Explanation
5.1.32	For the calculation of paid-in-capital of total assets under these Regulations, the total assets or paid-in-capital stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations (Articles 5.1.4(3), 5.1.4(4), 5.1.5, and 5.1.9) , 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.5.1.7	For the calculation of 10% of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations (Articles 5.1.4(3), 5.1.4(4), 5.1.5, and 5.1.9) , 10 percent of equity attributable to owners of the parent shall be substituted.5.1.7	Revised to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies made by the competent authority.
5.1.33	Where this Procedures do not provide, matters shall be handled in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies as promulgated by the FSC-Securities and Exchange-Letter Ref. No. 10703410725 on November 26, 2018.	Where this Procedures do not provide, matters shall be handled in accordance with the Regulations Governing the Acquisition and Disposal of Assets by Public Companies as promulgated by the FSC-Securities and Exchange-Letter Ref. No. 1060001296 on February 9, 2017.	Revised to conform to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies made by the competent authority.

**Comparison Table for the Company's "Operational Procedures for Loaning of Funds and Making of Endorsements/Guarantees" Before and After Revision
(Attachment IV)**

Paragraph/Article	Provisions after revision	Current provisions	Explanation
2.	Scope of application: The Company shall comply with these Regulations when making loans to and endorsements/guarantees for others; However, if provisions of related financial laws and regulations stipulate otherwise, such provisions shall prevail.	Scope of application: The Company shall comply with these Regulations when making loans to and endorsements/guarantees for others; provided that where another act or regulation provides otherwise, the provisions of such act shall prevail.	Revised to conform to the amendments to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies made by the competent authority.
5.1.1	Entities to which the Company may loan funds. 1.) The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances: (1) Where an inter-company or inter-firm business transaction calls for a loan arrangement; or (2) Where an inter-company or inter-firm short-term financing facility is necessary; provided, however, that such financing amount shall not exceed 40 percent of the lender's net worth. The term "short-term" as used in the preceding paragraph means one year. However, if the company's operating cycle exceeds one year, it shall mean one operating cycle. The term "financing amount" means the cumulative balance of the Company's short-term financing. 5.1.1 The restriction in 5.1.1 1.) (2) shall not apply to inter-company loans of	Entities to which the Company may loan funds. 1.) The Company shall not loan funds to any of its shareholders or any other person except under the following circumstances: (1) Where an inter-company or inter-firm business transaction calls for a loan arrangement; or (2) Where an inter-company or inter-firm short-term financing facility is necessary; provided, however, that such financing amount shall not exceed 40 percent of the lender's net worth. The term "short-term" as used in the preceding paragraph means one year. However, if the company's operating cycle exceeds one year, it shall mean one operating cycle. The term "financing amount" means the cumulative balance of the Company's short-term	Revised to conform to the amendments to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies made by the competent authority.

	<p>funds between overseas companies in which the public company holds, directly or indirectly, 100% of the voting shares. However, it is still required to set up a limit of total loans, both in aggregate or individually, as well as a credit duration for such a loan.</p> <p>When the responsible person of the Company violates the provisions of the preceding paragraph, it shall be responsible for the return of the loan with the borrower; if such violation results in any loss to the Company, the responsible person and the borrower shall be jointly liable to make a compensation.</p>	<p>financing.5.1.1</p> <p>The restriction in 5.1.1 1.) (2) shall not apply to inter-company loans of funds made to overseas companies in which the public company holds, directly or indirectly, 100% of the voting shares. However, the limits and duration of the loan should still be set according to the regulations.</p>	
5.1.10	<p>Contents of required announcement and report and the deadline</p> <p>The Company shall announce the balance of loans of funds and the operational revenue of the preceding month prior to the tenth day of each month, and report by inputting the information onto the website designated by the FSC in the required format. “Date of occurrence” in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</p> <p>Loans of funds reaching one of the following levels shall be announced and reported within two days commencing immediately</p>	<p>Contents of required announcement and report and the deadline</p> <p>Loans of funds reaching one of the following levels shall be announced and reported within two days commencing immediately from the date of occurrence:</p> <p>1). (omitted) 2.) (omitted) 3.) (omitted)</p>	<p>Revised to conform to the amendments to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies made by the competent authority.</p>

	<p>from the date of occurrence:</p> <p>1). (omitted)</p> <p>2.) (omitted)</p> <p>3.) (omitted)</p>		
5.2.8	<p>Contents of required announcement and report and the deadline</p> <p>1.)The Company shall announce the balance of endorsement / guarantee and the operational revenue of the preceding month prior to the tenth day of each month, and report by inputting the information onto the website designated by the FSC in the required format. “Date of occurrence” in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the endorsement / guarantee, whichever date is earlier.</p> <p>1.) The Company’s endorsement/guarantee reaching one of the following levels shall be announced and reported within two days commencing immediately from the date of occurrence:</p> <p>(1) (omitted)</p> <p>(2) (omitted)</p> <p>(3) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, the carrying amount of investment accounted for</p>	<p>Contents of required announcement and report and the deadline</p> <p>1.) The Company shall announce the balance of endorsement/guarantee and the operational revenue of the preceding month prior to the tenth day of each month, and report by inputting the information onto the website designated by the FSC in the required format. The occurrence date as stated in this Procedures is the earlier of the execution date, payment date, Board resolution date, or other dates that indicate explicitly the counterparty and transaction amount.</p> <p>2.) The Company’s endorsement/guarantee reaching one of the following levels shall be announced and reported within two days commencing immediately from the date of occurrence:</p> <p>(1). (omitted)</p> <p>(2) (omitted)</p> <p>(3) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30</p>	<p>Revised to conform to the amendments to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies made by the competent authority.</p>

	<p>using equity method of, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(4) (omitted)</p>	<p>percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(4) (omitted)</p>	
5.2.11	<p>Implementation and revision</p> <p>The revision of the Procedures may be made only with the consent firstly from more than one-half of members of the Audit Committee, secondly from the Board of Directors and thirdly from the Shareholders' Meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to the Shareholders' Meeting for discussion.</p> <p>If the preceding paragraph is not approved by more than one-half of all members of the Audit Committee, it may be implemented by the consent from more than two-thirds of all directors, and the resolutions of the Audit Committee shall be stated in the minutes of the Board meeting.</p> <p>“All members of the Audit Committee” referred to in the first paragraph and “all members of directors” referred to in the preceding paragraph shall denote the incumbents.</p>	<p>Implementation and revision</p> <p>The revision of the Procedures may be made only with the consent firstly from the Audit Committee, secondly from the Board of Directors and thirdly from the Shareholders' Meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to the Shareholders' Meeting for discussion. Where the Company has established the position of independent director, when the discussion by the Board of Directors pursuant to the preceding paragraph takes place, the Board of Directors shall take into full consideration each independent director's opinions; the independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.</p>	<p>Revised to conform to the amendments to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies made by the competent authority.</p>

Chapter 7 Appendices

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

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:

(I) Regular Shareholders' Meeting

(II) Special Shareholders Meeting

Regular meetings shall be convened within six (6) months after the close of each fiscal year. Special meetings may be convened when the Board of Directors deems it 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 operation of the Company by adhering to the resolved strategies by the Board of Directors, with the assistance of the vice presidents. The appointment, discharge and remuneration of the president shall be made in accordance with Article 29 of the Company Act.

Article 21: Deleted

Chapter 6 Accounting

Article 22: Upon the close of each fiscal year, the directors shall prepare various reports and financial statements and shall deliver the same to each of the shareholders for their approval in the manner as prescribed by law.

- I. Business report.
- II. Financial statements
- III. Proposal for the distribution of earnings or make-up of deficits

Article 23: With the net income before tax (before netting off employees' compensation and directors' remuneration), the Company shall appropriate 0.1% to 3% of such amount as employees' compensation and no greater than 3% of such amount as directors' remuneration. However, in the case that the Company still has cumulative losses, a portion of the net income shall be retained in the first place to offset such losses.

Employees' compensation mentioned in the preceding paragraph shall be distributed in stocks or in cash to employees of the subsidiaries who meet certain criteria, which are stipulated by the Board of Directors being authorized to do so.

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

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

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

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

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

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

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

Chapter 7 Supplementary Provisions

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

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

The Company's Articles of Incorporation was established on October 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 twelve-th 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 twenty th 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 thirty-th 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.

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 arm bands.
- 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 23, 2019

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	54,295,416 shares
Vice Chairperson:	Chi-te Chen	2018.06.29	20,307,858 shares
Director	Pang-Yen Yang	2018.06.29	1,741,458 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	723,000 shares
Director	Yu-Jui Chang	2018.06.29	1,512,255 shares
Director	Chi-Hsin Chen	2018.06.29	1,800,396 shares
Director	Jianhui Investment & Development Co. Ltd Representative: Pai-Tso Sun	2018.06.29	54,295,416 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	13,372,005 shares	Actual shareholding by all directors	80,380,383 shares

Note: The total number of issued shares of the Company as of April 23, 2019 was 334,300,131 shares.

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