

# **BES Engineering Corporation**

**Financial Statements for the  
Years Ended December 31, 2008 and 2007 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
BES Engineering Corporation

We have audited the accompanying balance sheets of BES Engineering Corporation (the "Corporation") as of December 31, 2008 and 2007, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits. However, we did not audit the financial statements as of and for the years ended December 31, 2008 and 2007 of Huatung Power Corp., BES Investment Corp., Chung Kung Safeguarding & Securities Corp., BES Construction Corporation (BES, U.S.A.), Corporacion De Inversion Y Desarrollo BES, S.A. (Costa Rica) (BES, S.A.) and BA & BES Contracting (L.L.C.). The investments in these companies, which were directly owned by the Corporation or by its wholly owned subsidiaries, were all accounted for by the equity method. As of December 31, 2008 and 2007, the carrying values of these investments were 2.36% (NT\$799,662 thousand) and 2.35% (NT\$804,537 thousand), respectively, of the Corporation's total assets. The equity in the investees' net gain was 30.87% (NT\$38,973 thousand) and 29.30% (NT\$178,542 thousand) of the Corporation's income before income tax in 2008 and 2007, respectively. The financial statements of these investees were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to these investments, is based solely on the reports of the other auditors.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of BES Engineering Corporation as of December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As stated in Note 3 to the financial statements, the Accounting Research and Development Foundation issued Interpretation 2007-052, which requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings.

We have also audited the consolidated financial statements of BES Engineering Corporation as of and for the years ended December 31, 2008 and 2007 and have issued a modified unqualified opinion thereon in our report dated March 17, 2009.

Our audits also comprehended the translation of the 2008 and 2007 New Taiwan dollar amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers.

March 17, 2009

Notice to Readers

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

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

# BES ENGINEERING CORPORATION

## BALANCE SHEETS

DECEMBER 31, 2008 AND 2007

(Dollars and Shares in Thousands, Except Par Value)

ASSETS	2008			2007			LIABILITIES AND SHAREHOLDERS' EQUITY	2008			2007		
	New Taiwan Dollars	U.S. Dollars (Note 2)	%	New Taiwan Dollars	U.S. Dollars (Note 2)	%		New Taiwan Dollars	U.S. Dollars (Note 2)	%	New Taiwan Dollars	U.S. Dollars (Note 2)	%
<b>CURRENT ASSETS</b>							<b>CURRENT LIABILITIES</b>						
Cash (Note 4)	\$ 2,643,077	\$ 80,582	8	\$ 2,141,715	\$ 66,041	6	Short-term debts (Notes 12 and 24)	\$ 3,740,253	114,032	11	\$ 4,797,129	\$ 147,923	14
Available-for-sale financial assets - current (Notes 2 and 5)	261,864	7,983	1	164,627	5,076	-	Short-term bills payable (Notes 13 and 24)	1,214,022	37,013	4	1,410,625	43,498	4
Investments in bonds with no active market - current (Notes 2, 9 and 24)	13,320	406	-	13,320	411	-	Notes payable (Note 17)	376,175	11,469	1	437,835	13,501	1
Accounts receivable, net of allowance for doubtful accounts of NT\$126,382 thousand in 2008 and NT\$127,675 thousand in 2007 (Notes 2, 17 and 23)	4,646,378	141,658	14	4,393,718	135,483	13	Accounts payable (Note 17)	2,536,106	77,320	8	2,726,754	84,081	8
Accounts receivable on the development of industrial districts (Notes 2, 6 and 17)	11,368,102	346,588	34	13,640,051	420,600	40	Accounts payable - related parties (Notes 17 and 23)	105,266	3,209	-	176,902	5,455	1
Inventories (Note 2)	-	-	-	418	13	-	Accrued expenses (Note 23)	151,282	4,612	1	175,206	5,403	1
Buildings and land held for sale (Notes 2, 17 and 24)	286,089	8,722	1	323,771	9,984	1	Accounts payable for development of industrial districts (Notes 2, 14 and 17)	2,428,449	74,038	7	905,958	27,936	3
Construction in progress in excess of progressive billings (Notes 2, 17 and 23)	1,599,625	48,769	5	2,001,444	61,716	6	Progressive billings in excess of construction in progress (Notes 2 and 17)	1,110,883	33,868	3	831,897	25,652	2
Prepaid expenses	693,810	21,153	2	264,975	8,171	1	Current portion of long-term debts (Notes 15 and 24)	1,156,415	35,257	3	895,041	27,599	3
Deferred income taxes - current (Notes 2 and 19)	39,165	1,194	-	61,984	1,911	-	Construction warranty (Notes 17 and 24)	150,346	4,584	1	151,303	4,665	-
Restricted assets (Notes 17 and 24)	1,252,686	38,192	4	1,395,437	43,029	4	Guarantee deposits on construction contracts (Notes 17 and 23)	443,212	13,513	1	455,966	14,060	1
Refundable deposits on construction contracts (Note 17)	477,835	14,568	1	49,999	1,542	-	Other current liabilities (Notes 2 and 19)	436,095	13,296	1	489,807	15,103	1
Other current assets (Note 23)	545,455	16,630	1	521,538	16,082	2	<b>Total current liabilities</b>	<b>13,848,504</b>	<b>422,211</b>	<b>41</b>	<b>13,454,423</b>	<b>414,876</b>	<b>39</b>
<b>Total current assets</b>	<b>23,827,406</b>	<b>726,445</b>	<b>71</b>	<b>24,972,997</b>	<b>770,059</b>	<b>73</b>	<b>LONG-TERM DEBTS</b>						
<b>LONG-TERM INVESTMENTS (Notes 2, 7, 8, 9 and 24)</b>							Bank loans, net of current portion (Notes 15 and 24)	318,400	9,707	1	543,081	16,746	2
Investments accounted for by the equity-method	3,212,847	97,953	9	3,096,664	95,487	9	<b>RESERVE FOR LAND VALUE INCREMENT TAX (Note 10)</b>	<b>1,309,358</b>	<b>39,919</b>	<b>4</b>	<b>1,309,358</b>	<b>40,375</b>	<b>4</b>
Financial assets carried at cost - noncurrent	917,561	27,974	3	621,997	19,180	2	<b>OTHER LIABILITIES</b>						
Investments in bonds with no active market - noncurrent	39,960	1,218	-	53,280	1,643	-	Guarantee deposits received (Notes 11 and 23)	17,772	542	-	19,178	591	-
<b>Total long-term investments</b>	<b>4,170,368</b>	<b>127,145</b>	<b>12</b>	<b>3,771,941</b>	<b>116,310</b>	<b>11</b>	Deferred income tax liabilities (Notes 2 and 19)	24,622	751	-	10,898	336	-
<b>PROPERTIES (Notes 2, 10, 23 and 24)</b>							<b>Total other liabilities</b>	<b>42,394</b>	<b>1,293</b>	<b>-</b>	<b>30,076</b>	<b>927</b>	<b>-</b>
Cost							<b>Total liabilities</b>	<b>15,518,656</b>	<b>473,130</b>	<b>46</b>	<b>15,336,938</b>	<b>472,924</b>	<b>45</b>
Land	1,101,817	33,592	3	904,094	27,878	3	<b>SHAREHOLDERS' EQUITY</b>						
Land improvements	20,542	626	-	20,542	634	-	Capital stock at par value of NT\$10.00 each;						
Buildings	252,568	7,700	1	134,683	4,153	-	Authorized - 1,800,000 thousand shares						
Machinery and equipment	149,765	4,566	1	202,823	6,254	1	Issued and outstanding - 1,525,017 thousand shares	15,250,175	464,944	45	15,250,175	470,249	45
Transportation equipment	22,863	697	-	26,932	831	-	Capital surplus						
Miscellaneous equipment	10,105	308	-	11,036	340	-	Additional paid-in capital - share issuance in excess of par value	18,861	575	-	18,861	582	-
	1,557,660	47,489	5	1,300,110	40,090	4	Treasury stock transactions	1,757	54	-	1,757	54	-
Revaluation increment	2,354,652	71,788	7	2,354,652	72,607	7	From long-term equity investments	103,381	3,152	1	104,094	3,210	-
Total cost and revaluation increment	3,912,312	119,277	12	3,654,762	112,697	11	Total capital surplus	123,999	3,781	1	124,712	3,846	-
Accumulated depreciation	257,207	7,841	1	300,140	9,255	1	Retained earnings						
Accumulated impairment	172,483	5,258	1	172,483	5,319	1	Legal reserve	347,193	10,585	1	291,211	8,980	1
<b>Net properties</b>	<b>3,482,622</b>	<b>106,178</b>	<b>10</b>	<b>3,182,139</b>	<b>98,123</b>	<b>9</b>	Special reserve	412,107	12,564	1	412,107	12,707	1
<b>OTHER ASSETS</b>							Unappropriated earnings	362,868	11,063	1	734,195	22,639	2
Leased assets, net (Notes 2, 10, 11 and 24)	2,040,511	62,211	6	1,937,069	59,731	6	Total retained earnings	1,122,168	34,212	3	1,437,513	44,326	4
Refundable deposits (Note 23)	24,277	740	-	24,701	762	-	Others						
Deferred charges, net (Notes 2 and 23)	33,650	1,026	-	39,192	1,208	-	Cumulative translation adjustments	84,366	2,572	-	(27,841)	(859)	-
Long-term accounts receivable - related parties (Note 23)	209,785	6,396	1	227,235	7,007	1	Unrealized gain (loss) on financial assets	(343,697)	(10,478)	(1)	27,737	856	-
Certificates of deposits - restricted (Note 24)	20,000	610	-	55,600	1,714	-	Unrealized revaluation increment	2,063,849	62,922	6	2,063,849	63,640	6
Miscellaneous (Notes 2 and 16)	10,897	332	-	2,209	68	-	Total others	1,804,518	55,016	5	2,063,745	63,637	6
<b>Total other assets</b>	<b>2,339,120</b>	<b>71,315</b>	<b>7</b>	<b>2,286,006</b>	<b>70,490</b>	<b>7</b>	<b>Total shareholders' equity</b>	<b>18,300,860</b>	<b>557,953</b>	<b>54</b>	<b>18,876,145</b>	<b>582,058</b>	<b>55</b>
<b>TOTAL</b>	<b>\$ 33,819,516</b>	<b>\$ 1,031,083</b>	<b>100</b>	<b>\$ 34,213,083</b>	<b>\$ 1,054,982</b>	<b>100</b>	<b>TOTAL</b>	<b>\$33,819,516</b>	<b>1,031,083</b>	<b>100</b>	<b>\$ 34,213,083</b>	<b>\$ 1,054,982</b>	<b>100</b>

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

(With Deloitte & Touche audit report dated March 17, 2009)

## BES ENGINEERING CORPORATION

### STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2008 AND 2007 (Dollars and Shares in Thousands, Except Earnings Per Share)

	2008			2007		
	New Taiwan Dollars	U.S. Dollars (Note 2)	%	New Taiwan Dollars	U.S. Dollars (Note 2)	%
<b>OPERATING REVENUES</b>						
Construction income (Note 2)	\$ 12,977,478	\$ 395,655	99	\$ 11,494,166	\$ 354,430	98
Other (Notes 2 and 23)	<u>169,938</u>	<u>5,181</u>	<u>1</u>	<u>178,220</u>	<u>5,496</u>	<u>2</u>
Total operating revenues	<u>13,147,416</u>	<u>400,836</u>	<u>100</u>	<u>11,672,386</u>	<u>359,926</u>	<u>100</u>
<b>OPERATING COSTS</b>						
Construction (Notes 2, 20 and 23)	13,019,809	396,945	99	11,643,561	359,037	100
Other (Note 23)	<u>61,245</u>	<u>1,868</u>	<u>-</u>	<u>13,376</u>	<u>413</u>	<u>-</u>
Total operating costs	<u>13,081,054</u>	<u>398,813</u>	<u>99</u>	<u>11,656,937</u>	<u>359,450</u>	<u>100</u>
GROSS INCOME	<u>66,362</u>	<u>2,023</u>	<u>1</u>	<u>15,449</u>	<u>476</u>	<u>-</u>
<b>OPERATING EXPENSES (Notes 20 and 23)</b>						
Marketing	30,837	940	-	24,913	768	-
Administrative	165,320	5,040	2	152,541	4,704	2
Research and development	<u>14,596</u>	<u>445</u>	<u>-</u>	<u>11,265</u>	<u>347</u>	<u>-</u>
Total operating expenses	<u>210,753</u>	<u>6,425</u>	<u>2</u>	<u>188,719</u>	<u>5,819</u>	<u>2</u>
OPERATING LOSS	<u>(144,391)</u>	<u>(4,402)</u>	<u>(1)</u>	<u>(173,270)</u>	<u>(5,343)</u>	<u>(2)</u>
<b>NONOPERATING INCOME AND GAINS</b>						
Interest (Note 23)	340,260	10,374	2	452,579	13,956	4
Investment income recognized under the equity method (Notes 2 and 7)	-	-	-	152,936	4,716	1
Gain on sales of properties	446	14	-	12,758	393	-
Gain on sale of investments, net	-	-	-	142,856	4,405	1
Compensation gain on a lawsuit	109,627	3,342	1	74,555	2,299	1
Rental (Notes 11, 20 and 23)	54,854	1,672	-	51,311	1,582	-
Other (Note 23)	<u>83,164</u>	<u>2,536</u>	<u>1</u>	<u>59,949</u>	<u>1,849</u>	<u>1</u>
Total nonoperating income and gains	<u>588,351</u>	<u>17,938</u>	<u>4</u>	<u>946,944</u>	<u>29,200</u>	<u>8</u>
<b>NONOPERATING EXPENSES AND LOSSES</b>						
Interest (Note 11)	60,197	1,835	-	74,342	2,293	1
Investment loss recognized under the equity method (Notes 2 and 7)	11,467	350	-	-	-	-
Loss on sale of investments, net	136,309	4,156	1	-	-	-
Impairment loss on financial assets (Notes 2 and 8)	12,443	379	-	36,043	1,111	-
Other	<u>97,312</u>	<u>2,967</u>	<u>1</u>	<u>53,994</u>	<u>1,665</u>	<u>-</u>
Total nonoperating expenses and losses	<u>317,728</u>	<u>9,687</u>	<u>2</u>	<u>164,379</u>	<u>5,069</u>	<u>1</u>
INCOME BEFORE INCOME TAX	126,232	3,849	1	609,295	18,788	5
INCOME TAX (Notes 2 and 19)	<u>88,414</u>	<u>2,696</u>	<u>1</u>	<u>49,477</u>	<u>1,526</u>	<u>-</u>
NET INCOME (Note 3)	<u>\$ 37,818</u>	<u>\$ 1,153</u>	<u>-</u>	<u>\$ 559,818</u>	<u>\$ 17,262</u>	<u>5</u>

(Continued)

**BES ENGINEERING CORPORATION**

**STATEMENTS OF INCOME**  
**YEARS ENDED DECEMBER 31, 2008 AND 2007**  
**(Dollars and Shares in Thousands, Except Earnings Per Share)**

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	2008		2007	
	NT\$ Before Income Tax	NT\$ After Income Tax	NT\$ Before Income Tax	NT\$ After Income Tax
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 0.08</u>	<u>\$ 0.02</u>	<u>\$ 0.40</u>	<u>\$ 0.37</u>
Diluted	<u>\$ 0.08</u>	<u>\$ 0.02</u>		

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

(With Deloitte & Touche audit report dated March 17, 2009)

(Concluded)

# BES ENGINEERING CORPORATION

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY YEARS ENDED DECEMBER 31, 2008 AND 2007

(New Taiwan Dollars and Shares in Thousands, Except Amounts Per Share)

	Capital Stock		Capital Surplus (Notes 2 and 18)				Retained Earnings (Note 18)				Others (Notes 2, 10 and 18)			Total Shareholders' Equity	
	Issued and Outstanding		Additional Paid-in Capital - Share Issuance in Excess of Par	Treasury Stock Transactions	From Long-term Equity Investments	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Cumulative and Foreign Currency Translation Adjustments	Unrealized Valuation Gain (Loss) on Financial Assets	Unrealized Revaluation Increment		Total
	Shares	Amount													
BALANCE, JANUARY 1, 2007	1,450,217	\$ 14,502,168	\$ 18,861	\$ 1,757	\$ 104,806	\$ 125,424	\$ 212,057	\$ 412,107	\$ 1,016,803	\$ 1,640,967	\$ (74,865)	\$ 442	\$ 2,066,859	\$ 1,992,436	\$ 18,260,995
Appropriation of the 2006 earnings															
Legal reserve	-	-	-	-	-	-	79,154	-	(79,154)	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	-	-	-	(15,265)	(15,265)	-	-	-	-	(15,265)
Bonus to employees paid in stock	2,289	22,898	-	-	-	-	-	-	(22,898)	(22,898)	-	-	-	-	-
Stock dividends - 5%	72,511	725,109	-	-	-	-	-	-	(725,109)	(725,109)	-	-	-	-	-
Net income in 2007	-	-	-	-	-	-	-	-	559,818	559,818	-	-	-	-	559,818
Adjustment to unrealized valuation loss on financial assets due to disposal of long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	3,952	-	3,952	3,952
Adjustment to unrealized revaluation increment due to disposal of properties	-	-	-	-	-	-	-	-	-	-	-	-	(3,010)	(3,010)	(3,010)
Capital surplus on long-term equity investments	-	-	-	-	(712)	(712)	-	-	-	-	-	-	-	-	(712)
Unrealized gain on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	42,024	-	42,024	42,024
Unrealized valuation loss on financial assets	-	-	-	-	-	-	-	-	-	-	-	(18,681)	-	(18,681)	(18,681)
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	-	-	46,608	-	-	46,608	46,608
Foreign-currency translation adjustments	-	-	-	-	-	-	-	-	-	-	416	-	-	416	416
BALANCE, DECEMBER 31, 2007	1,525,017	15,250,175	18,861	1,757	104,094	124,712	291,211	412,107	734,195	1,437,513	(27,841)	27,737	2,063,849	2,063,745	18,876,145
Appropriation of the 2007 earnings															
Legal reserve	-	-	-	-	-	-	55,982	-	(55,982)	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	-	-	-	(7,064)	(7,064)	-	-	-	-	(7,064)
Bonus to employees paid in cash	-	-	-	-	-	-	-	-	(10,595)	(10,595)	-	-	-	-	(10,595)
Cash dividends - NT\$0.22 per share	-	-	-	-	-	-	-	-	(335,504)	(335,504)	-	-	-	-	(335,504)
Net income in 2008	-	-	-	-	-	-	-	-	37,818	37,818	-	-	-	-	37,818
Capital surplus on long-term equity investments	-	-	-	-	(713)	(713)	-	-	-	-	-	-	-	-	(713)
Unrealized loss on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	(138,814)	-	(138,814)	(138,814)
Unrealized valuation loss on financial assets	-	-	-	-	-	-	-	-	-	-	-	(232,620)	-	(232,620)	(232,620)
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	-	-	112,308	-	-	112,308	112,308
Foreign-currency translation adjustments	-	-	-	-	-	-	-	-	-	-	(101)	-	-	(101)	(101)
BALANCE, DECEMBER 31, 2008	1,525,017	15,250,175	18,861	1,757	103,381	123,999	347,193	412,107	362,868	1,122,168	84,366	(343,697)	2,063,849	1,804,518	18,300,860

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

(With Deloitte & Touche audit report dated March 17, 2009)

# BES ENGINEERING CORPORATION

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2008 AND 2007

(U.S. Dollars and Shares in Thousands, Except Amounts Per Share)

	Capital Stock		Capital Surplus (Notes 2 and 18)				Retained Earnings (Note 18)				Others (Notes 2, 10 and 18)			Total Shareholders' Equity	
	Issued and Outstanding		Additional Paid-in Capital - Share Issuance in Excess of Par	Treasury Stock Transactions	From Long-term Equity Investments	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Cumulative and Foreign Currency Translation Adjustments	Unrealized Valuation Gain (Loss) on Financial Assets	Unrealized Revaluation Increment		Total
	Shares	Amount													
BALANCE, JANUARY 1, 2007 (based on the prevailing exchange rate of US\$1.00=NT\$32.595)	1,450,217	\$ 444,920	\$ 579	\$ 54	\$ 3,215	\$ 3,848	\$ 6,506	\$ 12,643	\$ 31,195	\$ 50,344	\$ (2,297 )	\$ 14	\$ 63,410	\$ 61,127	\$ 560,239
Translation adjustment (based on the exchange rate of US\$1.00=NT\$32.43 as of December 31, 2007)	-	2,264	3	-	17	20	33	64	159	256	(12 )	-	323	311	2,851
BALANCE, JANUARY 1, 2007, AS ADJUSTED	1,450,217	447,184	582	54	3,232	3,868	6,539	12,707	31,354	50,600	(2,309 )	14	63,733	61,438	563,090
Appropriation of the 2006 earnings															
Legal reserve	-	-	-	-	-	-	2,441	-	(2,441 )	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	-	-	-	(471 )	(471 )	-	-	-	-	(471 )
Bonus to employees paid in stock	2,289	706	-	-	-	-	-	-	(706 )	(706 )	-	-	-	-	-
Stock dividends - 5%	72,511	22,359	-	-	-	-	-	-	(22,359 )	(22,359 )	-	-	-	-	-
Net income in 2007	-	-	-	-	-	-	-	-	17,262	17,262	-	-	-	-	17,262
Adjustment to unrealized valuation loss on financial assets due to disposal of long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	122	-	122	122
Adjustment to unrealized revaluation increment due to disposal of properties	-	-	-	-	-	-	-	-	-	-	-	-	(93 )	(93 )	(93 )
Capital surplus on long-term equity investments	-	-	-	-	(22 )	(22 )	-	-	-	-	-	-	-	-	(22 )
Unrealized gain on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	1,296	-	1,296	1,296
Unrealized valuation loss on financial assets	-	-	-	-	-	-	-	-	-	-	-	(576 )	-	(576 )	(576 )
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	-	-	1,437	-	-	1,437	1,437
Foreign-currency translation adjustments	-	-	-	-	-	-	-	-	-	-	13	-	-	13	13
BALANCE, DECEMBER 31, 2007 (based on the prevailing exchange rate of US\$1.00=NT\$32.43)	1,525,017	470,249	582	54	3,210	3,846	8,980	12,707	22,639	44,326	(859 )	856	63,640	63,637	582,058
Translation adjustment (based on the exchange rate of US\$1.00=NT\$32.80 as of December 31, 2008)	-	(5,305 )	(7 )	-	(36 )	(43 )	(102 )	(143 )	(255 )	(500 )	10	(10 )	(718 )	(718 )	(6,566 )
BALANCE, DECEMBER 31, 2007, AS ADJUSTED	1,525,017	464,944	575	54	3,174	3,803	8,878	12,564	22,384	43,826	(849 )	846	62,922	62,919	575,492
Appropriation of the 2007 earnings															
Legal reserve	-	-	-	-	-	-	1,707	-	(1,707 )	-	-	-	-	-	-
Remuneration to directors and supervisors	-	-	-	-	-	-	-	-	(215 )	(215 )	-	-	-	-	(215 )
Bonus to employees paid in cash	-	-	-	-	-	-	-	-	(323 )	(323 )	-	-	-	-	(323 )
Cash dividends - US\$0.0067 per share	-	-	-	-	-	-	-	-	(10,229 )	(10,229 )	-	-	-	-	(10,229 )
Net income in 2008	-	-	-	-	-	-	-	-	1,153	1,153	-	-	-	-	1,153
Capital surplus on long-term equity investments	-	-	-	-	(22 )	(22 )	-	-	-	-	-	-	-	-	(22 )
Unrealized loss on long-term equity investments	-	-	-	-	-	-	-	-	-	-	-	(4,232 )	-	(4,232 )	(4,232 )
Unrealized valuation loss on financial assets	-	-	-	-	-	-	-	-	-	-	-	(7,092 )	-	(7,092 )	(7,092 )
Translation adjustments on long-term equity investments	-	-	-	-	-	-	-	-	-	-	3,424	-	-	3,424	3,424
Foreign-currency translation adjustments	-	-	-	-	-	-	-	-	-	-	(3 )	-	-	(3 )	(3 )
BALANCE, DECEMBER 31, 2008	<u>1,525,017</u>	<u>\$ 464,944</u>	<u>\$ 575</u>	<u>\$ 54</u>	<u>\$ 3,152</u>	<u>\$ 3,781</u>	<u>\$ 10,585</u>	<u>\$ 12,564</u>	<u>\$ 11,063</u>	<u>\$ 34,212</u>	<u>\$ 2,572</u>	<u>\$ (10,478 )</u>	<u>\$ 62,922</u>	<u>\$ 55,016</u>	<u>\$ 557,953</u>

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

(With Deloitte & Touche audit report dated March 17, 2009)

# BES ENGINEERING CORPORATION

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007 (Dollars in Thousands)

	2008		2007	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income	\$ 37,818	\$ 1,153	\$ 559,818	\$ 17,262
Adjustments to reconcile net income to net cash provided by operating activities:				
Reversal of allowance for doubtful accounts	(1,293)	(39)	-	-
Depreciation and amortization	48,264	1,471	49,017	1,511
Loss (gain) on sales of investments, net	136,309	4,156	(142,856)	(4,405)
Loss (gain) on sales of properties, net	403	12	(12,616)	(389)
Cash dividends from equity-method investees	18,021	549	28,794	888
Equity in net loss (gain) of investees, net	11,467	350	(152,936)	(4,716)
Impairment loss on financial assets	12,443	379	36,043	1,111
Recognition (reversal) of pension costs	(8,688)	(265)	2,815	87
Deferred income taxes	36,543	1,114	21,897	675
Net changes in operating assets and liabilities				
Accounts receivable	(251,367)	(7,664)	559,556	17,254
Accounts receivable on the development of industrial districts	2,271,949	69,267	2,061,089	63,555
Inventories	418	13	11,219	346
Building and land held for sale	37,682	1,149	3,042	94
Construction in progress in excess of progressive billings	401,819	12,251	(222,722)	(6,868)
Prepaid expenses	(428,835)	(13,074)	(35,686)	(1,100)
Restricted assets	142,751	4,352	129,549	3,995
Refundable deposits on construction contracts	(427,836)	(13,044)	43,246	1,334
Other current assets	(23,917)	(729)	(66,390)	(2,047)
Notes payable	(61,660)	(1,880)	(33,757)	(1,041)
Accounts payable	(190,648)	(5,812)	(403,056)	(12,429)
Accounts payable - related parties	(71,636)	(2,184)	(115,380)	(3,558)
Accrued expenses	(23,924)	(729)	10,808	333
Accounts payable for development of industrial districts	1,522,491	46,417	(245,881)	(7,582)
Progressive billings in excess of construction in progress	278,986	8,506	51,339	1,583
Construction warranty	(957)	(29)	8,908	275
Guarantee deposits on construction contracts	(12,754)	(389)	11,963	369
Other current liabilities	(53,712)	(1,638)	(106,150)	(3,273)
Net cash provided by operating activities	<u>3,400,137</u>	<u>103,663</u>	<u>2,051,673</u>	<u>63,264</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Increase in available-for-sale financial assets	(749,403)	(22,848)	(308,846)	(9,523)
Proceeds of the sale of available-for-sale financial assets	283,092	8,631	196,434	6,057
Decrease in investments in bonds with no active market	13,320	406	-	-
Acquisition of long-term equity investments	(173,600)	(5,292)	(194,732)	(6,005)
Acquisition of financial assets carried at cost - noncurrent	(317,000)	(9,664)	-	-
Proceeds of the sale of long-term investments	-	-	296,875	9,154
Proceeds of the reduction of investees' capital	8,993	274	119,541	3,686
Proceeds of the liquidation of long-term equity investments	855	26	715	22
Additions to property	(440,759)	(13,438)	(10,344)	(319)
Proceeds of the sale of property	13,558	413	93,126	2,872
Increase in deferred charges	(19,849)	(605)	(16,904)	(521)
Decrease in refundable deposits	424	13	7,027	217
Decrease in long-term accounts receivable - related parties	17,450	532	14,577	449
Decrease (increase) in restricted deposits	<u>35,600</u>	<u>1,085</u>	<u>(27,600)</u>	<u>(851)</u>
Net cash provided by (used in) investing activities	<u>(1,327,319)</u>	<u>(40,467)</u>	<u>169,869</u>	<u>5,238</u>

(Continued)

# BES ENGINEERING CORPORATION

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007 (Dollars in Thousands)

	2008		2007	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Decrease in short-term debts	\$ (1,056,876)	\$ (32,222)	\$ (1,349,365)	\$ (41,608)
Increase (decrease) in notes and bills payable	(196,603)	(5,994)	115,992	3,577
Increase (decrease) in long-term debts	36,693	1,119	(291,741)	(8,996)
Decrease in guarantee deposits received	(1,406)	(43)	(3,198)	(99)
Cash dividends	(335,504)	(10,229)	-	-
Payment of directors' remuneration and employees' bonuses	(17,659)	(538)	(15,265)	(471)
Net cash used in financing activities	<u>(1,571,355)</u>	<u>(47,907)</u>	<u>(1,543,577)</u>	<u>(47,597)</u>
EFFECTS OF EXCHANGE RATE CHANGES	<u>(101)</u>	<u>(3)</u>	<u>416</u>	<u>13</u>
NET INCREASE IN CASH	501,362	15,286	678,381	20,918
CASH, BEGINNING OF YEAR	<u>2,141,715</u>	<u>65,296</u>	<u>1,463,334</u>	<u>45,123</u>
CASH, END OF YEAR	<u>\$ 2,643,077</u>	<u>\$ 80,582</u>	<u>\$ 2,141,715</u>	<u>\$ 66,041</u>
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>				
Interest paid (excluding amounts capitalized)	<u>\$ 69,734</u>	<u>\$ 2,126</u>	<u>\$ 75,247</u>	<u>\$ 2,320</u>
Income tax paid	<u>\$ 45,120</u>	<u>\$ 1,376</u>	<u>\$ 78,668</u>	<u>\$ 2,426</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>				
Current portion of long-term debts	<u>\$ 1,156,415</u>	<u>\$ 35,257</u>	<u>\$ 895,041</u>	<u>\$ 27,599</u>
Properties transferred to leased assets	<u>\$ 153,703</u>	<u>\$ 4,686</u>	<u>\$ -</u>	<u>\$ -</u>
Leased assets transferred to properties	<u>\$ 37,596</u>	<u>\$ 1,146</u>	<u>\$ -</u>	<u>\$ -</u>

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

(With Deloitte & Touche audit report dated March 17, 2009)

(Concluded)

# BES ENGINEERING CORPORATION

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of Dollars, Unless Stated Otherwise)

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### 1. ORGANIZATION AND OPERATIONS

BES Engineering Corporation (the "Corporation"), a state-owned enterprise until June 22, 1994, engages mainly in civil engineering, building construction, and developing industrial districts for the government. Its stock has been traded on the Taiwan Stock Exchange since March 2, 1993.

The Corporation had 590 and 691 employees as of December 31, 2008 and 2007, respectively.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law, Guidelines Governing Business Accounting, and accounting principles generally accepted in the Republic of China ("ROC"). Under these guidelines, law and principles, certain estimates and assumptions have been used for the allowance for doubtful accounts, impairment loss on financial assets, accumulated impairment, depreciation of properties and leased asset, amortization of deferred expenses, pension cost, losses on unsolved litigation, losses on long-term construction contracts, provision for construction warranty, bonuses to employees, directors and supervisors, and income tax, etc. Actual results could differ from these estimates.

For readers' convenience, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the financial statements shall prevail.

Significant accounting policies are summarized as follows:

#### **Current and Noncurrent Assets and Liabilities**

Current assets include cash and those assets held primarily for trading purposes or to be realized, sold or consumed within one year from the balance sheet date. All other assets such as properties are classified as noncurrent. Current liabilities are obligations incurred for trading purposes or to be settled within one year from the balance sheet date. All other liabilities are classified as noncurrent.

The terms of the Corporation's construction contracts and the development of industrial districts vary but are typically over one year. Thus, the contract-related assets and liabilities are classified as current or noncurrent depending on the terms of the contracts.

#### **Available-for-sale Financial Assets**

Available-for-sale financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are remeasured at fair value, with changes in fair value recognized in equity until the financial assets are disposed of, at which time, the cumulative gain or loss previously recognized in equity is included in profit or loss for the year. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Fair values of financial assets at the balance sheet date are determined as follows: Publicly traded stocks - at closing prices, and open-end mutual funds - at net asset values.

Cash dividends are recognized on the ex-dividend date, except for dividends distributed from the pre-acquisition profit, which are treated as a reduction of investment cost. Stock dividends are not recognized as investment income but are recorded as an increase in the number of shares. The total number of shares subsequent to the increase is used for recalculation of cost per share.

An impairment loss is recognized when there is objective evidence that the financial asset is impaired. Any subsequent decrease in impairment loss for an equity instrument classified as available-for-sale is recognized directly in equity.

#### **Allowance for Doubtful Accounts**

An allowance for doubtful accounts is provided on the basis of a review of the collectibility and aging of receivables as well as the evaluation of construction progress and economic circumstances.

#### **Inventories**

Inventories, including raw materials, supplies and fuel, are stated at the lower of weighted-average cost or market value (replacement cost).

#### **Buildings and Land Held for Sale**

Buildings and land held for sale are stated at the lower of cost or market value (net realizable value).

#### **Long-term Construction Contracts**

Revenues and costs of long-term construction contracts are recognized by the percentage-of-completion method. Under this method, the stage of completion of each contract is measured at the ratio of cumulative construction revenue to total estimated contract price.

Construction revenues and costs for the current year are the cumulative construction revenue and costs, determined using the percentage-of-completion method, in excess of the cumulative construction revenue and costs recognized in prior years. Estimated loss on a construction contract is recognized currently; any subsequent adjustment of this loss is recognized as either income or loss in the year of adjustment.

Long-term construction in progress is carried at cost plus estimated construction profit or less estimated losses. Installment payments or collections received from construction projects are credited to advances from construction. Upon completion of each project, these advances are offset against construction in progress.

At year-end, the balances of construction in progress and progressive billings are netted out, and the result is classified as current asset or current liability.

#### **Development of Industrial Districts**

The Ministry of Economic Affairs (MOEA) has engaged the Corporation to develop and market industrial districts. While the project is ongoing, the cumulative development costs are reported in the financial statements as receivables and the sales proceeds are shown as payables. Upon the completion and sale of each development project and the repayment of project-related debts, the receivable and payable accounts are offset against each other and then closed, and the resulting credit balance is remitted to the MOEA. Service income from each development project is recognized on the basis of contracts and the regulations governing development of industrial districts.

### **Financial Assets Carried at Cost**

Investments in equity instruments with no quoted prices in an active market and with fair values that cannot be reliably measured, such as non-publicly traded stocks and stocks traded in the Emerging Stock Market, are measured at their original cost. The accounting treatment for dividends on financial assets carried at cost is similar to that for dividends on available-for-sale financial assets. An impairment loss is recognized when there is objective evidence that the asset is impaired. A reversal of this impairment loss is disallowed.

### **Investments in Bonds with No Active Market**

Bond investments with fixed or determinable payments and with no quoted prices in an active market are carried at amortized cost using the effective interest method. Investments in bonds with no active market are initially measured at fair value plus transaction costs that are directly attributable to the acquisition. Profit or loss is recognized when the financial assets are derecognized, impaired, or amortized. All regular way purchases or sales of financial assets are accounted for using a trade date basis. However, there is no restriction on the timing of the disposal of these bonds.

An impairment loss is recognized when there is objective evidence that the investment is impaired. The impairment loss is reversed if an increase in the investment's recoverable amount is due to an event which occurred after the impairment loss was recognized; however, the adjusted carrying amount of the investment may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the investment in prior years.

### **Investments Accounted for by the Equity Method**

Investments in which the Corporation holds 20 percent or more of the investees' voting shares or exercises significant influence over the investees' operating and financial policy decisions are accounted for by the equity method.

Prior to January 1, 2006, the difference between the acquisition cost and the Corporation's proportionate share in the investee's equity was amortized by the straight-line method over five years. Effective January 1, 2006, pursuant to the revised Statement of Financial Accounting Standard ("SFAS") No. 5, "Long-term Investments Accounted for by Equity Method", the acquisition cost is analyzed, and the acquisition cost in excess of the Corporation's share of the fair value of the identifiable net assets acquired is recognized as goodwill. Such goodwill is not amortized but instead is tested for impairment annually or whenever there are indications that the investments are impaired. The excess of the Corporation's share of the fair value of the net identifiable assets acquired over the cost of acquisition is used to reduce the fair value of each of the noncurrent assets acquired (except for financial assets other than investments accounted for by the equity method, noncurrent assets held for sale, deferred income tax assets, prepaid pension or other postretirement benefit) in proportion to the respective fair values of the noncurrent assets, with any excess recognized as an extraordinary gain. Effective January 1, 2006, the accounting treatment for the unamortized investment premium arising on acquisitions before January 1, 2006 is the same as that for goodwill and the premium is no longer being amortized. For any investment discount arising on acquisitions before January 1, 2006, the unamortized amount continues to be amortized over the remaining year.

When the Corporation subscribes for its investee's newly issued shares at a percentage different from its percentage of ownership in the investee, the Corporation records the change in its equity in the investee's net assets as an adjustment to investments, with a corresponding amount credited or charged to capital surplus. When the adjustment should be debited to capital surplus, but the capital surplus arising from long-term investments is insufficient, the shortage is debited to retained earnings.

Stock dividends are not recognized as investment income but are recorded as an increase in the number of shares. The total number of shares subsequent to the increase is used for recalculation of cost per share. Cash dividends received are deducted from the investments.

Unrealized profits from downstream transactions with an equity-method investee that is not majority-owned are eliminated in proportion to the Corporation's percentage of ownership in the investee but are entirely eliminated if the transactions are with subsidiaries. Unrealized profits from upstream transactions with all equity-method investees are eliminated in proportion to the Corporation's percentage of ownership in the investee. Unrealized profits from transactions between investees are accounted for in proportion to the Corporation's percentage of ownership in the investee. Unrealized profits are deferred and amortized to income over future periods depending on the nature of transactions. All of the deferred profits are realized when the products are sold to third parties.

Costs of investments sold are determined using the weighted-average method.

### **Properties and Leased Assets**

Properties and leased assets are stated at cost, or cost plus revaluation increment, less accumulated depreciation and accumulated impairment losses. Major additions and improvements to properties and leased assets are capitalized, while costs of repairs and maintenance are expensed currently.

Depreciation is provided on a fixed-percentage-on-declining-balance-method over estimated useful lives as follows: land improvements, 8 to 40 years; buildings, 4 to 60 years; machinery and equipment, 2 to 13 years; transportation equipment, 3 to 13 years; and miscellaneous equipment, 3 to 20 years. Depreciation of revaluated assets is provided over their remaining estimated useful lives determined at the time of revaluation. Properties and leased assets still in use beyond their original estimated useful lives are further depreciated over their newly estimated useful lives.

The related cost (including revaluation increment), accumulated depreciation, accumulated impairment losses and any unrealized revaluation increment of an item of properties and leased assets are derecognized from the balance sheet upon its disposal. Any gain or loss on disposal of the asset is included in nonoperating gains or losses in the year of disposal.

### **Deferred Charges**

Deferred charges, consisting mainly of costs of engineering and construction facilities, are amortized over the duration of each project.

### **Impairment of Assets**

If the recoverable amount of an asset (mainly properties, leased assets, deferred charges, and investments accounted for by the equity method) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is charged to earnings unless the asset is carried at a revalued amount, in which case the impairment loss is treated as a deduction to the unrealized revaluation increment.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased accordingly, but the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in earnings, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as an increase in the unrealized revaluation increment.

## **Pension Cost**

Pension cost under a defined benefit plan is determined by actuarial valuations. Contributions made under a defined contribution plan are recognized as pension cost during the year in which employees render services.

Curtailment or settlement gains or losses of the defined benefit plan are recognized as part of the net pension cost for the year.

## **Income Tax**

The Corporation applies inter-year allocations for its income tax, whereby deferred income tax assets and liabilities are recognized for the tax effects of temporary differences, unused loss carryforward and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

Tax credits for purchases of machinery, equipment and technology, and personnel training expenditures are recognized using the flow-through method.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

## **Foreign Currencies Transactions and Translation of Foreign-currency Financial Statements**

The financial statements of foreign branches are translated into New Taiwan dollars at the following exchange rates:

- a. Assets and liabilities - at exchange rates prevailing on the balance sheet date;
- b. Shareholders' equity - at historical exchange rates;
- c. Dividends - at the exchange rate prevailing on the dividend declaration date; and
- d. Income and expenses - at average exchange rates for the year.

Exchange differences arising from the translation of the financial statements of foreign branches are recognized as a separate component of shareholders' equity. Such exchange differences are recognized in profit or loss in the year in which the foreign branches are closed.

Non-derivative foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange differences arising from settlement of foreign-currency assets and liabilities are recognized in profit or loss.

At the balance sheet date, foreign-currency monetary assets and liabilities are revalued using prevailing exchange rates and the exchange differences are recognized in profit or loss.

At the balance sheet date, foreign-currency nonmonetary assets (such as equity instruments) and liabilities that are carried at cost continue to be stated at exchange rates at trade dates.

If the functional currency of an equity-method investee is a foreign currency, translation adjustments will result from the translation of the investee's financial statements into the reporting currency of the Corporation. Such adjustments are accumulated and reported as a separate component of shareholders' equity.

### Translation into U.S. Dollars

The financial statements are stated in New Taiwan dollars. The translations of the 2008 and 2007 New Taiwan dollar amounts are included solely for the convenience of readers, using the exchange rates as of December 31, 2008 and 2007 of NT\$32.80=US\$1.00 and NT\$32.43=US\$1.00, respectively, as published by the Bank of Taiwan. The convenience translations should not be construed as representations that the New Taiwan dollar amounts have been, could have been, or could be, converted into U.S. dollars at these or any other exchange rates.

### 3. EFFECTS OF CHANGE IN ACCOUNTING PRINCIPLES

In March 2007, the Accounting Research and Development Foundation issued Interpretation 2007-052, which requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. This accounting change resulted in a decrease of NT\$7,224 thousand (US\$220 thousand) in net income but had no effects on the after income tax basic earnings per share of 2008.

### 4. CASH

	December 31			
	2008		2007	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Cash on hand	\$ 30	\$ 1	\$ 32	\$ 1
Petty cash	6,581	201	10,010	309
Checking accounts and demand deposits	2,335,128	71,193	2,055,235	63,374
Time deposits	<u>301,338</u>	<u>9,187</u>	<u>76,438</u>	<u>2,357</u>
	<u>\$ 2,643,077</u>	<u>\$ 80,582</u>	<u>\$ 2,141,715</u>	<u>\$ 66,041</u>

The Corporation's overseas' deposits as of December 31, 2008 and 2007 were as follows:

	December 31			
	2008		2007	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Malaysia - Sabah (MYR126 thousand in 2008 and MYR27 thousand in 2007)	\$ 1,191	\$ 36	\$ 265	\$ 8
America - California (US\$3 thousand)	<u>-</u>	<u>-</u>	<u>86</u>	<u>3</u>
	<u>\$ 1,191</u>	<u>\$ 36</u>	<u>\$ 351</u>	<u>\$ 11</u>

## 5. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	December 31			
	2008		2007	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Domestic quoted stocks	\$ 258,941	\$ 7,894	\$ 142,162	\$ 4,383
Mutual funds	<u>2,923</u>	<u>89</u>	<u>22,465</u>	<u>693</u>
	<u>\$ 261,864</u>	<u>\$ 7,983</u>	<u>\$ 164,627</u>	<u>\$ 5,076</u>

## 6. ACCOUNTS RECEIVABLE ON THE DEVELOPMENT OF INDUSTRIAL DISTRICTS

The Ministry of Economic Affairs (MOEA) engaged the Corporation to develop and market industrial districts. Following were the accounts receivable on the development of industrial districts, which included the development cost and capital interest.

	December 31			
	2008		2007	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Chung Hua Coastal Industrial Park	\$ 7,458,749	\$ 227,401	\$ 7,625,292	\$ 235,131
Yunlin Technology Industrial Park	1,452,597	44,286	1,460,003	45,020
Litser Industrial District	-	-	2,099,953	64,753
Other Industrial District	<u>2,456,756</u>	<u>74,901</u>	<u>2,454,803</u>	<u>75,696</u>
	<u>\$ 11,368,102</u>	<u>\$ 346,588</u>	<u>\$ 13,640,051</u>	<u>\$ 420,600</u>

The increases in development costs (including capital interest) were NT\$1,458,263 thousand (US\$44,459 thousand) in 2008 and NT\$1,960,753 thousand (US\$60,461 thousand) in 2007. Amounts collected were NT\$3,730,212 thousand (US\$113,726 thousand) in 2008 and NT\$4,021,842 thousand (US\$124,016 thousand) in 2007.

## 7. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

	December 31					
	2008			2007		
	New Taiwan Dollars	U.S. Dollars (Note 2)	% of Ownership	New Taiwan Dollars	U.S. Dollars (Note 2)	% of Ownership
<u>Unlisted common stocks</u>						
Core Pacific World	\$ 1,090,846	\$ 33,257	99.78	\$ 1,146,820	\$ 35,363	99.78
BES Machinery	722,211	22,019	96.58	784,668	24,196	96.58
BES Investment	590,232	17,995	100.00	631,665	19,478	100.00
BES Logistics International	459,810	14,019	100.00	210,722	6,498	100.00
Corporacion De Inversion Y Desarrollo, BES, S.A. (Costa Rica) (BES, S.A.)	109,126	3,327	100.00	49,668	1,531	100.00
Coreasia Human Resource Management	73,766	2,249	100.00	70,705	2,180	100.00
Chung Kung Safeguarding & Security	43,952	1,340	64.67	44,094	1,360	64.67
Cinemark-Core Pacific	33,978	1,036	15.38	32,349	997	15.38
BES Construction (BES, U.S.A.)	32,192	981	91.78	36,549	1,127	91.78
BES Global Investment	26,224	799	100.00	34,945	1,078	100.00
Huatung Power	18,225	556	30.00	30,272	933	30.00
Core Pacific Consulting	6,350	194	55.00	11,203	345	55.00
BA & BES Contracting (L.L.C.)	5,935	181	40.00	12,289	379	40.00
BES Construction & Development	-	-	-	715	22	100.00
	<u>\$ 3,212,847</u>	<u>\$ 97,953</u>		<u>\$ 3,096,664</u>	<u>\$ 95,487</u>	

The Corporation's equity in Cinemark-Core Pacific was less than 20%, but the total equity in Cinemark-Core Pacific of the Corporation and its subsidiaries exceeded 50%. Thus, the investment in Cinemark-Core Pacific was accounted for by the equity method.

The financial statements used as basis for calculating the carrying amounts of the equity-method investments and the equity in their net income or net loss had all been audited, except those of Core Pacific Consulting for 2008 and BES Construction & Development for 2008 and 2007. Management believes that had these investees' financial statements been audited, there would have been no material effect on the Corporation's financial statements.

Consolidated financial statements should include the accounts of the Corporation and all its subsidiaries and other investees over which the Corporation has controlling interests. The consolidated financial statements as of and for the years ended December 31, 2008 and 2007 included the accounts of all direct and indirect subsidiaries.

## 8. FINANCIAL ASSETS CARRIED AT COST - NONCURRENT

	December 31					
	2008			2007		
	Carrying Amount			Carrying Amount		
New Taiwan Dollars	U.S. Dollars (Note 2)	% of Ownership	New Taiwan Dollars	U.S. Dollars (Note 2)	% of Ownership	
<u>Listed private common stock</u>						
Taiwan Tea	\$ 317,000	\$ 9,665	4.38	\$ -	\$ -	-
<u>Unlisted common stocks</u>						
Core Pacific City	484,492	14,771	10.67	484,492	14,940	10.67
Century Development	50,000	1,525	3.03	50,000	1,542	3.03
Core Pacific Venture Capital	23,202	707	18.31	32,195	993	18.31
Chien-Kung Venture Capital	15,224	464	12.66	15,224	470	12.66
Overseas Investment & Development	12,444	379	2.89	24,887	767	2.89
iGlobe Partner Fund L.P.	\$ 7,210	\$ 220	0.69	\$ 7,210	\$ 222	0.69
CCI Electronic	2	-	6.60	2	-	6.60
Agora Garden	1	-	0.02	1	-	0.02
Neurologic	-	-	2.25	-	-	2.25
Tun-Te International	-	-	-	-	-	5.00
	<u>592,575</u>	<u>18,066</u>		<u>614,011</u>	<u>18,934</u>	
<u>Unlisted preferred stock</u>						
NanoAmp Solutions	<u>7,986</u>	<u>243</u>	1.08	<u>7,986</u>	<u>246</u>	1.08
	<u>\$ 917,561</u>	<u>\$ 27,974</u>		<u>\$ 621,997</u>	<u>\$ 19,180</u>	

The above equity investments, which had no quoted prices in an active market and of which fair values could not be reliably measured, were carried at cost. Management assessed impairment losses of NT\$12,443 thousand (US\$379 thousand) in 2008 and NT\$36,043 thousand (US\$1,111 thousand) in 2007 on the Corporation's partial investments since their estimated recoverable amounts were less than their carrying amounts.

## 9. INVESTMENTS IN BONDS WITH NO ACTIVE MARKET - NONCURRENT

	<b>December 31</b>			
	<b>2008</b>		<b>2007</b>	
	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>
Bond - Chinfon Bank	\$ 53,280	\$ 1,624	\$ 66,600	\$ 2,054
Less: Current portion	<u>13,320</u>	<u>406</u>	<u>13,320</u>	<u>411</u>
	<u>\$ 39,960</u>	<u>\$ 1,218</u>	<u>\$ 53,280</u>	<u>\$ 1,643</u>

On June 3, 2005, the Corporation bought a seven-year corporate bond at par value for NT\$66,600 thousand (US\$2,027 thousand) with an effective interest rate of 2.975% in 2008 and 3.845% in 2007. This bond will mature on June 28, 2012.

Under the bond issuance contract, the Corporation should redeem 20% of the bond principal each year from 2008 to 2012. Otherwise, based on the loan agreement between the Corporation and Chinfon Bank, the redeemed amount could only be used to settle the loan from the bank. As of December 31, 2008, the Corporation had simultaneously redeemed bonds amounting to NT\$13,320 thousand (US\$406 thousand) and settled its bank loan.

## 10. PROPERTIES

	<b>December 31</b>			
	<b>2008</b>		<b>2007</b>	
	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>
Cost	\$ 1,557,660	\$ 47,489	\$ 1,300,110	\$ 40,090
Revaluation increment				
Land	2,351,584	71,694	2,351,584	72,513
Land improvements	755	23	755	23
Buildings	551	17	551	17
Machinery and equipment	<u>1,762</u>	<u>54</u>	<u>1,762</u>	<u>54</u>
	<u>2,354,652</u>	<u>71,788</u>	<u>2,354,652</u>	<u>72,607</u>
Total cost and revaluation increment	<u>3,912,312</u>	<u>119,277</u>	<u>3,654,762</u>	<u>112,697</u>
Less: Accumulated depreciation				
Land improvements	18,998	579	18,942	584
Buildings	83,381	2,542	65,559	2,022
Machinery and equipment	126,064	3,843	183,939	5,672
Transportation equipment	20,643	629	23,819	734
Miscellaneous equipment	<u>8,121</u>	<u>248</u>	<u>7,881</u>	<u>243</u>
	<u>257,207</u>	<u>7,841</u>	<u>300,140</u>	<u>9,255</u>
Less: Accumulated impairment losses	<u>172,483</u>	<u>5,258</u>	<u>172,483</u>	<u>5,319</u>
Net properties	<u>\$ 3,482,622</u>	<u>\$ 106,178</u>	<u>\$ 3,182,139</u>	<u>\$ 98,123</u>

The Corporation revalued its land in 1971, 1992 and 1994 and other properties (consisting of buildings, machinery and transportation equipment) in 1982 in accordance with government regulations. The resulting appreciation or increment, net of reserve for land value increment tax, was credited to capital surplus.

## 11. LEASED ASSETS, NET

	<b>December 31</b>			
	<b>2008</b>		<b>2007</b>	
	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>
Cost				
Land	\$ 514,558	\$ 15,688	\$ 414,291	\$ 12,775
Buildings	491,107	14,972	487,363	15,028
Machinery and equipment	<u>1,500</u>	<u>46</u>	<u>1,500</u>	<u>46</u>
	<u>1,007,165</u>	<u>30,706</u>	<u>903,154</u>	<u>27,849</u>
Revaluation increment				
Land	1,339,950	40,852	1,339,950	41,318
Buildings	<u>18,795</u>	<u>573</u>	<u>18,795</u>	<u>580</u>
	<u>1,358,745</u>	<u>41,425</u>	<u>1,358,745</u>	<u>41,898</u>
Total cost and revaluation increment	<u>2,365,910</u>	<u>72,131</u>	<u>2,261,899</u>	<u>69,747</u>
Less: Accumulated depreciation				
Buildings	220,057	6,709	219,488	6,768
Machinery and equipment	<u>1,350</u>	<u>41</u>	<u>1,350</u>	<u>42</u>
	<u>221,407</u>	<u>6,750</u>	<u>220,838</u>	<u>6,810</u>
Less: Accumulated impairment losses				
Land	\$ 71,258	\$ 2,172	\$ 71,258	\$ 2,197
Buildings	<u>32,734</u>	<u>998</u>	<u>32,734</u>	<u>1,009</u>
	<u>103,992</u>	<u>3,170</u>	<u>103,992</u>	<u>3,206</u>
	<u>\$ 2,040,511</u>	<u>\$ 62,211</u>	<u>\$ 1,937,069</u>	<u>\$ 59,731</u>

The rent receivables as of December 31, 2008 on the above leased assets under operating lease agreements were as follows:

<b>Payment Term</b>	<b>Rent Receivable</b>			
		<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>	
Monthly payments by check or telegraphic transfer	2009	\$ 70,298	\$ 2,143	
	2010	39,376	1,201	
	2011	6,587	201	
	2012	275	8	
	2013	<u>67</u>	<u>2</u>	
			<u>\$ 116,603</u>	<u>\$ 3,555</u>

For the leased assets mentioned above, the Corporation received guarantee deposits of NT\$11,108 thousand (US\$339 thousand) in 2008 and NT\$10,553 thousand (US\$325 thousand) in 2007. Based on these deposits, rent revenues of NT\$290 thousand (US\$9 thousand) in 2008 and 2007 were calculated at the prevailing annual interest rate for demand deposits; the same amounts were debited to interest expense.

## 12. SHORT-TERM DEBTS

	December 31			
	2008		2007	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Unsecured loans: Interest - 3.300-3.525% in 2008 and 4.585% in 2007	\$ 1,209,500	\$ 36,875	\$ 2,104,100	\$ 64,881
Secured loans: Interest - 3.425-3.525% in 2008 and 4.585%-4.635% in 2007	2,363,816	72,068	2,676,794	82,541
Bank overdraft: Interest - 3.300-3.495% in 2008 and 3.125%-4.635% in 2007	<u>166,937</u>	<u>5,089</u>	<u>16,235</u>	<u>501</u>
	<u>\$ 3,740,253</u>	<u>\$ 114,032</u>	<u>\$ 4,797,129</u>	<u>\$ 147,923</u>

## 13. SHORT-TERM BILLS PAYABLE

	December 31					
	2008			2007		
	Discount Rate (%)	New Taiwan Dollars	U.S. Dollars (Note 2)	Discount Rate (%)	New Taiwan Dollars	U.S. Dollars (Note 2)
Commercial paper payable						
International Bills Finance Co., Ltd.	3.855-4.075	\$ 412,900	\$ 12,588	4.185-4.435	\$ 510,300	\$ 15,736
Taiwan Cooperative Bank	3.992	250,000	7,622	4.000	250,000	7,709
Bank of Taiwan	4.462	200,000	6,098	4.397	200,000	6,167
MEGA Bills Finance Co., Ltd.	4.575	137,300	4,186	4.435	164,700	5,079
China Bills Finance Co., Ltd.	4.305	130,700	3,985	4.185	203,900	6,287
Hua Nan Commercial Bank Co., Ltd.	4.262	<u>90,000</u>	<u>2,744</u>	4.500	<u>90,000</u>	<u>2,775</u>
		1,220,900	37,223		1,418,900	43,753
Less: Unamortized discount on bills payable		<u>6,878</u>	<u>210</u>		<u>8,275</u>	<u>255</u>
		<u>\$ 1,214,022</u>	<u>\$ 37,013</u>		<u>\$ 1,410,625</u>	<u>\$ 43,498</u>

## 14. ACCOUNTS PAYABLE FOR THE DEVELOPMENT OF INDUSTRIAL DISTRICTS

	December 31			
	2008		2007	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Litser Industrial District	\$ 1,675,164	\$ 51,072	\$ -	\$ -
Kaohsiung Export Processing Zone	253,415	7,726	237,942	7,337
Tai-Chung Youth Industrial District	204,695	6,241	289,552	8,929
PingNan Industrial District	49,492	1,509	143,826	4,435
Other Industrial Districts	<u>245,683</u>	<u>7,490</u>	<u>234,638</u>	<u>7,235</u>
	<u>\$ 2,428,449</u>	<u>\$ 74,038</u>	<u>\$ 905,958</u>	<u>\$ 27,936</u>

## 15. LONG-TERM DEBTS

	<u>Due Within One Year</u>		<u>Due After One Year</u>		<u>Total</u>	
	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>
<u>December 31, 2008</u>						
Unsecured loans - repayable in installments from January 2009 or through a one-time payment on maturity, 3.425-3.525% interest	\$ 566,100	\$ 17,259	\$ -	\$ -	\$ 566,100	\$ 17,259
Secured loans - repayable in installments from December 2006 or through a one-time payment on maturity, 3.030-4.760% interest	<u>590,315</u>	<u>17,998</u>	<u>318,400</u>	<u>9,707</u>	<u>908,715</u>	<u>27,705</u>
	<u>\$ 1,156,415</u>	<u>\$ 35,257</u>	<u>\$ 318,400</u>	<u>\$ 9,707</u>	<u>\$ 1,474,815</u>	<u>\$ 44,964</u>
<u>December 31, 2007</u>						
Unsecured loans - repayable in installments from November 2008 or through a one-time payment on maturity, 4.585% interest	\$ 201,300	\$ 6,207	\$ -	\$ -	\$ 201,300	\$ 6,207
Secured loans - repayable in installments from May 2006 or through a one-time payment on maturity, 3.102%-5.037% interest	<u>693,741</u>	<u>21,392</u>	<u>543,081</u>	<u>16,746</u>	<u>1,236,822</u>	<u>38,138</u>
	<u>\$ 895,041</u>	<u>\$ 27,599</u>	<u>\$ 543,081</u>	<u>\$ 16,746</u>	<u>\$ 1,438,122</u>	<u>\$ 44,345</u>

## 16. PENSION PLAN

The pension plan under the Labor Pension Act (the "LPA") is a defined contribution plan. Based on the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Such pension costs were NT\$ 13,398 thousand (US\$408 thousand) and NT\$13,728 thousand (US\$423 thousand) for the years ended December 31, 2008 and 2007, respectively.

Based on the defined benefit plan under the Labor Standards Law, pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts equal to 6.1% of total monthly salaries and wages from January 2007 to March 2007; 7.5% from April 2007 to March 2008; and 7.8% from April 2008 to December 2008 to a pension fund administered by the Corporation's Pension Fund Monitoring Committee. The pension fund is deposited in the Bank of Taiwan (the Central Trust of China merged with the Bank of Taiwan in July 2007, with the Bank of Taiwan as the survivor entity) in the committee's name. The Corporation recognized pension costs of NT\$13,962 thousand (US\$426 thousand) and NT\$25,220 thousand (US\$778 thousand) for the years ended December 31, 2008 and 2007, respectively.

Other information on the defined benefit plan is as follows:

	<u>2008</u>		<u>2007</u>	
	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>
a. Components of net pension cost				
Service cost	\$ 14,809	\$ 452	\$ 22,878	\$ 705
Interest cost	9,492	289	9,358	289
Projected return on plan assets:				
Actual return on plan assets	(13,128)	(400)	(10,177)	(314)
Loss (gain) on plan assets	<u>2,589</u>	<u>79</u>	<u>(148)</u>	<u>(4)</u>
	(10,539)	(321)	(10,325)	(318)
Amortization	<u>200</u>	<u>6</u>	<u>3,309</u>	<u>102</u>
	<u>\$ 13,962</u>	<u>\$ 426</u>	<u>\$ 25,220</u>	<u>\$ 778</u>
b. Reconciliation of the funded status of the plan and prepaid pension cost as of December 31, 2008 and 2007 (including in other assets - miscellaneous)				
Benefit obligation				
Vested benefit obligation	\$ (193,115)	\$ (5,888)	\$ (201,038)	\$ (6,199)
Non-vested benefit obligation	<u>(118,911)</u>	<u>(3,625)</u>	<u>(101,140)</u>	<u>(3,119)</u>
Accumulated benefit obligation	(312,026)	(9,513)	(302,178)	(9,318)
Additional benefits based on future salaries	<u>(49,837)</u>	<u>(1,519)</u>	<u>(36,355)</u>	<u>(1,121)</u>
Projected benefit obligation	(361,863)	(11,032)	(338,533)	(10,439)
Fair value of plan assets	<u>361,838</u>	<u>11,031</u>	<u>353,717</u>	<u>10,907</u>
Funded status	(25)	(1)	15,184	468
Unrecognized net transitional obligation	(4,967)	(152)	(6,954)	(214)
Unrecognized prior service cost	(2,073)	(63)	27,639	852
Unrecognized actuarial net loss (gain)	<u>17,962</u>	<u>548</u>	<u>(33,660)</u>	<u>(1,038)</u>
Prepaid pension cost	<u>\$ 10,897</u>	<u>\$ 332</u>	<u>\$ 2,209</u>	<u>\$ 68</u>
Vested benefit	<u>\$ 224,242</u>	<u>\$ 6,837</u>	<u>\$ 215,701</u>	<u>\$ 6,651</u>
			<b>2008</b>	<b>2007</b>
c. Actuarial assumptions as of December 31, 2008 and 2007				
Discount rate used in determining present values of service and interest costs, benefit obligations, etc.			2.25%	3.00%
Future salary increase rate			1.50%	1.50%
Expected rate of return on plan assets			2.25%	3.00%
d. Changes in pension fund				
Contributions to the fund	<u>\$ 22,650</u>	<u>\$ 691</u>	<u>\$ 22,405</u>	<u>\$ 691</u>
Payments from the fund	<u>\$ 28,687</u>	<u>\$ 875</u>	<u>\$ 44,027</u>	<u>\$ 1,358</u>

## 17. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The Corporation classified its assets and liabilities of the construction operations and developing industrial districts as current and noncurrent according to the length of the operating cycle of the construction operations and developing industrial districts. Maturity analysis of the related assets and liabilities was as follows:

	December 31, 2008					
	Due within One Year		Due after One Year		Total	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
<u>Assets</u>						
Accounts receivable	\$ 3,114,830	\$ 94,964	\$ 1,531,548	\$ 46,694	\$ 4,646,378	\$ 141,658
Accounts receivable on the development of industrial districts	-	-	11,368,102	346,588	11,368,102	346,588
Buildings and land held for sale	16,377	500	269,712	8,222	286,089	8,722
Construction in progress in excess of progressive billings	1,407,242	42,904	192,383	5,865	1,599,625	48,769
Restricted assets	319,773	9,749	70,250	2,142	390,023	11,891
Refundable deposits on construction contracts	277,835	8,470	200,000	6,098	477,835	14,568
	<u>\$ 5,136,057</u>	<u>\$ 156,587</u>	<u>\$ 13,631,995</u>	<u>\$ 415,609</u>	<u>\$ 18,768,052</u>	<u>\$ 572,196</u>

### Liabilities

Notes payable	\$ 376,175	\$ 11,469	\$ -	\$ -	\$ 376,175	\$ 11,469
Accounts payable	1,751,960	53,413	784,146	23,907	2,536,106	77,320
Accounts payable - related parties	105,266	3,209	-	-	105,266	3,209
Accounts payable for the development of industrial districts	-	-	2,428,449	74,038	2,428,449	74,038
Progressive billings in excess of construction in progress	583,441	17,788	527,442	16,080	1,110,883	33,868
Construction warranty	14,334	437	136,012	4,147	150,346	4,584
Guarantee deposits on construction contracts	100,930	3,077	342,282	10,436	443,212	13,513
	<u>\$ 2,932,106</u>	<u>\$ 89,393</u>	<u>\$ 4,218,331</u>	<u>\$ 128,608</u>	<u>\$ 7,150,437</u>	<u>\$ 218,001</u>

	December 31, 2007					
	Due within One Year		Due after One Year		Total	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
<u>Assets</u>						
Accounts receivable	\$ 3,163,282	\$ 97,542	\$ 1,230,436	\$ 37,941	\$ 4,393,718	\$ 135,483
Accounts receivable on the development of industrial districts	-	-	13,640,051	420,600	13,640,051	420,600
Buildings and land held for sale	16,704	515	307,067	9,469	323,771	9,984
Construction in progress in excess of progressive billings	652,590	20,123	1,348,854	41,593	2,001,444	61,716
Restricted assets	107,326	3,309	139,709	4,308	247,035	7,617
Refundable deposits on construction contracts	49,999	1,542	-	-	49,999	1,542
	<u>\$ 3,989,901</u>	<u>\$ 123,031</u>	<u>\$ 16,666,117</u>	<u>\$ 513,911</u>	<u>\$ 20,656,018</u>	<u>\$ 636,942</u>

### Liabilities

Notes payable	\$ 437,835	\$ 13,501	\$ -	\$ -	\$ 437,835	\$ 13,501
Accounts payable	1,869,661	57,652	857,093	26,429	2,726,754	84,081
Accounts payable - related parties	176,902	5,455	-	-	176,902	5,455
Accounts payable for the development of industrial districts	-	-	905,958	27,936	905,958	27,936
Progressive billings in excess of construction in progress	146,309	4,511	685,588	21,141	831,897	25,652
Construction warranty	41,735	1,287	109,568	3,378	151,303	4,665
Guarantee deposits on construction contracts	110,315	3,402	345,651	10,658	455,966	14,060
	<u>\$ 2,782,757</u>	<u>\$ 85,808</u>	<u>\$ 2,903,858</u>	<u>\$ 89,542</u>	<u>\$ 5,686,615</u>	<u>\$ 175,350</u>

## **18. SHAREHOLDERS' EQUITY**

### **Capital Surplus**

Under the Company Law, capital surplus can only be used to offset a deficit. However, the capital surplus from share issued in excess of par (additional paid-in capital from issuance of common shares and treasury stock transactions) may be capitalized, which however is limited to a certain percentage of the Corporation's paid-in capital. Also, the capital surplus from long-term equity investments accounted for by the equity method may not be used for any purpose.

### **Appropriation of Earnings and Dividend Policy**

The Corporation's Articles of Incorporation provide that 10% should be appropriated as legal reserve from annual net income less any prior years' deficits. Of the remainder, together with any unappropriated earnings of prior years, over 50% should be appropriated as follows:

- a. 2% as remuneration to directors and supervisors;
- b. 3% as bonus to employees; and
- c. 95% as dividends, of which more than 10% should be cash dividends. If cash dividend per share will be less than NT\$0.1, only stock dividends will be issued.

Based on a directive issued by the Securities and Futures Bureau, an amount equal to the net debit balance of certain shareholders' equity accounts (including unrealized gain or loss on financial instruments, cumulative transaction adjustments) shall be transferred from unappropriated earnings to a special reserve. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

The bonus to employees of NT\$5,779 thousand (US\$176 thousand) and the remuneration to directors and supervisors of NT\$3,853 thousand (US\$117 thousand), which were 3% and 2%, respectively, of net income, net of legal reserve plus unappropriated earnings of last year, was recognized for 2008. The amounts were estimated on the basis of past experience. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the shareholders' meeting.

Legal reserve shall be appropriated until it has reached the Corporation's paid-in capital. This reserve may be used to offset a deficit. When the legal reserve has reached 50% of the Corporation's paid-in capital, up to 50% thereof may be transferred to paid-in capital.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Corporation.

The appropriations of earnings for 2007 and 2006 had been proposed in the Board of Directors' meeting and approved in the shareholders' meetings on June 13, 2008 and June 21, 2007, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>				<u>Dividends Per Share (Dollar)</u>			
	<u>2007</u>		<u>2006</u>		<u>2007</u>		<u>2006</u>	
	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>
Legal reserve	\$ 55,982	\$ 1,707	\$ 79,154	\$ 2,441				
Remuneration to directors and supervisors	7,064	215	15,265	471				
Bonus to employees - stock	-	-	22,898	706				
Bonus to employees - cash	10,595	323	-	-				
Stock dividends	-	-	725,109	22,359	\$ -	\$ -	\$ 0.50	\$ 0.0154
Cash dividends	<u>335,504</u>	<u>10,229</u>	<u>-</u>	<u>-</u>	0.22	0.0067	-	-
	<u>\$ 409,145</u>	<u>\$ 12,474</u>	<u>\$ 842,426</u>	<u>\$ 25,977</u>				

The appropriation of earnings for 2006 were approved by the Financial Supervisory Commission, Executive Yuan, R.O.C. and then the board of directors resolved the date of distributing stock dividends on September 18, 2007. The Corporation had completed the process of a revised license from the MOEA.

As of March 17, 2009, the date of the accompanying auditors' report, the Corporation's board of directors had not decided the appropriation of the 2008 earnings. Information on the appropriations of earnings is available on the Market Observation Post System website of the Taiwan Stock Exchange.

## 19. INCOME TAX

- a. A reconciliation of income tax expense based on income before income tax at the 25% statutory rate and income tax expense was as follows:

	<u>Years Ended December 31</u>			
	<u>2008</u>		<u>2007</u>	
	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>	<u>New Taiwan Dollars</u>	<u>U.S. Dollars (Note 2)</u>
Income tax expense at the statutory rate	\$ 31,548	\$ 962	\$ 152,314	\$ 4,697
Tax effect of adjusting items:				
Permanent differences	47,743	1,456	(31,224)	(963)
Temporary differences	(51,042)	(1,556)	(72,169)	(2,225)
Additional 10% income tax on unappropriated earnings	<u>\$ 15,067</u>	<u>\$ 459</u>	<u>\$ -</u>	<u>\$ -</u>
Current income tax expense	43,316	1,321	48,921	1,509
Taxed separately levied on interest from short-term bills	189	6	277	9
Deferred income tax expense	36,543	1,114	21,897	675
Adjustment of prior year's tax	<u>8,366</u>	<u>255</u>	<u>(21,618)</u>	<u>(667)</u>
	<u>\$ 88,414</u>	<u>\$ 2,696</u>	<u>\$ 49,477</u>	<u>\$ 1,526</u>

b. The change in income tax payable (including in other current liabilities) was as follows:

	<b>Years Ended December 31</b>			
	<b>2008</b>		<b>2007</b>	
	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>
Beginning balance	\$ 10,450	\$ 319	\$ 61,538	\$ 1,897
Current income tax expense	43,316	1,321	48,921	1,509
Income tax paid	(45,120)	(1,376)	(78,668)	(2,426)
Tax separately levied on interest from short-term bills	189	6	277	9
Adjustment of prior year's tax	<u>8,366</u>	<u>255</u>	<u>(21,618)</u>	<u>(667)</u>
Ending balance	<u>\$ 17,201</u>	<u>\$ 525</u>	<u>\$ 10,450</u>	<u>\$ 322</u>

c. Deferred income tax assets (liabilities) were as follows:

	<b>December 31</b>			
	<b>2008</b>		<b>2007</b>	
	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>
<b>Current</b>				
Deferred income tax assets				
Unrealized loss on litigation on construction contracts	\$ 43,235	\$ 1,318	\$ 83,624	\$ 2,579
Unrealized warranty costs	37,586	1,146	37,826	1,166
Others	<u>2,035</u>	<u>62</u>	<u>1,834</u>	<u>56</u>
	82,856	2,526	123,284	3,801
Less: Valuation allowance	<u>43,691</u>	<u>1,332</u>	<u>61,300</u>	<u>1,890</u>
	<u>\$ 39,165</u>	<u>\$ 1,194</u>	<u>\$ 61,984</u>	<u>\$ 1,911</u>
<b>Noncurrent</b>				
Deferred income tax assets				
Unrealized impairment loss on financial assets	\$ 219,192	\$ 6,683	\$ 216,081	\$ 6,663
Loss on asset impairment	<u>15,644</u>	<u>477</u>	<u>15,644</u>	<u>482</u>
	234,836	7,160	231,725	7,145
Less: Valuation allowance	<u>234,836</u>	<u>7,160</u>	<u>231,725</u>	<u>7,145</u>
	-	-	-	-
Deferred income tax liabilities				
Investment income recognized under equity method	<u>\$ (24,622)</u>	<u>\$ (751)</u>	<u>\$ (10,898)</u>	<u>\$ (336)</u>
	<u>\$ (24,622)</u>	<u>\$ (751)</u>	<u>\$ (10,898)</u>	<u>\$ (336)</u>

The income tax rate used to recognize deferred income taxes as of December 31, 2008 and 2007 was 25%.

d. Information on integrated income tax was as follows:

	<b>December 31</b>			
	<b>2008</b>		<b>2007</b>	
	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>
Balance of the imputation credit account (ICA)	\$ 26,096	\$ 796	\$ 4,608	\$ 142

The expected and actual creditable ratios for distribution of earnings of 2008 and 2007 were 11.61% and 8.80%, respectively.

For distribution of earnings generated after January 1, 1998, the ratio for the imputation credits allocated to shareholders of the Corporation is based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2008 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

As of December 31, 2008 and 2007, the unappropriated retained earnings generated before January 1, 1998 each aggregated NT\$138,041 thousand (US\$4,209 thousand and US\$4,257 thousand).

The tax returns through 2006 had been assessed by the tax authorities. The Corporation disagreed with the tax authorities' assessment of its 2006 tax return and thus filed an appeal on this assessment. Nevertheless, the Corporation has provided for the income tax assessed by the tax authorities for conservatism purposes.

## 20. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	<b>Year Ended December 31, 2008</b>					
	<b>Operating Costs</b>		<b>Operating Expenses</b>		<b>Total</b>	
	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>
Personnel						
Salary	\$ 487,060	\$ 14,850	\$ 86,739	\$ 2,644	\$ 573,799	\$ 17,494
Insurance	30,797	939	4,106	126	34,903	1,065
Pension	23,779	725	3,581	109	27,360	834
Others	16,397	500	2,235	68	18,632	568
Depreciation	12,573	383	9,724	297	22,297	680
Amortization	13,302	405	-	-	13,302	405
	<u>\$ 583,908</u>	<u>\$ 17,802</u>	<u>\$ 106,385</u>	<u>\$ 3,244</u>	<u>\$ 690,293</u>	<u>\$ 21,046</u>
	<b>Year Ended December 31, 2007</b>					
	<b>Operating Costs</b>		<b>Operating Expenses</b>		<b>Total</b>	
	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>
Personnel						
Salary	\$ 496,377	\$ 15,306	\$ 83,057	\$ 2,561	\$ 579,434	\$ 17,867
Insurance	32,807	1,012	3,983	123	36,790	1,135
Pension	33,579	1,035	5,369	166	38,948	1,201
Others	16,861	520	1,230	38	18,091	558
Depreciation	8,112	250	6,120	188	14,232	438
Amortization	21,623	667	-	-	21,623	667
	<u>\$ 609,359</u>	<u>\$ 18,790</u>	<u>\$ 99,759</u>	<u>\$ 3,076</u>	<u>\$ 709,118</u>	<u>\$ 21,866</u>

Depreciation expenses for properties leased to others are not shown in the table above. These expenses (included in nonoperating income - rental) were about NT\$12,665 thousand (US\$386 thousand) and NT\$13,162 thousand (US\$406 thousand) for the years ended December 31, 2008 and 2007, respectively.

## 21. EARNINGS PER SHARE (EPS)

(Unit: New Taiwan Dollars)

	<u>Years Ended December 31</u>			
	<u>2008</u>		<u>2007</u>	
	<u>Before Income Tax</u>	<u>After Income Tax</u>	<u>Before Income Tax</u>	<u>After Income Tax</u>
Basic EPS	<u>\$ 0.08</u>	<u>\$ 0.02</u>	<u>\$ 0.40</u>	<u>\$ 0.37</u>
Diluted EPS	<u>\$ 0.08</u>	<u>\$ 0.02</u>		

The numerators and denominators used in calculating basic and diluted EPS were as follows:

	<u>Amounts (Numerator)</u>		<u>Shares (Denominator) (In Thousands)</u>	<u>EPS (Dollar)</u>	
	<u>Before Income Tax</u>	<u>After Income Tax</u>		<u>Before Income Tax</u>	<u>After Income Tax</u>
<u>Year ended December 31, 2008</u>					
Basic EPS					
Income for the year	\$ 126,232	\$ 37,818	1,525,017	<u>\$ 0.08</u>	<u>\$ 0.02</u>
Effect of dilutive potential common stock					
Bonus to employees	<u>-</u>	<u>-</u>	<u>916</u>		
Diluted EPS					
Income for the year attributable to common shareholders plus effect of potential dilutive common stock	<u>\$ 126,232</u>	<u>\$ 37,818</u>	<u>1,525,933</u>	<u>\$ 0.08</u>	<u>\$ 0.02</u>
<u>Year ended December 31, 2007</u>					
Basic EPS	<u>\$ 609,295</u>	<u>\$ 559,818</u>	<u>1,525,017</u>	<u>\$ 0.40</u>	<u>\$ 0.37</u>

The Accounting Research and Development Foundation issued Interpretation 2007-052, which requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. If the Corporation decides to settle the bonus to employees by cash or shares, the Corporation should presume that the entire amount of the bonus will be settled in shares and, if the resulting potential shares have a dilutive effect, these shares should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. The dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

## 22. FINANCIAL INSTRUMENTS

### a. Fair values of financial instruments

	<b>December 31, 2008</b>			
	<b>Carrying Amount</b>		<b>Fair Value</b>	
	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>
<u>Financial assets</u>				
Available-for-sale financial assets - current	\$ 261,864	\$ 7,983	\$ 261,864	\$ 7,983
Investments in bonds with no active market - current	13,320	406	-	-
Financial assets carried at cost - noncurrent	917,561	27,974	-	-
Investments in bonds with no active market - noncurrent	39,960	1,218	-	-
Refundable deposits	24,277	740	24,277	740
Certificates of deposits - restricted	20,000	610	20,000	610
<u>Financial liabilities</u>				
Bank loans, net of current portion	318,400	9,707	318,400	9,707
Guarantee deposits received	17,772	542	17,772	542

	<b>December 31, 2007</b>			
	<b>Carrying Amount</b>		<b>Fair Value</b>	
	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>
<u>Financial assets</u>				
Available-for-sale financial assets - current	\$ 164,627	\$ 5,076	\$ 164,627	\$ 5,076
Investments in bonds with no active market - current	13,320	411	-	-
Financial assets carried at cost - noncurrent	621,997	19,180	-	-
Investments in bonds with no active market - noncurrent	\$ 53,280	\$ 1,643	-	-
Refundable deposits	24,701	762	24,701	762
Certificates of deposits - restricted	55,600	1,714	55,600	1,714
<u>Financial liabilities</u>				
Bank loans, net of current portion	543,081	16,746	543,081	16,746
Guarantee deposits received	19,178	591	19,178	591

### b. Methods and assumptions used to estimate the fair values of financial instruments were as follows:

- 1) The carrying amounts of the following short-term financial instruments approximate their fair values because of their short maturities: Cash, accounts receivable, net of allowance for doubtful accounts, restricted assets, refundable deposits on construction contracts, short-term debts, short-term bills payable, notes payable, accounts payable, accounts payable - related parties, current portion of long-term debts and guarantee deposits on construction contracts.
- 2) Fair value of financial instruments designated as at available-for-sale financial assets is based on their quoted prices in an active market.

- 3) Investments in bonds with no active market - current, financial assets carried at cost and Investments in bonds with no active market - noncurrent are investments in unquoted shares, which have no quoted prices in an active market and entail an unreasonably high cost to obtain verifiable fair values. Therefore, no fair value is presented.
  - 4) Fair value of long-term bank loans is estimated using the present value of future cash flows discounted by the interest rates the Corporation may obtain for similar loans (e.g., similar maturities).
  - 5) Fair values of refundable deposits, certificates of deposits - restricted and guarantee deposits received are estimated using the carrying amount.
- c. As of December 31, 2008 and 2007, financial assets exposed to fair value interest rate risk amounted to NT\$1,574,024 thousand (US\$47,989 thousand) and NT\$1,527,475 thousand (US\$47,100 thousand), respectively; financial liabilities exposed to fair value interest rate risk amounted to NT\$1,214,022 thousand (US\$37,013 thousand) and NT\$1,410,625 thousand (US\$43,498 thousand), respectively; financial assets exposed to cash flow interest rate risk amounted to NT\$2,086,345 thousand (US\$63,608 thousand) and NT\$1,806,259 thousand (US\$55,697 thousand), respectively; and financial liabilities exposed to cash flow interest rate risk amounted to NT\$5,215,068 thousand (US\$158,996 thousand) and NT\$6,235,251 thousand (US\$192,268 thousand), respectively.
- d. The Corporation's calculation of the fair values of available-for-sale financial assets, which consisted of both direct financial assets (held by the Corporation) and indirect financial assets (held by the Corporation's equity-method investees), showed an unrealized loss of NT\$343,697 thousand (US\$10,478 thousand) and an unrealized gain of NT\$27,737 thousand (US\$856 thousand) as of December 31, 2008 and 2007, respectively.
- e. Financial risks
- 1) Market risk  

Except for listed domestic quoted stocks and mutual funds that have fair values based on market values, the Corporation has no material financial assets exposed to risks from currency, interest rate and fair value changes. As a result, no significant exposure to market risk is anticipated.
  - 2) Credit risk  

Credit risk represents the potential loss that would be incurred by the Corporation if the counter-parties breached contracts. Financial instruments with positive fair values at the balance sheet date are evaluated for credit risk. The counter-parties to the foregoing financial instruments are reputable financial institutions, business organizations and governments. Management does not expect the Corporation's exposure to default by those parties to be material.
  - 3) Liquidity risk  

The Corporation's operating funds are deemed sufficient to meet the cash flow demand, therefore, liquidity risk is not considered to be significant.

The Corporation's investments in domestic quoted stocks and mutual funds are traded in active markets and can be disposed of quickly at close to their fair values. The Corporation's investments in equity instruments have no active markets; therefore, the liquidity risk is expected to be high.

4) Cash flow interest rate risk

The Corporation's short- and long- term debts are floating-rate loans. When the market interest rate increases by one percentage point, the Corporation's cash outflow will increase by NT\$52,151 thousand (US\$1,590 thousand) a year.

## 24. RELATED-PARTY TRANSACTIONS

a. Related parties and their relationships with the Corporation were as follows:

Names of Related Parties	Relationship with the Corporation
Core Pacific World Corporation	Subsidiary
BES Machinery Corporation	Subsidiary
BES Investment Company Ltd.	Subsidiary
BES Construction & Development Corporation	Subsidiary (liquidated on August 26, 2008)
BES Global Investment Co.	Subsidiary
Coreasia Human Resource Management Corporation	Subsidiary
Chung Kung Safeguarding & Security Corporation	Subsidiary
BES Construction Corporation (BES, U.S.A.)	Subsidiary
Core Pacific Consulting Corporation	Subsidiary
Chu-Huan Environment Engineering Corporation	Subsidiary (liquidated on January 18, 2007)
Corporacion De Inversion Y Desarrollo BES, S.A. (Costa Rica) (BES, S.A.)	Subsidiary
BA & BES Contracting (L.L.C.)	Equity-method investee
Huatung Power Corporation	Equity-method investee
Cinemark-Core Pacific Ltd.	Subsidiary
BESM Holding Co., Ltd.	Subsidiary
Zhong Hua Cheng Development Co., Ltd.	Subsidiary
Chinese City International Investment Co., Ltd.	Subsidiary
K9 International Entertainment Corporation	Subsidiary
Core Pacific Consulting (Changshu) Co., Ltd.	Subsidiary
Hua Cheng Consulting (Changshu) Co., Ltd.	Subsidiary
Wei-Jing Holdings Ltd.	Subsidiary's equity-method investee
Core Pacific Overseas Holdings Ltd.	Subsidiary's equity-method investee
BES Global Consulting (Shanghai) Co., Ltd.	Subsidiary
Elite Human Resource Management Co., Ltd.	Subsidiary
Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Subsidiary's equity-method investee
BES Consultant Corporation	Subsidiary
BES Department Maintenance & Management	Subsidiary

Names of Related Parties	Relationship with the Corporation
Agora Garden Corporation	Two directors of Agora Garden Corporation are representatives of corporate director and supervisor
Core Pacific City Corporation	Corporate director and supervisor of Core Pacific City Corporation
China Petrochemical Development Corporation	Corporate director (corporate director and supervisor in 2007)
Glory Construction Co., Ltd.	Related party in substance
Yao Chuen Co., Ltd	Related party in substance

b. The significant transactions with the above related parties are summarized as follows:

	2008			2007		
	New Taiwan Dollars	U.S. Dollars (Note 2)	Percentage to Account (%)	New Taiwan Dollars	U.S. Dollars (Note 2)	Percentage to Account (%)
<u>For the year</u>						
1) Other revenue						
BES Machinery Corporation - technology service income	\$ 150	\$ 5	-	\$ 150	\$ 5	-
2) Operating costs						
BES Machinery Corporation - machinery rental, concrete, testing, etc.	\$ 402,772	\$ 12,280	3	\$ 334,935	\$ 10,328	3
Chung Kung Safeguarding & Security Corporation - safeguarding, security and cleaning	33,555	1,023	-	31,772	980	-
China Petrochemical Development Corporation - utilities and rental	3,346	102	-	3,232	100	-
Elite Human Resource Management Co., Ltd. - foreign labor management	1,404	43	-	2,233	69	-
Other - others	341	10	-	84	2	-
	<u>\$ 441,418</u>	<u>\$ 13,458</u>	<u>3</u>	<u>\$ 372,256</u>	<u>\$ 11,479</u>	<u>3</u>
3) Other operating cost - safeguarding, security and cleaning						
Chung Kung Safeguarding & Security Corporation	\$ 2,533	\$ 77	4	\$ 1,908	\$ 59	14
4) Operating expense						
Glory Construction Co., Ltd. - rental	\$ 5,991	\$ 183	3	\$ 6,253	\$ 193	3
BES Machinery Corporation - rental	5,938	181	3	5,692	176	3
China Petrochemical Development Corporation - utilities and rental	3,346	102	2	3,232	100	2
Chung Kung Safeguarding & Security Corporation - safeguarding, security and cleaning	3,135	95	1	460	14	-
Yao Chuen Co., Ltd. - rental	2,291	70	1	3,515	108	2
Elite Human Resource Management Co., Ltd. - manpower - detaching	1,566	48	1	893	28	1
Others - other expense	899	27	-	1,323	40	-
	<u>\$ 23,166</u>	<u>\$ 706</u>	<u>11</u>	<u>\$ 21,368</u>	<u>\$ 659</u>	<u>11</u>
5) Nonoperating income or gain						
Agora Garden Corporation - interest revenue	\$ 9,558	\$ 291	2	\$ 7,429	\$ 229	1
BES Machinery Corporation - rental and interest revenue	7,109	217	1	5,841	180	1
Others - rental	3,010	92	1	2,489	77	-
Others - others	1,009	31	-	2,053	63	-
Others - interest	80	2	-	1,545	48	-
	<u>\$ 20,766</u>	<u>\$ 633</u>	<u>4</u>	<u>\$ 19,357</u>	<u>\$ 597</u>	<u>2</u>

	2008			2007		
	New Taiwan Dollars	U.S. Dollars (Note 2)	Percentage to Account (%)	New Taiwan Dollars	U.S. Dollars (Note 2)	Percentage to Account (%)
<u>At year-end</u>						
1) Accounts receivable						
Core Pacific City Corporation	\$ 2,253	\$ 69	-	\$ 2,253	\$ 69	-
2) Other receivable						
BES Machinery Corporation	\$ 110,491	\$ 3,369	20	\$ 82,090	\$ 2,531	16
Others	1,684	51	1	668	21	-
	<u>\$ 112,175</u>	<u>\$ 3,420</u>	<u>21</u>	<u>\$ 82,758</u>	<u>\$ 2,552</u>	<u>16</u>
3) Refundable deposits						
Agora Garden Corporation	\$ 900	\$ 27	4	\$ 900	\$ 28	3
Yao Chuen Co., Ltd.	-	-	-	700	21	3
	<u>\$ 900</u>	<u>\$ 27</u>	<u>4</u>	<u>\$ 1,600</u>	<u>\$ 49</u>	<u>6</u>
4) Long-term accounts receivable						
Agora Garden Corporation	\$ 209,785	\$ 6,396	100	\$ 224,985	\$ 6,938	99
Huatung Power Corporation	-	-	-	1,500	46	1
Coreasia Human Resource Management Corporation	-	-	-	750	23	-
	<u>\$ 209,785</u>	<u>\$ 6,396</u>	<u>100</u>	<u>\$ 227,235</u>	<u>\$ 7,007</u>	<u>100</u>
5) Accounts payable						
BES Machinery Corporation	\$ 93,933	\$ 2,864	89	\$ 160,242	\$ 4,941	91
Chung Kung Safeguarding & Security Corporation	11,144	340	9	16,660	514	9
Coreasia Human Resource Management Corporation	189	5	2	-	-	-
	<u>\$ 105,266</u>	<u>\$ 3,209</u>	<u>100</u>	<u>\$ 176,902</u>	<u>\$ 5,455</u>	<u>100</u>
6) Accrued expense						
BES Machinery Corporation	\$ 1,721	\$ 52	1	\$ 1,003	\$ 31	-
China Petrochemical Development Corporation	1,222	37	1	1,170	36	1
Glory Construction Co., Ltd.	739	23	1	1,024	32	1
Others	188	6	-	494	15	-
	<u>\$ 3,870</u>	<u>\$ 118</u>	<u>3</u>	<u>\$ 3,691</u>	<u>\$ 114</u>	<u>2</u>
7) Guarantee deposits on construction contracts						
BES Machinery Corporation	<u>\$ 3,539</u>	<u>\$ 108</u>	<u>1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
8) Guarantee deposits received						
Chung Kung Safeguarding & Security Corporation	<u>\$ 51</u>	<u>\$ 2</u>	<u>-</u>	<u>\$ 51</u>	<u>\$ 2</u>	<u>-</u>

Rental contracts with related parties were based on market conditions and made under normal terms. Purchase and sales terms for related parties were similar to those for unrelated parties, except for contract-based terms for the other receivable from BES Machinery Corporation, which arose mainly from the Corporation's disposal of construction facilities and steel plates.

c. Financing to related parties was as follows:

Related Party	Year Ended December 31, 2008							
	Maximum Balance		Ending Balance		Interest Rate	Interest Income		
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)		New Taiwan Dollars	U.S. Dollars (Note 2)	
Long-term accounts receivable								
Agora Garden Corporation	\$ 224,985	\$ 6,859	\$ 209,785	\$ 6,396	3.43-4.58%	\$ 9,558	\$ 291	
Huatung Power Corporation	1,500	46	-	-	4.53-4.68%	64	2	
Coreasia Human Resource Management Corporation	750	23	-	-	-	-	-	
	<u>\$ 227,235</u>	<u>\$ 6,928</u>	<u>\$ 209,785</u>	<u>\$ 6,396</u>		<u>\$ 9,622</u>	<u>\$ 293</u>	

  

Related Party	Year Ended December 31, 2007							
	Maximum Balance		Ending Balance		Interest Rate	Interest Income		
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)		New Taiwan Dollars	U.S. Dollars (Note 2)	
Long-term accounts receivable								
Agora Garden Corporation	\$ 236,985	\$ 7,308	\$ 224,985	\$ 6,938	2.73-3.06%	\$ 7,429	\$ 229	
Huatung Power Corporation	1,500	46	1,500	46	4.59%	-	-	
Coreasia Human Resource Management Corporation	3,000	93	750	23	-	-	-	
BES, S.A.	1,827	56	-	-	-	-	-	
	<u>\$ 243,312</u>	<u>\$ 7,503</u>	<u>\$ 227,235</u>	<u>\$ 7,007</u>		<u>\$ 7,429</u>	<u>\$ 229</u>	

The receivable from Agora Garden Corporation (“Agora”) was the warranty reservation for construction, for which the monthly payment of principal and interest was based on the construction agreement. The terms of repayment expired when the warranty ended in 2004. Since Agora still had a balance as of December 31, 2007, the receivable was reclassified as long-term accounts receivable - related party.

The receivable from Coreasia Human Resource Management Corporation (“Coreasia”) referred to consulting service fees. Since the related payment was overdue and Coreasia still had a balance as of December 31, 2007, this receivable was reclassified as long-term accounts receivable - related party. In March 2008, the Corporation collected the receivable under a settlement agreement.

Under Interpretation No. 167 issued by the Accounting Research and Development Foundation in 2004, the Corporation’s board of directors approved the receivables from Agora and Coreasia to be treated as financings provided and followed the Corporation’s “Regulations for Loaning of Funds and Making of Endorsements/Guarantees”; related information is shown in Table 1 - “Financings provided.”

The Corporation provided funding to Coreasia, Huatung Power Corporation and BES, S.A. and collected all related receivables in March 2008, November 2008 and June 2007, respectively.

#### Property transactions

##### 1) Purchase of properties

###### Year ended December 31, 2008

Counter-party	Property	Price	
		New Taiwan Dollars	U.S. Dollars (Note 2)
Glory Construction Co., Ltd.	Land	\$ 297,990	\$ 9,085
	Buildings	<u>121,629</u>	<u>3,708</u>
		<u>\$ 419,619</u>	<u>\$ 12,793</u>

Year ended December 31, 2007

Counter-party	Property	Price	
		New Taiwan Dollars	U.S. Dollars (Note 2)
Chung Kung Safeguarding & Security Corporation	Transportation equipment	\$ 1,412	\$ 44

2) Sales of deferred charges - construction facilities

Year ended December 31, 2008

Counter-party	Carrying Amount		Price		Gain (Loss) on Sales	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
BES Machinery Corporation	\$ 12,089	\$ 369	\$ 12,089	\$ 369	\$ -	\$ -

Year ended December 31, 2007

Counter-party	Carrying Amount		Price		Gain (Loss) on Sales	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
BES Machinery Corporation	\$ 73,272	\$ 2,259	\$ 73,272	\$ 2,259	\$ -	\$ -

3) Sales of construction in progress - steel plates

Year ended December 31, 2008

Counter-party	Carrying Amount		Price		Gain (Loss) on Sales	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
BES Machinery Corporation	\$ 72,977	\$ 2,225	\$ 72,977	\$ 2,225	\$ -	\$ -

The prices for property transactions were based on the book values of property and on market conditions, except for the transactions with Glory Construction Co., Ltd., which were based on appraisal report.

Compensation of directors, supervisors and management personnel

	Year Ended December 31			
	2008		2007	
	New Taiwan Dollars	U.S. Dollars (Note 2)	New Taiwan Dollars	U.S. Dollars (Note 2)
Salaries	\$ 16,559	\$ 505	\$ 19,622	\$ 605
Incentives	2,054	63	1,025	32
Special compensation	2,042	62	1,980	61
Bonus	41	1	76	2
	<u>\$ 20,696</u>	<u>\$ 631</u>	<u>\$ 22,703</u>	<u>\$ 700</u>

The compensation of directors, supervisors and management personnel for the year ended December 31, 2007 included the bonuses appropriated from earnings for 2007 which had been approved by shareholders in their annual meeting held in 2008.

## 24. MORTGAGED OR PLEDGED ASSETS

The following assets had been mortgaged or pledged as collaterals for short-term debts, long-term bank loans, short-term bills payable, construction warranty, and as probable means to settle an ongoing construction-related litigation, in which the Corporation is the plaintiff. The related loss has been accrued and included in construction in progress in excess of progressive billings.

	<b>December 31</b>			
	<b>2008</b>		<b>2007</b>	
	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>	<b>New Taiwan Dollars</b>	<b>U.S. Dollars (Note 2)</b>
Current assets				
Investments in bonds with no active market - current	\$ 13,320	\$ 406	\$ 13,320	\$ 411
Buildings and land held for sale	269,712	8,223	307,067	9,469
Restricted assets				
Investments in commercial paper	110,513	3,369	110,240	3,399
Time deposits	1,142,173	34,823	1,285,197	39,630
Investments accounted for by the equity method	332,130	10,126	349,173	10,767
Financial assets carried at cost - noncurrent	263,064	8,020	263,064	8,112
Investments in bonds with no active market - noncurrent	39,960	1,218	53,280	1,643
Properties, net	1,970,098	60,064	1,946,524	60,022
Leased assets, net	1,876,756	57,218	1,837,387	56,657
Other assets - certificates of deposits - restricted	20,000	610	55,600	1,714
	<u>\$ 6,037,726</u>	<u>\$ 184,077</u>	<u>\$ 6,220,852</u>	<u>\$ 191,824</u>

## 25. ADDITIONAL DISCLOSURES

a. Following are the additional disclosures required by the Securities and Futures Bureau for the Corporation and its investees:

- 1) Financing provided: Table 1 (attached).
- 2) Endorsement/guarantees provided: Table 2 (attached).
- 3) Marketable securities held: Table 3 (attached).
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached).
- 5) Acquisition of individual real estates at costs of at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached).
- 6) Disposal of individual real estates at prices of at least NT\$100 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 6 (attached).
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 7 (attached).
- 9) Names, locations, and related information of investees over which the Corporation exercises significant influence: Table 8 (attached).

10) Derivative transactions of investees over which the Corporation has a controlling interest: None.

b. Investment in Mainland China

1) Name of the investees in Mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in Mainland China: Table 9 (attached).

2) Significant direct or indirect transactions with the investees: None.

## 26. SEGMENT INFORMATION

a. Industry

The Corporation constructs and develops industrial districts. The revenues, net income (loss) and tangible assets of the industrial construction business are more than 90% of the total revenues, net income (or loss) and tangible assets.

b. Geographic

Construction revenue from foreign operations, i.e., its branches in Malaysia, did not reach at least 10% of total operating revenues in 2008 and 2007.

c. Export sales

The Corporation had no foreign revenues in 2008 and 2007.

d. Major customers

	Years Ended December 31					
	2008			2007		
	Construction Revenue			Construction Revenue		
	New Taiwan Dollars	U.S. Dollars (Note 2)	% to Total	New Taiwan Dollars	U.S. Dollars (Note 2)	% to Total
Taiwan Area National Freeway Bureau, Ministry of Transportation and Communications (MOTC)	\$ 2,956,835	\$ 90,147	22.49	\$ 2,825,524	\$ 87,127	24.21
Directorate General of Highways, MOTC	1,745,874	53,228	13.28	1,719,822	53,032	14.73
Department of Rapid Transit Systems, Taipei City Government	1,504,672	45,874	11.44	1,531,172	47,215	13.12
Armaments Bureau of the Ministry of National Defense	1,459,521	44,498	11.10	1,241,616	38,286	10.64

## BES ENGINEERING CORPORATION AND INVESTEEES

## FINANCINGS PROVIDED

YEAR ENDED DECEMBER 31, 2008

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counter-party	Financial Statement Account	Financing Limit for Each Borrowing Company	Maximum Balance for the Year	Ending Balance	Interest Rate	Financing Reasons	Allowance for Bad Debt	Collateral		Transaction Amount	Financing Company's Financing Amount Limits
										Item	Value		
0	BES Engineering Corporation (the "Corporation")	Agora Garden Corporation ("Agora")	Long-term accounts receivable - related party	\$ 732,034	\$ 224,985	\$ 209,785	3.43-4.58%	(Note 1)	\$ -	Promissory note	\$ 400,000	\$ -	The limit (\$7,320,344 thousand) on the total maximum financing is equal to 40% of net equity as shown in the Corporation's latest financial statements; and the maximum limit (\$732,034 thousand) for each counter-party is equal to 4% of the Corporation's net equity as shown in the Corporation's latest financial statements.
		Huatung Power	Long-term accounts receivable - related party	732,034	1,500	-	4.53-4.68%	Support for borrower's operations and disposal of land as approved in the Corporation's 19th board meeting on October 25, 2007	-	Promissory note	3,000	-	
		Coreasia Human Resource Management Corporation ("Coreasia")	Long-term accounts receivable - related party	732,034	750	-	-	(Note 1)	-	-	-	-	
1	Core Pacific World Corporation ("Core")	K9 International Entertainment Corporation	Accounts receivable - related party	329,311	17,300	17,300	3.25%	Short-term support for borrower's operations	-	Guarantee note	17,300	-	The limit (\$439,081 thousand) on the total maximum financing is equal to 40% of Core's net equity as shown in Core's latest financial statements; and the maximum limit (\$329,311 thousand) for each counter-party is equal to 30% of Core's net equity as shown in Core's latest financial statements.
2	Cinemark-Core Pacific Ltd. ("Cinemark")	Core Pacific City Corporation ("Core Pacific")	Accounts receivable - related party	44,610	40,000	40,000	5.00%	(Note 2)	-	Promissory note	40,000	-	The limit (\$89,219 thousand) on the total maximum financing is equal to 40% of Cinemark's net equity as shown in Cinemark's latest financial statements; and the maximum limit (\$44,610 thousand) for each counter-party is equal to 20% of Cinemark's net equity as shown in Cinemark's latest financial statements.

Note 1: Under Interpretation No. 167 issued by the Accounting Research and Development Foundation in 2004, the Corporation's board of directors approved the receivables from Agora and Coreasia to be treated as financings provided and followed the Corporation's "Regulations for Loaning of Funds and Making of Endorsements/Guarantees"; related information is shown in this table. The monthly repayment of principal was based on the agreement.

Note 2: Under Interpretation No. 167 issued by the Accounting Research and Development Foundation in 2004, Cinemark's board of directors approved the receivable from Core Pacific to be treated as financings provided and followed Cinemark's "Regulations for Loaning of Funds"; related information is shown in this table.

**BES ENGINEERING CORPORATION AND INVESTEEES**

**ENDORSEMENTS/GUARANTEES PROVIDED**

**YEAR ENDED DECEMBER 31, 2008**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorsement/ Guarantee Provider	Counter-party		Limits on Endorsement/ Guarantee Amount Provided to Each Counter-Party	Maximum Balance for the Year	Ending Balance	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable
		Name	Nature of Relationship						
1	Core Pacific World Corporation ("Core")	K9 International Entertainment Corporation	Subsidiary	\$ 439,081	\$ 75,070	\$ 60,056	\$ 55,000	5.47%	The limit (\$548,851 thousand) on the total maximum endorsement is equal to 50% of Core's net equity as shown in Core's latest financial statements; and the maximum limit (\$439,081 thousand) for each counter-party is equal to 40% of Core's net equity as shown in Core's latest financial statements.
2	Coreasia Human Resource Management Corporation ("Coreasia")	Elite Human Resource Management Co., Ltd.	Subsidiary	7,377	3,136	2,430	-	3.29%	The limit (\$36,883 thousand) on the total maximum endorsement is equal to 50% of Coreasia's net equity as shown in the Coreasia's latest financial statements; and the maximum limit (\$7,377 thousand) for each counter-party is equal to 10% of Coreasia's net equity as shown in Coreasia's latest financial statements.

## BES ENGINEERING CORPORATION AND INVESTEEES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2008

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
BES Engineering Corporation	China Petrochemical Development Corporation	Corporate director	Available-for-sale financial assets - current	40,579,580	\$ 252,405	2.26	\$ 252,405	(Note 1)
	ASUSTeK Computer Inc.	-	Available-for-sale financial assets - current	90,000	3,312	-	3,312	(Note 1)
	Darfon Corporation	-	Available-for-sale financial assets - current	160,000	3,224	0.05	3,224	(Note 1)
	HSBC Global Themes Fund of Funds	-	Available-for-sale financial assets - current	199,005	1,487	-	1,487	(Note 1)
	Cathay Global Infrastructure Fund	-	Available-for-sale financial assets - current	200,000	1,436	-	1,436	(Note 1)
	Chinfon Bank	-	Investments in bonds with no active market - current	-	13,320	-	13,320	(Notes 8 and 9)
	Core Pacific World Corporation	Subsidiary	Equity-method investments	115,741,900	1,090,846	99.78	1,095,258	(Notes 3 and 6)
	BES Machinery Corporation	Subsidiary	Equity-method investments	75,213,198	722,211	96.58	722,211	(Note 3)
	BES Investment Company Ltd.	Subsidiary	Equity-method investments	20,900,000	590,232	100.00	590,232	(Note 3)
	BES Logistics International Co., Ltd.	Subsidiary	Equity-method investments	10,900,000	459,810	100.00	459,810	(Note 3)
	Corporacion De Inversion Y Desarrollo BES, S.A. (Costa Rica) (BES, S.A.)	Subsidiary	Equity-method investments	800	109,126	100.00	109,126	(Note 3)
	Coreasia Human Resource Management Corp.	Subsidiary	Equity-method investments	6,000,000	73,766	100.00	73,766	(Note 3)
	Chung Kung Safeguarding & Security Corp.	Subsidiary	Equity-method investments	3,880,000	43,952	64.67	44,079	(Note 3)
	Cinemark-Core Pacific Ltd.	Subsidiary	Equity-method investments	1,861,500	33,978	15.38	34,305	(Note 3)
	BES Construction Corporation (BES, U.S.A.)	Subsidiary	Equity-method investments	8,509	32,192	91.78	32,192	(Note 3)
	BES Global Investment Co.	Subsidiary	Equity-method investments	1,410,100	26,224	100.00	26,224	(Note 3)
	Huatung Power Corporation	Equity-method investee	Equity-method investments	18,300,000	18,225	30.00	18,225	(Note 3)
	Core Pacific Consulting Corporation	Subsidiary	Equity-method investments	1,100,000	6,350	55.00	6,350	(Note 4)
	BA & BES Contracting (L.L.C.)	Equity-method investee	Equity-method investments	1,200,000	5,935	40.00	5,935	(Note 3)
	Core Pacific City Corporation	-	Financial assets carried at cost - noncurrent	128,000,000	484,492	10.67	484,492	(Notes 5 and 8)
	Taiwan Tea Corporation	-	Financial assets carried at cost - noncurrent	35,000,000	317,000	4.38	317,000	(Note 8)
	Century Development Corporation	-	Financial assets carried at cost - noncurrent	7,206,059	50,000	3.03	50,000	(Note 8)
	Core Pacific Venture Capital Corporation	-	Financial assets carried at cost - noncurrent	3,010,962	23,202	18.31	23,202	(Note 8)
	Chien-Kung Venture Capital Corporation	-	Financial assets carried at cost - noncurrent	2,137,793	15,224	12.66	15,224	(Note 8)
	Overseas Investment & Development Corporation	-	Financial assets carried at cost - noncurrent	2,600,000	12,444	2.89	12,444	(Note 8)

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
Core Pacific World Corporation	NanoAmp Solutions Inc.	-	Financial assets carried at cost - noncurrent	267,232	\$ 7,986	1.08	\$ 7,986	(Notes 7 and 8)
	iGlobe Partner Fund L.P.	-	Financial assets carried at cost - noncurrent	-	7,210	0.69	7,210	(Note 8)
	CCI Electronic Corporation	-	Financial assets carried at cost - noncurrent	2,000,000	2	6.60	2	(Note 8)
	Agora Garden Corporation	-	Financial assets carried at cost - noncurrent	14,592	1	0.02	1	(Note 8)
	Neurologic Inc.	-	Financial assets carried at cost - noncurrent	250,001	-	2.25	-	(Note 8)
	Chinfon Bank	-	Investments in bonds with no active market - noncurrent	-	39,960	-	39,960	(Notes 8 and 9)
	China Petrochemical Development Corporation	-	Available-for-sale financial assets - current	1,945,100	12,099	0.11	12,099	(Note 1)
	Fuh-Hwa Global Bond Fund	-	Available-for-sale financial assets - current	586,855	7,019	-	7,019	(Note 1)
	Fuh-Hwa Greater China Fund	-	Available-for-sale financial assets - current	199,800	2,000	-	2,000	(Note 1)
	KGI Asia VIPH Fund	-	Available-for-sale financial assets - current	239,904	1,603	-	1,603	(Note 1)
	HSBC Global Power and Resource Equity Fund	-	Available-for-sale financial assets - current	198,413	1,234	-	1,234	(Note 1)
	Chinese City International Investment Co., Ltd.	Subsidiary	Equity-method investments	9,500,000	400,301	100.00	400,301	(Note 3)
	Zhong Hua Cheng Development Co., Ltd.	Subsidiary	Equity-method investments	9,500,000	399,195	100.00	399,195	(Note 3)
K9 International Entertainment Corporation	Subsidiary	Equity-method investments	3,000,000	375	30.00	375	(Note 3)	
Core Pacific City Corporation	-	Financial assets carried at cost - noncurrent	30,000,000	201,900	100.00	201,900	(Notes 7 and 8)	
BES Machinery Corporation	China Petrochemical Development Corporation	Corporate director and supervisor	Available-for-sale financial assets - current	9,342,200	58,109	0.52	58,109	(Note 1)
	We & Win Development Co., Ltd.	-	Available-for-sale financial assets - current	9,431,000	44,231	10.16	44,231	(Note 1)
	BESM Holding Co., Ltd.	Subsidiary	Equity-method investments	5,075,000	188,664	100.00	188,664	(Note 3)
	Cinemark-Core Pacific Ltd.	Subsidiary	Equity-method investments	7,593,680	134,315	62.76	134,315	(Note 3)
BES Investment Company Ltd.	K9 International Entertainment Corporation	Subsidiary	Equity-method investments	4,000,000	501	40.00	501	(Note 3)
	Wei-Jing Holdings Ltd.	Equity-method investee	Equity-method investments	14,400,000	584,530	44.67	584,530	(Note 3)
BES Logistics International Co., Ltd.	BES Construction Corporation (BES, U.S.A.)	Equity-method investee	Equity-method investments	761	2,883	8.22	2,883	(Note 3)
	Xiamen Bonded Area Logistics Park Construction Co., Ltd.	Equity-method investee	Equity-method investments	-	452,797	39.20	452,797	(Note 3)
Coreasia Human Resource Management Corporation	Walsin Lihwa Corporation	-	Available-for-sale financial assets - current	190,000	1,208	-	1,208	(Note 1)
	Micro-Star International Co., Ltd.	-	Available-for-sale financial assets - current	61,998	977	-	977	(Note 1)
	Elite Human Resource Management Co., Ltd.	Subsidiary	Equity-method investments	500,000	5,453	100.00	5,453	(Note 3)

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
Chung Kung Safeguarding & Securities Corporation	Ruentex Industries Ltd.	-	Available-for-sale financial assets - current	10,000	\$ 187	-	\$ 187	(Note 1)
	China Petrochemical Development Corporation	-	Available-for-sale financial assets - current	26,500	165	-	165	(Note 1)
	USI Corporation	-	Available-for-sale financial assets - current	10,359	82	-	82	(Note 1)
	Chi-Mei Optoelectronics Corporation	-	Available-for-sale financial assets - current	5,250	57	-	57	(Note 1)
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	260	9	-	9	(Note 1)
	ING Taiwan Income Fund	-	Available-for-sale financial assets - current	214,582	3,509	-	3,509	(Note 1)
	ING Taiwan Select Bond Fund	-	Available-for-sale financial assets - current	93,049	1,088	-	1,088	(Note 1)
	JF (Taiwan) Bond Fund	-	Available-for-sale financial assets - current	57,129	900	-	900	(Note 1)
	P-Shares MSCI Taiwan Financials ETF	-	Available-for-sale financial assets - current	30,000	253	-	253	(Note 1)
	Polaris Taiwan Mid-cap 100 Tracker Fund	-	Available-for-sale financial assets - current	10,000	159	-	159	(Note 1)
	P-Shares Taiwan Electronics Tech ETF	-	Available-for-sale financial assets - current	10,000	138	-	138	(Note 1)
	BES Machinery Corporation	-	Financial assets carried at cost - noncurrent	1	-	-	-	(Note 8)
	BES Consultant Corporation	Subsidiary	Equity-method investments	-	13,457	100.00	13,457	(Note 3)
	BES Department Maintenance & Management	Subsidiary	Equity-method investments	-	4,056	37.00	4,056	(Note 3)
Cinemark-Core Pacific Ltd.	K9 International Entertainment Corporation	Subsidiary	Equity-method investments	3,000,000	377	30.00	377	(Note 3)
BES Global Investment Co.	BES Global Consulting (Shanghai) Co., Ltd.	Subsidiary	Equity-method investments	-	26,501	100.00	26,501	(Note 3)
Core Pacific Consulting Corporation	Darfon Corporation	-	Available-for-sale financial assets - current	22,000	442	-	442	(Note 1)
	Holtek Semiconductor Inc.	-	Available-for-sale financial assets - current	15,059	321	-	321	(Note 1)
Zhong Hua Cheng Development Co., Ltd.	iShares:MSCI Taiwan Index Fund	-	Available-for-sale financial assets - current	12,000	2,987	-	2,987	(Note 2)
	Tracker Fund	-	Available-for-sale financial assets - current	14,500	890	-	890	(Note 2)
	Power Shares Cleantech Portfolio Fund	-	Available-for-sale financial assets - current	1,250	744	-	744	(Note 2)
	Power Shares Water Resource Portfolio Fund	-	Available-for-sale financial assets - current	1,300	614	-	614	(Note 2)
	Core Pacific Consulting (Changshu) Co., Ltd.	Subsidiary	Equity-method investments	-	387,956	100.00	387,956	(Note 3)

(Continued)

Holding Company Name	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
Chinese City International Investment Co., Ltd.	iShares:MSCI Taiwan Index Fund	-	Available-for-sale financial assets - current	12,000	\$ 2,987	-	\$ 2,987	(Note 2)
	Tracker Fund	-	Available-for-sale financial assets - current	14,500	890	-	890	(Note 2)
	Power Shares Cleantech Portfolio Fund	-	Available-for-sale financial assets - current	1,250	744	-	744	(Note 2)
	Power Shares Water Resource Portfolio Fund	-	Available-for-sale financial assets - current	1,300	614	-	614	(Note 2)
	Hua Cheng Consulting (Changshu) Co., Ltd.	Subsidiary	Equity-method investments	-	389,030	100.00	389,030	(Note 3)
BESM Holding Co., Ltd.	Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Equity-method investee	Equity-method investments	-	191,246	9.80	191,246	(Note 3)
BES Consultant Corporation	BES Department Maintenance & Management	Subsidiary	Equity-method investments	-	6,907	63.00	6,907	(Note 3)
BES Department Maintenance & Management	ING Global Bond Portfolio Fund	-	Available-for-sale financial assets - current	281,637	2,963	-	2,963	(Note 1)

Note 1: Market values of domestic quoted stocks and mutual funds were based on the closing prices and net asset values as of December 31, 2008, respectively.

Note 2: Market values of abroad mutual funds were based on the net asset values as of December 31, 2008.

Note 3: Net asset values were based on audited financial statements.

Note 4: Net asset values were based on unaudited financial statements.

Note 5: Included 48,000 thousand shares pledged to Chinatrust Bank; 20,000 thousand shares to First Bank; and 1,500 thousand shares to King's Town Bank, with NT\$263,064 thousand as the total carrying amount of all of these shares.

Note 6: Included 35,240 thousands shares pledged to Standard Chartered Bank, with a carrying amount of NT\$332,130 thousand.

Note 7: Preferred stocks.

Note 8: Investments with no quoted market prices in an active market and of which fair values could not be reliably measured were carried at cost.

Note 9: Included NT\$52,800 thousand pledged to Chinfon Bank.

(Concluded)

## BES ENGINEERING CORPORATION AND INVESTEEES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
YEAR ENDED DECEMBER 31, 2008

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company	Marketable Securities Type and Issuer/Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Units	Amount
BES Engineering Corporation	BES Logistics International Co., Ltd.	Equity-method investments	(Note 1)	-	5,300,000	\$ 210,722	5,600,000	\$ 173,600 (US\$ 5,600,000)	-	\$ -	\$ -	\$ -	10,900,000	\$ 459,810 (Note 2)
	China Petrochemical Development Corporation	Available-for-sale financial assets - current	-	Corporate director	8,300,000	103,750	36,379,580 (Note 3)	434,874	4,100,000	47,168	55,543	(8,375)	40,579,580	252,405 (Note 4)
	Taiwan Tea Corporation	Financial assets carried at cost - noncurrent	-	-	-	-	35,000,000	317,000	-	-	-	-	35,000,000	317,000
BES Logistics International Co., Ltd.	Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Equity-method investments	(Note 1)	-	-	206,168	-	171,370 (US\$ 5,528,000)	-	-	-	-	-	452,797 (Note 5)

Note 1: Issuance of common stock for cash.

Note 2: The difference resulting from increases of NT\$7,349 thousand in the carrying value of equity investment due to change in equity in the investee; NT\$31,473 thousand in investment gain; and NT\$36,666 thousand in foreign currency translation.

Note 3: Included stock dividends of 2,195,580 shares.

Note 4: Unrealized loss of NT\$230,676 thousand on financial assets.

Note 5: The difference resulting from increases of NT\$7,349 thousand in the carrying value of equity investment due to change in equity in the investee; NT\$31,428 thousand in investment gain; and NT\$36,482 thousand in foreign currency translation.

## BES ENGINEERING CORPORATION AND INVESTEES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
YEAR ENDED DECEMBER 31, 2008

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type of Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationship	Prior Transaction Made by Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
BES Engineering Corporation	Land, buildings and underground parking lot	2008.01.24	\$ 125,876	All paid	Glory Construction Co., Ltd.	Related party in substance	(Note)	-	-	\$ -	Appraisal report: NT\$125,002 ~130,646	Office space	-
	Land, buildings and underground parking lot	2008.11.07	293,743	All paid	Glory Construction Co., Ltd.	Related party in substance	(Note)	-	-	-	Appraisal report: NT\$323,895	Office space	-

Note: Glory Construction Co., Ltd. itself constructed and owned the buildings.

**BES ENGINEERING CORPORATION AND INVESTEES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
YEAR ENDED DECEMBER 31, 2008  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Nature of Relationship	Transaction Detail				Non-arm's Length Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Term	Unit Price	Payment Terms	Ending Balance	% to Total	
BES Engineering Corporation	BES Machinery Corporation	Subsidiary	Purchase	\$ 402,772	3.08	-	\$ -	-	Accounts payable (\$93,933)	(3.11)	
BES Machinery Corporation	BES Engineering Corporation	Parent company	Sale	(402,772)	(72.70)	-	-	-	Accounts receivable, net \$93,933	46.44	

**BES ENGINEERING CORPORATION AND INVESTEES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**DECEMBER 31, 2008**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Year	Allowance for Bad Debts
					Amount	Action Taken		
BES Engineering Corporation (the "Corporation")	BES Machinery Corporation	Subsidiary	\$ 110,491 (Note 1)	-	\$ -	-	\$ 14,318	\$ -
	Agora Garden Corporation ("Agora")	Agora's two directors are representatives of corporate director and supervisor of the Corporation	209,785 (Note 2)	-	-	Collection based on agreement	2,800	-

Note 1: Other receivable resulted from the sale of construction facilities and steel plates.

Note 2: Included in long-term accounts receivable - related party.

## BES ENGINEERING CORPORATION AND INVESTEEES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE CORPORATION EXERCISES SIGNIFICANT INFLUENCE  
YEAR ENDED DECEMBER 31, 2008

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss) Recognized (Note 1)	Note
				Dec. 31, 2008	Dec. 31, 2007	Shares	Percentage of Ownership	Carrying Amount			
BES Engineering Corporation	Core Pacific World Corporation	Taipei, Taiwan	Makes investments	\$ 1,528,214	\$ 1,528,214	115,741,900	99.78	\$ 1,090,846	\$ (96,563)	\$ (91,856)	The difference of NT\$4,492 thousand resulted from the discount amortized. Investee is a subsidiary
	BES Machinery Corporation	Kaohsiung, Taiwan	Leases engineering machinery and equipment, and wholesale construction materials and provides consulting service for designing and planning projects, except for certain architectural matters	842,988	842,988	75,213,198	96.58	722,211	19,137	18,482	Investee is a subsidiary
	BES Investment Company Ltd.	Hong Kong	Overseas construction and equipment sale	681,625	681,625	20,900,000	100.00	590,232	(18,855)	(18,855)	Investee is a subsidiary
	BES Logistics International Co., Ltd.	Republic of Mauritius	Makes investments	348,278	174,678	10,900,000	100.00	459,810	31,473	31,473	Investee is a subsidiary
	Corporacion De Inversion Y Desarrollo BES, S.A. (Costa Rica) (BES, S.A.)	Costa Rica	Operates processing districts	181	181	800	100.00	109,126	76,532	76,532	Investee is a subsidiary
	Coreasia Human Resource Management Corporation	Taipei, Taiwan	Consultancy on business administration and investments	60,000	60,000	6,000,000	100.00	73,766	4,398	4,398	Investee is a subsidiary
	Chung Kung Safeguarding & Security Corporation	Taipei, Taiwan	Security and related services	38,127	38,127	3,880,000	64.67	43,952	6,042	4,153	The difference of NT\$217 thousand resulted from the discount amortized and unrealized profits from upstream transaction for NT\$29 thousand.
	Cinemark-Core Pacific Ltd.	Taipei, Taiwan	Movie broadcasting and related businesses	23,450	23,450	1,861,500	15.38	33,978	19,679	3,588	The difference of NT\$561 thousand resulted from the discount amortized. (Note 2)
	BES Construction Corporation (BES, U.S.A.)	Georgia, U.S.A.	Develops lands for investments	259,562	259,562	8,509	91.78	33,192	(5,000)	(4,589)	Investee is a subsidiary
	BES Global Investment Co.	B.V.I.	Overseas construction and equipment sale	48,019	48,019	1,410,100	100.00	26,224	(10,972)	(10,972)	Investee is a subsidiary
	Huatung Power Corporation	Taipei, Taiwan	Operates power plants	183,000	183,000	18,300,000	30.00	18,225	(40,154)	(12,047)	
	Core Pacific Consulting Corporation	Taipei, Taiwan	Consultancy on business administration and investments	14,729	14,729	1,100,000	55.00	6,350	(7,868)	(5,548)	The difference of NT\$1,220 thousand resulted from the premium amortized. Investee is a subsidiary
	BA&BES Contracting (L.L.C.)	Dubai, UAE	Engineering and construction	10,696	10,696	1,200,000	40.00	5,935	(15,552)	(6,221)	Investee is a subsidiary
BES Construction & Development Corporation	Taipei, Taiwan	Subcontracts construction of buildings for lease and sale	-	89,148	-	-	-	(5)	(5)	Investee is a subsidiary	
Core Pacific World Corporation	Chinese City International Investment Co., Ltd.	Republic of Mauritius	Consulting	330,714	330,714	9,500,000	100.00	400,301	13,130	13,130	Investee is a subsidiary
	Zhong Hua Cheng Development Co., Ltd.	Republic of Mauritius	Consulting	330,714	330,714	9,500,000	100.00	399,195	11,899	11,899	Investee is a subsidiary
	K9 International Entertainment Corporation	Taipei, Taiwan	Entertaining	30,000	30,000	3,000,000	30.00	375	(53,115)	(15,935)	Investee is a subsidiary
BES Machinery Corporation	BESM Holding Co., Ltd.	B.V.I.	Holds investments	162,163	162,163	5,075,000	100.00	188,664	7,912	7,912	Investee is a subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss) Recognized (Note 1)	Note
				Dec. 31, 2008	Dec. 31, 2007	Shares	Percentage of Ownership	Carrying Value			
	Cinemark-Core Pacific Ltd.	Taipei, Taiwan	Movie broadcasting and related businesses	\$ 91,930	\$ 91,930	7,593,680	62.76	\$ 134,315	\$ 19,679	\$ 13,488	The difference of NT\$1,137 thousand resulted from the discount amortized (Note 2)
	K9 International Entertainment Corporation	Taipei, Taiwan	Entertaining	40,000	40,000	4,000,000	40.00	501	(53,115)	(21,245)	
BES Investment Company Ltd.	Wei-Jing Holdings Ltd.	B.V.I.	Holds investments	463,104	463,104	14,400,000	44.67	584,530	(41,135)	(18,375)	Investee is a subsidiary
	BES Construction Corporation (BES U.S.A.)	Georgia, U.S.A.	Develops lands for investments	25,724	25,724	761	8.22	2,883	(5,000)	(411)	
BES Logistics International Co., Ltd.	Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Xiamen, China	Engages in the logistics, storage and trading business	341,921	170,551	-	39.20	452,797	82,563	31,429	
Coreasia Human Resource Management Corporation	Elite Human Resource Management Co., Ltd.	Taipei, Taiwan	Human resource consulting	5,000	5,000	500,000	100.00	5,453	28	28	Investee is a subsidiary
Chung Kung Safeguarding & Security Corporation	BES Consultant Corporation	Taipei, Taiwan	Business management consulting and running parking lots	10,000	10,000	-	100.00	13,457	174	174	Investee is a subsidiary
	Core Pacific Department Maintenance and Management	Taipei, Taiwan	Manages department maintenance and renders related services	3,803	3,803	-	37.00	4,056	57	21	Investee is a subsidiary
Cinemark-Core Pacific Ltd.	K9 International Entertainment Corporation	Taipei, Taiwan	Entertaining	30,000	30,000	3,000,000	30.00	377	(53,115)	(15,935)	Investee is a subsidiary
BES Global Investment Co.	BES Global Consulting (Shanghai) Co., Ltd.	Shanghai, China	Provides engineering consulting services.	47,597	47,597	-	100.00	26,501	(10,855)	(10,855)	Investee is a subsidiary
Zhong Hua Cheng Development Co., Ltd.	Core Pacific Consulting (Changshu) Co., Ltd.	Changshu, China	Provides engineering consulting services	305,982	305,982	-	100.00	389,030	13,285	13,285	Investee is a subsidiary
Chinese City International Investment Co., Ltd.	Hua Cheng Consulting (Changshu) Co., Ltd.	Changshu, China	Provides engineering consulting services	305,982	305,982	-	100.00	387,956	12,055	12,055	Investee is a subsidiary
BESM Holding Co., Ltd.	Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Xiamen, China	Engages in the logistics, storage and trading business	167,565	167,565	-	9.80	191,246	82,563	9,027	
BES Consultant Corporation	Core Pacific Department Maintenance and Management	Taipei, Taiwan	Manages department maintenance and renders related services	6,300	6,300	-	63.00	6,907	57	36	Investee is a subsidiary

Note 1: The investees' financial statements as of and for the year ended December 31, 2008 had all been audited, except those of BES Construction & Development Corporation and Core Pacific Consulting Corporation, which need not to audited.

Note 2: The investments of BES Engineering Corporation, and BES Machinery Corporation in Cinemark-Core Pacific Ltd. equaled 78.14%.

(Concluded)

**BES ENGINEERING CORPORATION AND INVESTEEES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
YEAR ENDED DECEMBER 31, 2008**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company Name	Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2008	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2008	% Ownership of Indirect Investment	Investment Gain (Loss) Recognized (Note)	Carrying Amount as of Dec. 31, 2008	Accumulated Inward Remittance of Earnings as of Dec. 31, 2008
						Outflow	Inflow					
BES Engineering Corporation	BES Global Consulting (Shanghai) Co., Ltd.	Provides engineering consulting services	\$ 47,597 ( US\$ 1,400,000 )	Indirect	\$ 47,597 ( US\$ 1,400,000 )	\$ -	\$ -	\$ 47,597 ( US\$ 1,400,000 )	100.00	\$ (10,855) ( US\$ 344,000 )	\$ 26,501 ( US\$ 808,000 )	\$ -
BES Engineering Corporation	Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Engages in the logistics, storage and trading business	864,229 (RMB 200,000,000)	Indirect	170,551 ( US\$ 5,175,000 )	171,370 ( US\$ 5,528,000 )	-	341,921 ( US\$ 10,703,000 )	39.20	31,429 ( US\$ 997,000 )	452,797 ( US\$ 13,805,000 )	-
Core Pacific World Corporation	Core Pacific Consulting (Changshu) Co., Ltd.	Provides engineering consulting services	305,982 ( US\$ 9,000,000 )	Indirect	305,982 ( US\$ 9,000,000 )	-	-	305,982 ( US\$ 9,000,000 )	100.00	12,055 ( US\$ 382,000 )	387,956 ( US\$ 11,828,000 )	-
Core Pacific World Corporation	Hua Cheng Consulting (Changshu) Co., Ltd.	Provides engineering consulting services	305,982 ( US\$ 9,000,000 )	Indirect	305,982 ( US\$ 9,000,000 )	-	-	305,982 ( US\$ 9,000,000 )	100.00	13,285 ( US\$ 421,000 )	389,030 ( US\$ 11,861,000 )	-
BES Machinery Corporation	Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Engages in the logistics, storage and trading business	864,229 (RMB 200,000,000)	Indirect	167,565 ( RMB 40,900,000 )	-	-	167,565 ( RMB 40,900,000 )	9.80	9,027 ( US\$ 286,000 )	191,246 ( US\$ 5,831,000 )	-

Investor Company Name	Accumulated Investment in Mainland China as of December 31, 2008	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investment
BES Engineering Corporation	US\$ 12,103,000	US\$ 12,345,000	\$ 10,980,516
Core Pacific World Corporation	US\$ 18,000,000	US\$ 19,000,000	658,621
BES Machinery Corporation	RMB 40,900,000	RMB 40,900,000 ( US\$ 5,067,000 )	448,671

Note: The calculation of investment gain (loss) was based on the investee's audited financial statements.