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BES ENGINEERING CORPORATION

ANNUAL REPORT 2022

Date of publication: April, 30, 2023

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V. Overseas Securities: None

VI. Company website: https://www.bes.com.tw

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One. Letter to Shareholders

Dear Shareholders,

Based on the corporate vision of "Build Sustainable Environment, Construct Great Residential Housing, Deep-rooted in International Market", Company upholds corporate mission of "Physical Economic Development Promoter". Over the past year, under the impact of COVID-19, the global financial market was affected severely. Under such harsh environment, BES Engineering Inc. (referred to as "the Company") upholds the philosophy of revolution, innovation and Sustainable Development with stable business operation to achieve the outcome of consolidated operating revenue of NT\$15.093 billion and income after tax of NT\$805 million in 2022.

I. 2022 Business Results

In 2022, the awarded tender projects included: Zengwen Reservoir discharge channel and expansion with sludge extraction project, Hsinchu Science Park (Baoshan Land) Phase 2 expansion - First tender project, Kaohsiung New Town Phase 2 development zone (cooperating with Science Park) development project section expropriation public works (2 zones), Niaozui Lake purification field new construction turnkey project (continued), Hsinchu Science Park (Baoshan land) Phase 2 expansion - Second tender project, Sun Ba Power Phase 2 administrative zone general construction turnkey project, Taipei City West Gateway Taipei Main Station Specialized Zone CD1/D1 (East Block) land development project, Sun Ba Phase 2 solar photovoltaic equipment and detention basin turnkey project. The annual contract work amount reached NT\$16.869 billion.

II. 2023 Business Plan

On December 28, 2022, the Company has established the four main profit centers of "public construction", "private construction", "real estate business" and "overseas business". through relevant industrial chain vertical integration with horizontal links among business operators, resources have been integrated to achieve the maximum profit benefits, thereby triggering the continuous growth and improvement dynamics. In addition, through the active integration with new technologies, understanding of ESG trend, increase in technology level and digital transformation, the Company is able to achieve long-term growth and development.

In recent years, due to the impacts of the worldwide COVID-19 pandemic and the Russo-Ukrainian War, global raw materials have been in shortage such that international prices have increased significantly. To overcome the economic difficulties, countries around the globe have adopted the relaxed currency policy with increased printing of bills, leading to severe global inflation. Consequently, the U.S. Federal Reserve System (Fed) adopts the continuous increase in interest

rate to suppress inflation, and the government in Taiwan also follows such trend with the increase in the interest rate, causing an increase in financing interest rate. As a result, the construction and development industry originally suffering from the shortage of labor and materials needs to further face the tough challenge of an increase in construction cost.

As house prices continue to surge in Taiwan, the government has implemented numerous real estate hype prevention policies and actions, including the Integrated Housing and Land Tax and Land Value 2.0, an increase in land tax and land value increment tax, construction financing control, the e Equalization of Land Rights Act to prevent the exchange of pre-sale house contracts, construction commencement within 18 months after acquisition of land, etc., causing the postponement of project release, the shift of seller's market to buyer's market and the overall exception for the decrease in future house prices. In view of the above, the year 2023 is expected to be a year of destocking and slow market growth. Since construction costs cannot be predicted, a lot of constructors have adopted the "build first and sale after" policy to ensure the stability of cash flows.

- (I) Public construction business: Continue to seize opportunities for major construction projects released by the government, including:
 - 1 Railway construction projects: Projects include, such as, Taipei metropolitan area MRT system circular line northern section and southern section as well as surrounding land development projects, Wanda Zhonghe Line, Taoyuan railway underground project.
 - 2. Water environment construction projects: Projects include, such as, Shimen Reservoir connection to Hsinchu pipeline link project, Taichung Port outport area expansion project, etc.
- 3. City and village construction plans: Improvement of road quality (highway system, etc.).
- 4. Green energy constructions: Renovation and new construction plans of various power plants, etc.

(II) Private construction business:

BES Metaverse is expected to complete the upper steel construction during 2023 Q4. For the construction of the Mingsheng Community Urban Renewal Project Phase 3 "Bi Yen Court" started in May 2020, the steel construction has been completed during the end of 2022. For the Mingsheng Community Urban Renewal Project Phase 4 "Ming Sen Garden", the demolition of old building has been started in December 2022. In the future, the Company will focus on the development goal of improvement construction quality reputation and engineering technologies. In addition, the Company will engage in the contract works of self-construction projects via the cost addition method and the external contract works of private construction projects.

(III) Real estate business:

To cope with the real estate development trend for next year, the development business still focuses on the urban renewal development as the main business, in order to reduce the risk of large capital expenditure before development. In addition, for tender project type of development, based on the consideration of bank financing policy tightening and significant increase in own financing fund during early stage, the Company adopts the strategy of engaging in cooperative alliance or joint development with other operators in the construction industry. Accordingly, it is able to achieve the advantages of combining with other operators in the same industry, greater effective resources and professional complementation can be achieved, in order to diversify the development risk and to satisfy market development needs, which will be set as the annual operation policy.

In 2023, for the new industrial zone projects of West I Zone Phase 1 and Lunwei Metal Zone Phase 3, sales strategy will be adopted according to the current condition of each zone and flexible adjustments will also be made according to the cooperating companies' needs. For potential customers of large area of land, customized method is adopted to satisfy their land use demands. For small and medium enterprises, the Company releases small area sections to provide flexible plant construction for diverse industrial business operators and also actively visits returning Taiwanese manufacturers and unregistered factories under government's guidance. We expect that the business invitation and fund recovery for the Changbin Industrial Park will be beneficial to the Company.

In addition to the Changbin Lunwei West I Zone Phase 2 and Lunwei Metal Surface Treatment Professional Zone Phase 1, Lunwei Environmental Protection Land and other road and public construction projects, the Company mainly cooperates with construction for projects that have been set for land lease and sale and projects with urgent and safety protection needs along with the use of the lease or sales income and fund provided by the proprietors to cover expenses to ensure stable fund source in priority.

(IV) Overseas business

Since 2021, due to the original government taken over by the military power, Myanmar has faced economic recession. In addition to the international economic sanction, a lot of large government tender projects have been suspended completely. In 2022, Vietnam government implemented real estate development control and investigation, causing the real estate market to decline, and the local bank industry also cooperated the policy to tighten their loan policies. Accordingly, a lot of publicly listed real estate developers suffered from falling of stock price and shortage of working capital. Furthermore, under the impact of COVID-19 pandemic, Vietnam government restrictively permits the application of expert visa. Under the ruling of the military government, the Myanmar adopted strict entry access control, and direct contact could not be made directly, such that the negotiation and information collection difficulty increased.

In 2023, the Overseas Business Department will re-organize the potential cases in the surrounding areas of popular cities of Ho Chi Minh and Hanoi in Vietnam, and will also review the completeness of legal documents before the negotiation with landlords. In addition, the Company will further adjust the strategy direction to engage in cooperation with local influential developers, such that the acquisition of large land development projects in Vietnam can be promoted through collaboration with local constructors. In addition, the Company will also establish new office location at Hanoi, in order to facilitate the large land development at the northern area of Vietnam.

Looking into the future, in addition to the continued stable development of the public construction business, active expansion of private construction projects and strengthening of real estate business, the Company will also seek overseas business actively. As for internal operation management, the Company will synchronously launch operation procedure modularization, improve team technology, and implement rigorous quality control, in order to carefully evaluate and maintain a flexible model to cope with the challenging market and environment, thereby creating higher value, fulfilling corporate social responsibility, and providing a return to all shareholders for their long-term care and support.

Sincerely yours,

To you and your family's health and prosperity!

Chairperson Chou Chih-Ming

Two. Company profile

I. The date of establishment: September 1, 1950

II. Capital: The total amount of capital is NT\$ 30 billion, and the total paid-up capital is NT\$ 15,308,998,220.

III. History of the company

●In 1950:

The company's original English name was "Heavy Equipment Division" and the company consisted of four units including the Heavy Machinery Factory, the Kaohsiung Office, the Vehicle Service Office and the Nanxin Repair Factory owned by the former Materials Supply Bureau; and its main business included mechanical repairs and vehicle transportation.

●In 1951:

It was reorganized as the "Mechanical Engineering Division of the Resources Committee," the company is the first for the construction of civil engineering and construction projects with heavy machinery and it continued to be supplemented with the heavy machinery repair and vehicle transportation business.

●In 1952:

It was renamed as the "Mechanical Engineering Division of the Ministry of Economic Affairs" under the Ministry of Economic Affairs. The English name was changed to "Bureau of Engineering Services" or BES in short.

●In 1959:

It was re-organized as "China Mechanical Engineering Co., Ltd.", is still under the Ministry of Economics for the development of foreign business; as the BES abbreviation has been recognized abroad, hence the English name is changed to "BES Engineering Corporation" and its abbreviation BES is still in use up to now.

●In 1965:

It was renamed to "BES Engineering Corporation"

●In 1966

It was renamed "BES Engineering Corporation" to avoid confusion with the name of the Taiwan Machinery Company.

●In 1993:

The company was listed and the Ministry of Economic Affairs released 8.51% of its shares.

●In 1994:

On June 22, it was privatized and became a good example for the transfer of state-owned enterprises to private enterprises. The board of directors was reorganized.

●In 1995:

Conducted cash incensement of 1.5 billion dollars, and the paid-up capital was increased to 4.8 billion dollars.

●In 1996:

Conducted the transfer of surplus and capital reserve to increase capital by 1.68 billion dollars, and the paid-up capital was increased to 6.48 billion dollars.

●In 1997:

Conducted the transfer of surplus and capital reserve to 1.296 billion dollars, and the cash was increase by 1.6 billion dollars. The paid-up capital was increased to 9.376 billion dollars.

●In 1998:

"BES Engineering Corporation" was officially announced with the new CIS of the CORE PACIFIC GROUP.

●In 1998:

Conducted the transfer of surplus and capital reserve to increase capital by 1.8752 billion and the paid-up capital was increased to 11.2512 billion.

●In 1999:

Conducted the transfer of surplus and capital reserve to increase capital by 675.72 million NTD in thousands, and the paid-up capital was increased to 19.26272 billion NTD in thousands.

• In 2000:

Conducted the transfer of earnings and capital reserves to the total amount of 834,839,000 NTD in thousands, and the paid-in capital was increased to 12,761,111,000 NTD in thousands.

•In 2001:

Conducted the transfer of total capital reserve to increase the capital by 893,277,780 NTD, and the paid-in capital was increased to 13,654,388,820 NTD.

• In 2002:

Conducted the transfer of surplus to increase capital by a total of 563,423,210 dollars, and the paid-up capital was increased to 14,217,812,030 dollars.

●In 2004

Conducted the transfer of surplus to increase capital by a total of 284,356,240 dollars, and the paid-in capital was increased to 14,502,168,270 dollars.

●In 2007

Conducted the transfer of surplus to increase capital by a total of 748,006,580 dollars, and the paid-in capital was increased to 15,250,174,850 dollars.

•In 2010

The approved share capital was increased from \$18 billion to \$30 billion, and the total paid-up capital was \$15,250,174,850.

•In 2013

The company issued its first domestic guarantee and the second unsecured conversion of corporate bonds of NT\$800 million and it was approved and

released by the Financial Supervisory Commission on October 16, 2013.

●In 2014

- 1. The Japanese company issued its first domestic guaranteed conversion of corporate bonds of NT\$300 million on February 19, 2014 and it was approved by the Taipei Exchange of the Republic of China to start trading at the counter of the securities firm on February 24, 2014.
- 2. The Japanese company issued its second unsecured conversion of corporate bonds of NT\$500 million on February 21, 2014, and it was approved by the Taipei Exchange of the Republic of China to start trading at the counter of the securities firm on February 25, 2014.

●In 2015

The Company issued its second domestic unsecured conversion of corporate bonds with a total of 5,882,337 shares converted into ordinary shares in the current year, and the amount of paid-in capital was increased to 15,308,998,220 dollars.

- IV. The company's acquisition, re-investment in joint venture and restructuring in the most recent year and up to the published date of this annual report: None.
- V. The directors, supervisors or major shareholders who hold more than 10% of the shares transferred or changed large amount of company shares in the most recent year and up to the published date of this annual report: None.
- VI. The changes in management right, major changes in business operation or contents, and other important matters that will affect shareholders' interests and impact the company in the most recent year and up to the published date of this annual report: None.
- VII. The information from previous years that has a significant impact on the company's development: None.

VIII. Major projects in progress in year 2022:

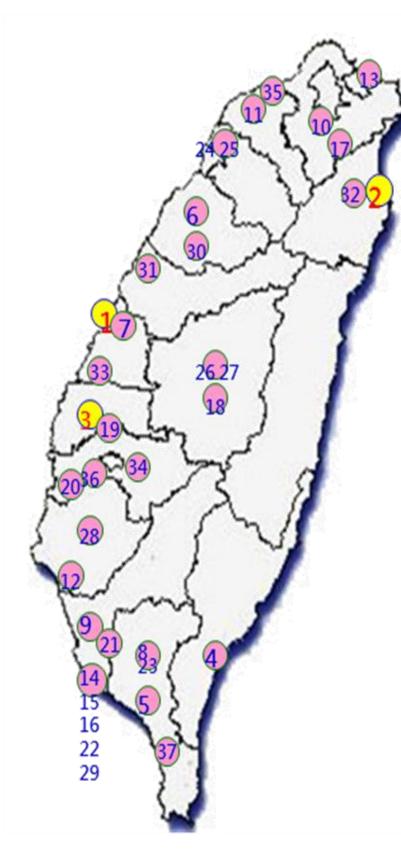
- (I) Taoyuan Airport MRT A14 station (terminal 3) and extension section to Zhongli Railway Station's E&M system project (tender ME06A) (108)
- (II) Tseng Wen Nan Hua Leveling Pipe Turnkey Project A1
- (III) Turnkey project for renovation of the First Vegetable and Fruit Market (in-embankment relay) and Wan-Da Wholesale Market
- (IV) CR580C Eastward Section Project of Xinyi Section in the Taipei MRT System
- (V) The new construction of main line of West Coast Expressway WH10-C 64K+005~69K+600

- (VI) The construction of parking apron, taxiway and apron facilities in terminal III of Taiwan Taoyuan International Airport
- (VII) The earthwork and infrastructure in terminal III of Taiwan Taoyuan International Airport
- (VIII) Shimen Reservoir dredging tunnel project (phase 1)-Aamping dredging tunnel project
- (IX) Dormitory Reconstruction Turnkey Project in Fuxing Camp Area
- (X) The basic design, detail design, procurement and construction engineering for the China Petrochemical Development Corporation's liquid ammonia and phenol storage and transportation project in the intercontinental phase II wharf of Kaohsiung Harbor
- (XI) The comprehensive facility reinforcement project in Taoyuan International Airport
- (XII) The new construction project of the Health Building in National Taiwan University Hospital
- (XIII) GM01 electromechanical system turnkey engineering project of the MRT Green Line GM01
- (XIV) China Petrochemical Development Corporation's Stage 1 geological improvement project of the liquid ammonia and phenol storage and transportation project in the intercontinental phase II wharf of Kaohsiung Harbor and the Stage 2 PC driven pile project
- (XV) Hua-Nan Information Technology Building and new construction in Hua-Nan DingPo Science and Technology Building
- (XVI) The public housing turnkey project on the Hebing High School Base in Neihu District of Taipei City
- (XVII) Main Structure of New Construction Project in Yulong Town Commercial District (Phase 1)
- (XVIII) The new construction project of the pumping machine room #7, 8 and 9 and water inlet/outlet underdrain in Taitan Power Plant
- (XIX) GC02 civil engineering and construction turnkey project of the underground section between the daylighting section to G07 Station (exclusive) of the Taoyuan MRT Green Line
- (XX) Niaozueitan Artificial Lake Project, Wu River- Construction of Lake Area
- (XXI) Hsing Tai Wen Zai Jun Zone 2 land replotting project in New Taipei

- City
- (XXII) Taoyuan Aerotropolis Zone Expropriation Project A2 Section
 Turnkey Project
- (XXIII) Tai No.15 and Tai No.4 pipeline rerouting project (including pipeline burial) in cooperation with the expansion of Taiwan Taoyuan International Airport
- (XXIV) The new construction project of the Health Building in National Taiwan University Hospital (the first bid for electrical, plumbing, and air conditioning engineering)
- (XXV) Zengwen Reservoir discharge channel and expansion with sludge extraction project
- (XXVI) Hsinchu Science Park (Baoshan land) Phase 2 expansion First tender project
- (XXVII) Kaohsiung New Town Phase 2 development zone (cooperating with Science Park) development project section expropriation public works (2 zones)
- (XXVIII) Niaozui Lake purification field new construction turnkey project (continued)
- (XXIX) Hsinchu Science Park (Baoshan land) Phase 2 expansion Second tender project
- (XXX) Sun Ba Power Phase 2 administrative zone general construction turnkey project
- (XXXI) Taipei City West Gateway Taipei Main Station Specialized Zone C1/D1 (East Block) land development project (management tender)
- (XXXII) Sun Ba Phase 2 solar photovoltaic equipment and detention basin turnkey project
- (XXXIII) Public facilities and plant maintenance project in Changhua Coastal Industrial Park (Xianxi and Lunwei District)
- (XXXIV) Seawall and parapet heighten and water control road project in Changhua Coastal Industrial Park Lunwei District (phase 1)
- (XXXV) Road and public pipeline project in Changhua Coastal Industrial Park Lunwei West District 1 (phase 2)
- (XXXVI) Lunwei West District 1 Phase 2 Drainage Trunk and Gate Project in Zhangbin Industrial Zone
- (XXXVII) Road and Public Pipeline Project in the metal surface treatment zone, Changhua Coastal Industrial Park Lunwei West District (phase 1)
- (XXXVIII) Changhua Coastal Industrial Park Lunwei West District 2 environmental protection land public facility project

(XXXIX)	Yunlin Science and Technology Industrial Park (Dabeixi Area) public facilities and plant maintenance project
(XL)	Letzer Industrial Park land protection project
(XLI)	Agora Garden carbon-absorbing and energy-saving vertical
	residential building
(XLII)	Yanshou Zone K (BES Yuncui)
(XLIII)	Yanshou Zone I (BES Biyenge)
(XLIV)	Yanshou Zone J
(XLV)	Chongyang Road, Nangang
(XLVI)	Xing'an street urban renewal project
(XLVII)	Tu Cheng AI Intellectual Park

IX. The development in the industrial park over the years



■ 1980~2023 The Industrial Zone in developing

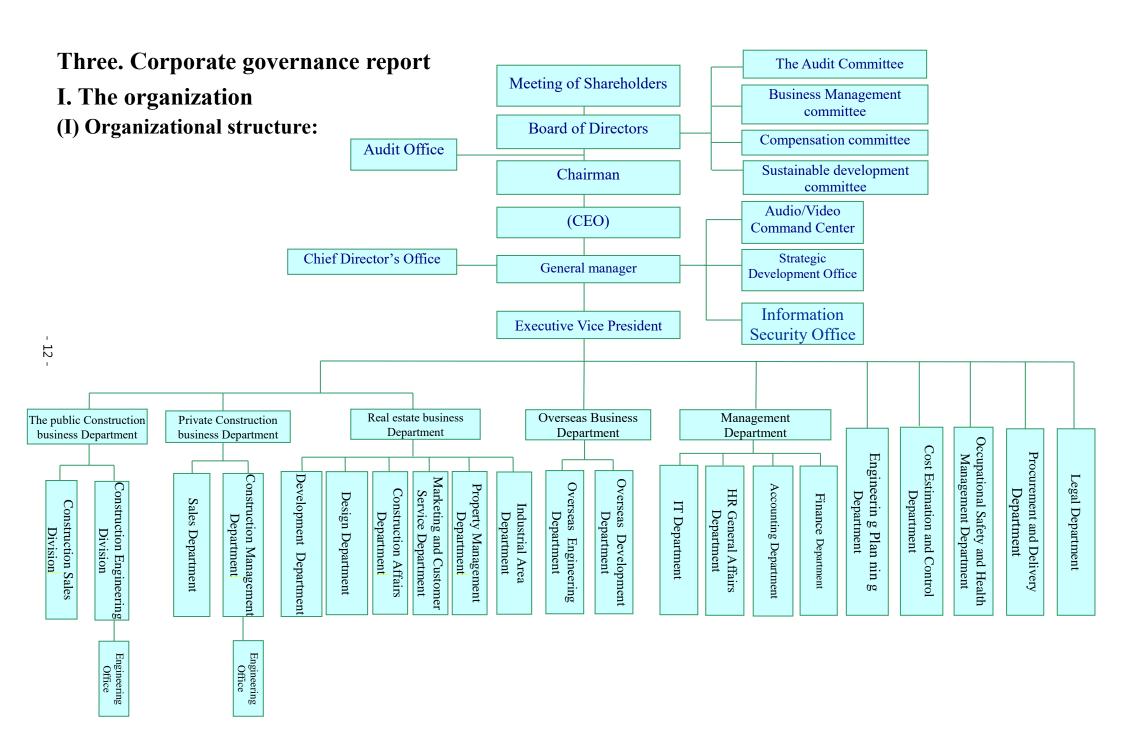
- 1. 2455 hectares in Changhua Coastal Industrial
 Park
- 2. 330 hectares in Lize Industrial Park
- 3. 243 hectares in Yunlin Science and Technology Industrial Park

■ 1980~1990 Development of Industrial Park

- 4. 18 hectares in Fengle Industrial Park
- 5. 99 hectares in Neipu Industrial Park
- 6. 78 hectares of Zhunan Industrial Park
- 7. 248 hectares in Quanxing Industrial Park
- 8. 100 hectares in Pingtung Automobile Professional Industrial Park

■ 1970~1980 Development of Industrial Park

- 9. 21 hectares in Renwu Industrial Park
- 10. 22 hectares in the Xilin industrial area
- 11. 65 hectares in Taoyuan Youshi Industrial Park
- 12. 198 hectares in Anping Industrial Park
- 13. 30 hectares in Dawulun Industrial Park
- 14. 1177 hectares in Kaohsiung Linhai Industrial Park
- 15. 19 hectares in Kaohsiung Linhai Small and Medium Enterprise Park
- 16. 15 hectares in Kaohsiung Linhai Industrial Plaza
- 17. 107 hectares Tucheng Industrial Park
- 18. 23 hectares in Zhushan Industrial Park
- 19. 16 hectares in Yuanhe Industrial Park
- 20. 16 hectares in Yizhu Industrial Park
- 21. 11 hectares in Fengshan Industrial Park
- 22. 388 hectares in of Linyuan Industrial Park
- 23. 156 hectares in Pingtung Industrial Park
- 24/25. 532 hectares in Hsinchu (expansion) industrial Park
- 26/27. 411 hectares in Nangang (expansion) industrial Park
- 28. 227 hectares in Guantian Industrial Park
- 29. 391 hectares in Dafa Industrial Area
- 30. 50 hectares in Tonglu Industrial Park
- 31. 218 hectares in the Youshi industrial area
- 32. 236 hectares in Longde Industrial Park
- 33. 160 hectares in Fangyuan Industrial Park
- 34. 244 hectares in Minxiong Industrial Park
- 35. 55 hectares in industrial park in Gongkou
- 36. 21 hectares in Puzi Industrial Park
- 37. 276 hectares in Pingnan Industrial Park



(II) Business operations of main departments:

- 1. The public Construction business Department is responsible for:
- (1) Manage government public constructions and other private sector project contract works and construction businesses approved.
- (2) Cost budget and target control of annual revenue and earnings analysis and tracking the conditions of engineering abnormality.
- (3) Other assignments.
- The Construction Sales Division is responsible for:
 - (1) Collection and tracking of tender information.
 - (2) Application of public notary, certification and bidding of tender documents.
 - (3) Collecting and preparing bidding documents, delivery and participating in bidding
 - (4) Database construction and management for customer visits, business contacts and business information.
 - (5) Assist matters in estimation, site survey and contract signing.
 - (6) Undertake the analysis and documentation of product marketing and strategy.
 - (7) The cross-industry alliance proposals for outsourced engineering consultants and architects.
 - (8) Business documents (confidential agreement, cooperation letter of intent, agreement prior to the bid, contract of subcontract).
 - (9) Process control and follow-up of the bidding case.
 - (10) Clarify the documents of design drawings and other documents with customers during the preparation of the bidding period
 - (11) Other assignments.
- The Construction Engineering Division and the Civil Engineering Department are responsible for:
 - (1) Assist the estimation of construction projects
 - (2) Budget implementation and settlement of the work order.
 - (3) Cost budget and target control of annual revenue and earnings, analysis and tracking the conditions of engineering abnormality.
 - (4) Generation and control of cash flow for each work order.
 - (5) Conduct and control the application, extension and refund of security deposit, prepayment, reserved payment, and retention money.
 - (6) Implementation of occupational safety and health affairs.
 - (7) Supervise Engineering Office to conduct the project's pricing, project collection and reminder of design change.
 - (8) Review and verify the vendor's estimated pricing and the control of the usage of bulk materials.
 - (9) Overall management of engineering contracts, procurement, quality, progress, costs and construction.
 - (10) Review of alternatives for major engineering projects.

- (11) Supervise Engineering Office to conduct proposal of construction dispute disposition and tracking <u>matters.</u>
- (12) Quarterly report of project progress and self-assessment of internal control.
- (13) Supervising the settlement of engineering projects and case closing if necessary.
- (14) Review and documentation of project completion report.
- (15) Other assignments.
- 2. The Private Construction business Department is responsible for:
 - (1) Manage private construction contract, construction business and other construction businesses approved.
 - (2) Adopt the Cost-plus model to contract private construction business or own construction projects.
 - (3) Cost budget, revenue and earnings target control, construction abnormal condition cause analysis and handling.
 - (4) Other assignments.
 - Sales Department is responsible for:
 - (1) Private construction project tender information collection and tracking.
 - (2) Tender document notarization and certification, bid bond application related affairs.
 - (3) Tender document notarization and certification, bid bond application related affairs.
 - (4) Tender qualification document sorting and preparation, tender submission and participation in tender opening operation.
 - (5) Customer visit, business contact and commercial information database establishment and management.
 - (6) Tender contract negotiation and signing related affairs.
 - (7) Assist with estimation, job site survey and construction quality during construction process and related affairs.
 - (8) Construction project cost database modularization development and application.
 - (9) Construction contract market product positioning, strategy analysis, filing and archive.
 - (10)Outsourcing project professional consultant and architecture cross-industry alliance recommendations.
 - (11)Commercial documents (non-disclosure agreement, letter of intent, pre-tender agreement, subcontract agreement) signing and management.
 - (12) Tender project preparation progress control and follow-up.
 - (13) Clarification for doubts related to design drawings and documents during tender preparation period.
 - (14)Other assignments.
 - Construction Management Division is responsible for:

- (1) Assist the estimation of private construction work businesses..
- (2) Work order budget execution and settlement.
- (3) Cost budget, annual revenue and earnings target control, construction abnormal condition cause analysis and tracking.
- (4) Preparation and control of various work order cash flow statements.
- (5) Constriction performance bond, prepayment, reserve, warranty bond application, extension and return handling and control.
- (6) Supervision of various work order occupational safety and health operation.
- (7) Supervision of the Engineering Office on the proprietor price calculation, construction payment collection and design change related matters for the construction projects handled.
- (8) Review of inspection and price calculation of cooperating contractor and large material use control.
- (9) Comprehensive management of construction contracts, purchasing/outsourcing, quality, progress, cost and construction work related affairs and internal control self-evaluation.
- (10) Review of major construction alternative solutions.
- (11) New construction technologies (new techniques and materials, etc.) survey, research and application planning.
- (12) Supervision of the Engineering Office on the proposal and followup of construction dispute handling related affairs.
- (13) Supervision of construction work.
- (14) Supervision of construction settlement and necessary case closing related affairs.
- (15) Construction completion report review, filing and archive.
- (16) Supervision of work order carbon inspection and carbon management related affairs.
- (17)Other assignments
- 3. The Real estate business Department is responsible for:
 - (1) Promote domestic diverse land and real estate development business.
 - (2) Preliminary design planning of development projects and design progress control.
 - (3) Real estate sales strategy establishment and execution.
 - (4) Other businesses approved.
 - (5) Other assignments
 - Development Department is responsible for:
 - (1) All land development projects in any location in the country approved by the President Development project includes profitable land acquisition and sales, joint construction, urban renewal, unsafe and old buildings, superficies, bidding, auction, and joint development
 - (2) Development and connection of land sources and channels
 - (3) Base inspection and property right investigation for land

- development
- (4) Investigation on market, laws and regulations, land administration, and base
- (5) Analysis on the costs and profits of the investment target, and preparation of cash flow statement
- (6) File creation and collection of land and introducer data
- (7) The annual plan budget and revenue compilation of the urban renewal projects, and evaluation and process control of the urban renewal projects.
- (8) Matters in regard to negotiation, discussion, communication, information exchange, summary of urban renewal projects, business plan, and rights change agreement for the residents of urban renewal projects.
- (9) Coordination with land owners, integration and signing contracts and payment for land acquisition and joint construction projects
- (10) Demolish buildings on lands, assistance in building demolishment registration, and land handover
- (11) Preparation of operation plans for loans for lands and loan application
- (12) Application and custody of land documentation and identifications
- (13) Review, analysis and filing of investment result
- (14) Matters in regard to real estate inspection management and maintenance of the land development projects.
- (15) Training matters of developer personnel.
- (16) Public relations in regard to business needs.
- (17) Other assignments.
- The Design Department is responsible for:
- (1) Preliminary planning of land development.
- (2) Case laws and regulations review
- (3) License application and process management
- (4) Inquiry in the market
- (5) Selection of designers, contract signing and design process management
- (6) Design content review and management, file management and clarification
- (7) BIM integration and application in the design stage
- (8) Building material and equipment planning and material and sample selections.
- (9) Construction quality inspection (including interface and beginning and closing of the construction)
- (10) Coordination management of modification of design (including modification of design from customer)
- (11) Provision of sales area drawings and assistance on verification.
- (12) Project final acceptance

- (13) Department education and training
- (14) Other assignments.
- The Construction Affairs Department is responsible for:
 - (1) Study, on-site learning, introduction and educational training of new engineering technologies
 - (2) Construction method evaluation
 - (3) Value engineering evaluation
 - (4) Construction budget (construction costs) preparation
 - (5) Inquiry in the market
 - (6) Construction process supervision
 - (7) Construction quality inspection
 - (8) Engineering management of construction safety and health, environmental protection and image
 - (9) Review on project inspection, evaluation and invoicing.
 - (10) Project final acceptance and handover
 - (11) Supervision of building resume establishment.
 - (12) Supervision of work order carbon inspection and carbon management related affairs.
 - (13) Customer changes
 - (14) Post sale servie
 - (15) Other assignments.
- Marketing and Customer Service Department is responsible for:
 - (1) Review of sales plan.
 - (2) Planning and escalation for approval of house selling price and payment method.
 - (3) Planning and escalation for approval of building material and house and land acquisition and selling contract.
 - (4) Selection and contract signing with sales agencies and advertisement planning vendors (contract execution).
 - (5) Review of vendors' fees.
 - (6) Review of advertisement budget stipulation.
 - (7) Customer contract signing payment collection and construction phase payment collection.
 - (8) Return operation.
 - (9) Contract exchange operation.
 - (10) Property right transfer, registration, loan entrustment and supervision.
 - (11) Review of property right transfer accounts.
 - (12) Selection of entrusted scrivener and fee review.
 - (13) Selection of relevant vendors for house unit delivery (property management vendor stationing).
 - (14) Review of relevant vendors' fees after house unit delivery.
 - (15) Calculation, payment and collection of agency fees and house or land final payments.

- (16) Building inspection, registration preservation and house number preparation and fabrication.
- (17) Control of customer change and material selection operation.
- (18) Control of customer change price and account addition or return.
- (19) Review of community activity budget stipulation.
- (20) Public fund handover.
- (21) Review of house sales contract clause amendment.
- (22) Review of house agency fee reduction or exemption.
- (23) Three-holiday bonuses for neighborhood communities and gifts for proper purposes.
- (24) Development bonus application and payment.
- (25) Review of case closure operation.
- (26) Recruitment of department staff.
- (27) Training of department staff.
- (28) Other assignments.
- Property Management Department is responsible for:
 - (1) Review of community operation plans and community activity plans.
 - (2) Review of community operation and activity budget stipulation.
 - (3) Selection and contract negotiation with community work related vendors.
 - (4) Review of community related work vendors' fees.
 - (5) Review of community work service labor recruitment and selection.
 - (6) Review of community service related affairs fees (administrative, guest entertainment, safety, environmental maintenance).
 - (7) Review of community electrical and mechanical systems related fees.
 - (8) Recruitment of community service personnel.
 - (9) Recruitment of community supervisor.
 - (10) Issuance of community personnel salary and bonus.
 - (11) Other assignments.
- Industrial Area Department is responsible for:
 - (1) Matters in regard to the preparation and verification of the annual business plan and budget for the industrial real estate investment development business.
 - (2) Market research, feasibility assessment, product marketing marketing management, and project implementation and control for industrial real estate investment development.
 - (3) Bidding, undertaking and consulting services in regard to the industrial real estate development business.
 - (4) Related matters in the rental management, self-operated rental and agency services of industrial real estate.
 - (5) Related matters in the business promotion of investment, business operations and maintenance management of industrial real estate.

- (6) Related matters in budget preparation, construction, pricing, acceptance and handover for industrial real estate development projects.
- (7) Related matters in pricing, notification and collection of industrial real estate rental price.
- (8) Related matters in customers' complaints, disputes and litigation of industrial real estate rental.
- (9) Education and training matters for industrial area personnel.
- (10) Related matters of Public relations with regards to the industrial real estate investment and development.
- (11) Other assignments.
- 4. Overseas Business Department is responsible for:
 - (1) Responsible for overseas large-scale land and real estate development business.
 - (2) Other approved business
 - (3) Other assignments
 - Overseas Development Department is responsible for:
 - (1) Contacting for general business and development business in the industrial zone.
 - (2) Review on the collaboration with the projects of other companies.
 - (3) Review on merger (acquisition) of companies owning lands.
 - (4) Assisting in investigation on property, base, laws and regulations, and market of the development project, as well as the land research.
 - (5) Assisting in the product positioning planning for overseas subsidiaries.
 - (6) Management and supervision on land and middle man data.
 - (7) Review on land sources and purchase matters.
 - (8) Assisting in development value analysis.
 - (9) Assisting in detailed work of land purchase.
 - (10) Assisting in development of other development projects in the industrial zone.
 - (11) Engineering management on supervising self construction project and constructions in the industrial zone.
 - (12) Supervision on the process of projects.
 - (13) Construction method evaluation and suggestion.
 - (14) Construction budget (construction costs) preparation and review.
 - (15) Evaluation on inquiry in the market.
 - (16) Construction process supervision.
 - (17) Supervising on the review on project inspection, evaluation and invoicing.
 - (18) Project final acceptance and handover strategy supervision.
 - (19) Market investigation.
 - (20) Assisting in the preparation of house sales.
 - (21) Management and review on project budget.

- (22) Assisting in merchant luring for the projects (industrial zone, and shops).
- (23) Signing contact with landlords or for house sale, supervision on collecting payments.
- (24) Supervising on house handover planning and final acceptance.
- (25) Assisting in house handover planning.
- (26) Supervising on house handover.
- (27) Supervising on the warranty service.
- (28) Establishing and supervising the property management in the industrial zone.
- (29) Other assignments.
- Overseas Engineering Department is responsible for:
 - (1) Collection and establishment of laws and regulations related to overseas building projects and designs.
 - (2) Preliminary planning of land development.
 - (3) Laws and regulations review.
 - (4) License application and process management.
 - (5) Inquiry in the market.
 - (6) Assisting in BIM integration and application in the design stage.
 - (7) Coordination management of modification of design (including modification of design from customer).
 - (8) Household type stipulation suggestion.
 - (9) Material suggestion.
 - (10) Drawing management supervision.
 - (11) Selection and management on design units.
 - (12) Review on design content.
 - (13) Assisting in the clarification on concerns related to drawing.
 - (14) Engineering management on PCM, self-construction projects and industrial zone construction of overseas projects.
 - (15) Supervision on the process of overseas projects.
 - (16) Supervision on the overseas engineering acceptance and related laws and regulations.
 - (17) Study, on-site learning, introduction and educational training of new engineering technologies.
 - (18) Construction method evaluation.
 - (19) Value engineering evaluation.
 - (20) Construction process supervision.
 - (21) Review on project inspection, evaluation and invoicing.
 - (22) Rotation on the overseas on-site management.
 - (23) Construction quality inspection (including interface and beginning and closing of the construction).
 - (24) Other assignments.
- 5. The Management Department is responsible for:

- (1) Manage the company's operational analysis report, financial and capital decisions and supervise the (assets and liabilities) management of the company.
- (2) Overall operation of the company's accounting management, human resources, legal affairs, IT management and integration of enterprise resources.
- (3) Conduct public relations affairs and the appointment of the company's spokesperson.
- (4) Other assignments.
- The Finance Department is responsible for:
 - (1) Matters in regard to financing of the company's long-term capital, cash increment, corporate bonds and other securities issuance and planning.
 - (2) Assist in the planning, financing, adjustment, repayment and other related matters of the reinvested business.
 - (3) Planning of medium and long-term budget and financial funds for land and real estate development in overseas countries and mainland China.
 - (4) Financial matters with regards to contacting, coordination, support, fund raising, adjustment and repayment of land and investment development projects in overseas countries and mainland China.
 - (5) Financial matters in regard to auditing of financial planning and budget for land development and construction projects in overseas countries and mainland China.
 - (6) Propose a financial plan.
 - (7) Deposits and safekeeping matters with regard to cash, notes, and securities.
 - (8) Collection matters with regard project guarantee cancellation and accounts receivable payment.
 - (9) Matters with regard to derivative financial products and control matters.
 - (10) Matters with regard to the relationship management of financial institution, loan quotas and repayments.
 - (11) Matters with regard to evaluation and review of domestic and overseas investments.
 - (12) Investment development and project evaluation
 - A. Dominant investment (accounting for more than 50% of equity).
 - B. Participatory investment (coordinative investment).
 - C. Financial investment (stock and operations of exchange rate).
 - (13) Management of investments
 - A. Business strategy for reinvestments.
 - B. Financial analysis of the reinvested business.

- C. Control, management and raising of shares in the reinvested business.
- (14) Planning and promotion of project investments
- (15) Other assignments.
- The Accounting department is responsible for:
- (1) The compilation of the accounting system.
- (2) Compilation of the monthly accounting report, as well as the compilation and announcement of the quarterly report, semi-annual report and annual financial report.
- (3) Compilation and review of accounting certificates and accounts.
- (4) Organize and keep accounting books and subpoenas.
- (5) Annual income tax return and various tax declarations for the company, and conduct the appeals of exceptional cases and tax accounting.
- (6) Preparation and control of operation budget and financial forecasts.
- (7) Clearance and reminder of the suspended accounts.
- (8) Compilation of report for industrial accounting.
- (9) Conduct cases of project settlement.
- (10) Conduct accounting of the subsidiaries and statement review, and preparation of consolidated statements.
- (11) Accountant training matters.
- (12) The PR in regard to business needs.
- (13) Monthly review the operation results and budget implementation performance reports of each operating units.
- (14) Provide and analyze the accounting management information for the management decisions.
- (15) Other assignments.
- The IT Department is responsible for:
- (1) Matters with regard to plan and evaluate information application software and hardware, as well as the information network architecture.
- (2) IT business-related procurement planning and budget preparation and implementation control.
- (3) Matters with regard to the planning, construction and safety management of the company's network integration.
- (4) Management of application system planning and design, optimization and user education and training.
- (5) Procurement, adjustment, maintenance and scrap management of IT related software and hardware equipment.
- (6) IT software and hardware equipment, backup operations of the database and security management.
- (7) The planning and design, information update and system maintenance of the company website.
- (8) Provide related IT services to support the operations of all units and

- the investment business.
- (9) Provide supports to the Engineering Office/Construction Division in operations of obtaining Golden Safety Award and Golden Quality Award.
- (10) Provide smart job site solutions with AI and IoT technology developments.
- (11) Obtain internet and current information via web scraping technique in order to support the Company's decision making.
- (12) Other assignment.
- The HR General Affairs Department is responsible for:
- (1) Matters with regard to planning, recruitment, utilization, reservation, training, evaluation, attendance and management of human resources.
- (2) Matters with regard to personnel training, salary, benefits, bonuses, and reward and punishment system.
- (3) Matters with regard to the division of organizational duties and responsibilities, as well as the establishment of a hierarchical responsibility system.
- (4) Labor relations and conduct of labor dispute cases.
- (5) The establishment and cancellation of the company's domestic and foreign organizations.
- (6) The establishment and cancellation of Engineering Office and Development Office.
- (7) Matters with regard to contract and contract termination of the consultants.
- (8) Matters with regard to the application, introduction and related business of foreign workers.
- (9) Matters with regard to labor retirement reserves.
- (10) Matters with regard to labor insurance, health insurance, labor retirement, life insurance, accident insurance, credit guarantee insurance and mutual insurance. License management.
- (11) The safekeeping, usage and update matters for the company's business operation licenses and the membership of association.
- (12) Management of fixed assets (real estate and miscellaneous assets). Form generation for property rights maintenance, insurance, cleaning and repair, rental and sales and inventory.
- (13) The PR connection and promotion. In contact with associations and sponsored, and conduct head office activities, media contacts, etc.
- (14) Documentation management. Sort and organize official documents, letters, received documents, document delivery, process control, document issuing, filing and mailing, etc.
- (15) Safekeeping of seals and stamps. Production, storage, use and control of stamps. Application, storage and use of the electronic signature.
- (16) General affairs of the head office. Management of petty cash, small procurements, etiquette matters, cleaning, maintenance, safety

management of the office, vehicles, management of parking space, telephone management, etc.

(17) Other assignment.

6.Engineering Planning Department is responsible for:

- (1) Support the assessment operations for the construction projects of the company.
- (2) Assist in construction projects related to engineering planning, models of construction information and construction drawings.
- (3) Professional training and creation of talent pool including engineering planning, models of construction information and construction drawing professionals
- (4) Support the company's contracting operations, clarification of design drawings, risk clarification and evaluation for the construction projects of the company.
- (5) Assist Engineering Office in regards to the design, construction drawing, interface integration, clarification and control for the construction projects in progress.
- (6) Assist Engineering Office to review, integrate interfaces and control the drawings provided by the subcontractors.
- (7) Review of materials and equipment used for the construction projects in progress; research, development and application of alternative construction materials and equipment.
- (8) The collection, introduction, research and development and promotion of new materials, new work approaches and new techniques.
- (9) Assist in the company's contracting operations, and construct the necessary construction information model, to assist in the presentation of visual results.
- (10) Assist the Engineering Office in the construction model, construction drawing, integration and conflict verification for the construction projects in progress.
- (11)Integration, verification and control of the construction information model and manufacturing drawings provided by the subcontractors.
- (12)Using the technology of construction information model to assist in verifying, clarification and control of the design drawings.
- (13) Assist Engineering Office with regard to the engineering completion models and the comparison, management and maintenance for the completion drawings.
- (14) Matters with regard to the data collection, analysis, component database establishment and maintenance for the construction information model.
- (15) The standardization establishment, implementation and maintenance for the construction information model and construction drawings.
- (16) Public relations in regrard to business requirements.

- (17)Other assignments.
- 7. Cost Estimation and Control Department is responsible for:
 - (1) Establish and update the analysis of bid valuation and information file of the basic unit prices.
 - (2) Budget of engineering projects.
 - (3) Training and creation of talent pool for the estimation professionals.
 - (4) Assist in the non-engineering budget cases.
 - (5) Statistical analysis of the loss rate for the construction materials.
 - (6) Review of vendor's settlement documents.
 - (7) Construction project's statistical analysis of profit and loss, analysis of differences in reconstructions and statistical analysis of the personnel output.
 - (8) The pricing of vendors for the construction project and periodically check the access and control of bulk materials.
 - (9) Construction project's settlement review.
 - (10) Construction project's review of seasonal cost control table.
 - (11) Construction project's review of bulk materials summary table.
 - (12) Compilation of the related business education and training programs.
 - (13) Public relations in regards to the needs of business.
 - (14)Other assignments.
- 8. Occupational Safety and Health Management Department is responsible for:
 - (1) Promoting and updating of the occupational safety, health and environmental protection regulations.
 - (2) Matters with regard to plan and assist in employee safety, health and environmental protection, and quality management and implementation of on-duty or professional education training programs.
 - (3) Supervising and coordinating the implementation of general safety and health affairs at all construction sites and training of disaster prevention.
 - (4) Supervising and auditing the implement of safety, health and environmental protection on site, automatic inspection of safety protection, matters of environmental measurement and operations of quality management.
 - (5) Conducting research and analysis of major accidents and disasters, as well as their preventive measures.
 - (6) Conducting the semi-annual ISO external audit and adopt appropriate corrective and preventive measures based on the audit results.
 - (7) The maintenance, consulting and counseling operations of ISO-9001 quality management system.
 - (8) The quality management handbook, and stipulation and revision of the Engineering Office Operating Procedures.
 - (9) Auditing the implementation of labor physical examination and employee health examination for all projects.

- (10)Supervising and assisting in the assessment and declaration review of dangerous workplaces for all projects.
- (11) Matters with regard to counsel and assist the quality inspection and construction audit for all projects.
- (12) Matters with regard to counsel and assist in the nomination and participation in the Public Engineering Gold Awards for all projects.
- (13) Convening the Occupational Safety and Health Committee and Quality Management Committee.
- (14) Filing and management of the punishment records of work safety and environmental protection issues from the competent authorities.
- (15) Counseling and assisting various project projects to promote the nomination and election of the Good Public Works (Jian Award) for Occupational Safety and Health.
- (16)Other assignments.
- 9. Procurement and Delivery Department is responsible for:
 - (1) Cooperating partners engage in pre-purchase agreement and IV company joint tender submission agreement operation before tender submission.
 - (2) Provision of quotation vendor related information during tender preparation period.
 - (3) Matters with regard to the procurement, adjustment, management and maintenance of construction equipment and various assets.
 - (4) Reviewing of procurements required for business at all levels.
 - (5) Matters with regard to the handling and signing of bidding, selection, price comparison (negotiation), bid closing for the procurement cases.
 - (6) Establishment and maintenance of purchasing/outsourcing unit prices.
 - (7) Conducting the vendor's registration, visit and evaluation.
 - (8) Establishment and maintenance of vendors' price calculation and remittance accounts(EDI).
 - (9) Assisting in budgeting the projects and non-engineering budget cases.
 - (10)Engineering procurement professional training and creation of talent pool.
 - (11)Preparation of relevant business education and training plans.
 - (12) Public relations in regard to business requirements.
 - (13)Other assignments.
- 10. The Legal Department is responsible for:
 - (1) Matters with regard to stipulation, amendment or abolishment of the company's regulations.
 - (2) Matters with regard to integration of various regulations.
 - (3) Matters with regard to review, negotiation and discussion prior to the contracts and investment contracts for various projects.
 - (4) Matters of risk control with regard to disputes in contracts, accidents and applicable laws and regulations.
 - (5) Conduct promotion and planning of legal education.

- (6) Conduct mediation procedures of the disputed cases for project owners, so that the disputes can be quickly resolved to avoid litigation.
- (7) Matters with regard to the decision-making and assistance in litigation cases including civil, criminal, enforcement, reconciliation, mediation and administrative arbitration cases.
- (8) Collection, analysis and research matters with regard to the legal system, contracts, environmental protection and the requirements of all units.
- (9) The court enforcement order of vendors.
- (10) The derived suggestions of improvement measures from conducting legal cases.
- (11)Extension of employment on legal consultants and lawyers for the projects.
- (12) Assist in legal cases for the reinvested business.
- (13) Assist in the consultation and review matters in regard to the law cases of the construction and development business.
- (14) Application and management of intellectual property rights and patent cases.
- (15) The self-evaluation of internal control < Statistics and analysis of legal cases>.
- (16) Training of legal personnel.
- (17)Other assignments.
- 11. Chief Director's Office is responsible for:
 - (1) Revision of the relevant regulations and methods with regard to the board of directors and shareholders' meeting, and preparation and control of budget.
 - (2) Matters with regard to the meeting of board of directors.
 - (3) Matters with regard to the meeting of shareholders.
 - (4) Service duties of directors and supervisors.
 - (5) The relevant business contact and coordination of the meeting of board of directors and the shareholders' meeting.
 - (6) Other assignments.
- 12.Strategic Development Office: It is under the supervision of the President, and it's responsible for:
 - (1) Matters with regard to stipulate and develop the company's business strategy plan. Propose a business plan and an annual business operation plan.
 - (2) Matters with regard to assist the Chairman (CEO) in strategic planning and evaluation and implementation of assignments, media relations, corporate sponsorships, visual propagation, investors relations and corporate public affairs.
 - (3) Matters with regard to analyze the business environment and market condition, provide reliable research and analysis reports for domestic

- and foreign markets and evaluation and consultation of the requirement for business development of all departments.
- (4) Evaluating the business performance for all business units.
- (5) Other assignments.
- 13.Audio/Video Command Center: It is under the supervision of the President, and it's responsible for:
 - (1) Planning and improving the audio/video command management mechanism in accordance with company policy.
 - (2) Assigning department to conduct company policy development guidelines, high-risk engineering items, defect improvement items, self-inspection and audit project matters and reviewing operation records.
 - (3) Tracking and managing confirmed defects or critical matters.
 - (4) The overall planning, establishment, maintenance and improvement of audio/video command equipment.
 - (5) Preparation of weekly report and meeting minutes of the command center.
 - (6) Other assignments.
- 14. The Information Security Office is responsible for:
 - (1) Establishment of business continuity plan, inventory information system and implementation of information security risk assessment operation.
 - (2) Establishment and execution of corresponding management system and technology protection.
 - (3) Establishment of information security event response handling and reporting operation procedures.
 - (4) Periodic implementation of internal and outsourced vendor information security audit, tracking and reporting of new discoveries and improvement status.
 - (5) Other assignments.
- 15. The Audit Office is responsible for:
- (1) Stipulation, implementation and report of the annual audit plan.
- (2) Matters in regard to the review and suggestions for the integrity, effectiveness and appropriateness of the internal audit system.
- (3) Matters with regard to the review and suggestions for activity effectiveness and efficiency of all units.
- (4) Matters with regard to the review and suggestions for the company's rules and regulations and operating procedures of all units.
- (5) Verification on the self-check work operation of internal control.
- (6) Declaration matters of relevant audit operations.
- (7) Project auditing of abnormality.
- (8) Stipulating an educational training program.
- (9) Other assignments.

II. Information for directors, supervisors, general manager, deputy general managers, associate managers and supervisors of all departments and branch organization.

(I) Profile of Directors and Supervisors:

April 9, 2023

Title (Note 1)	Natio nality and		Gender Age	Elected	Ter	Date of first elected (Note 3)	Shares held v	when elected	Shares curren	by spouse and minors					Current Positions held	Executives, directors or supervisors who are spouses or relatives within the 2 nd degree of kinship			Note (Note	
	of regist ration	Name	(Note 2)	Date	m		Number of shares	Shareholdin g %	Number of shares	Shareholdi ng %	Num ber of share s	Share holdi	Num ber of share s	holdi	Experience (Education) (Note 4)	in the Company and other companies	Title	Name	Relati onshi p	5)
Chairman (26th)		Yang Jen Industrial Co., Ltd Representative: CHOU, CHIH-MING (took office on September 16,2022)	Male / 71~80	September 16,2022	3 years	June 23,2020	466,000	0.0304%	466,000	0.0304%	None 0	None 0			Director and General Manager of Maqi group leisure and comprehensive amusement; Chairman of Bulaosong Recreation Co., Ltd.; Chairman of Tang Cheng Construction Company; Director of reRUBBER in California, USA; Chairman of the Board of Supervisors, Taipei Guangzhao Temple	Also served concurrently in the company as: Chairperson, Agent General Manager and CEO and chief information security officer	None	None	None	(Note 5)
Chairman (26th)		Yang Jen Industrial Co., Ltd Representative: CHU, HUI- LAN (June 10,2022 resignation))	Female / 51~60	June 23,2020	3 yea rs	March 18,2019	466,000	0.0304%	466,000	0.0304%	None 0	None 0		0	Vice Chairman of BES Engineering Corporation; Councilor, Taichung City; Director, Economic Development Department, Taichung City Government; Director- General, Economic Development Bureau, Taichung City	Also served concurrently in the company as: None.	None	None	None	-

Title	Natio nality and		Gender Age	Elected	Ter	Date of first elected (Note 3)	Shares held v	when elected	Shares currer	Shares currently holding			Shares held in the name of others		Experience (Education) (Note 4)	Current Positions held in the Company and other	Executives, directors, or supervisors who are spouses or relatives within the 2 nd degree of kinship			Note (Note
(Note 1)	of regist ration	Name	(Note 2)	Date	m		Number of shares	Shareholdin g %	Number of shares	Shareholdi ng %	Num ber of share s	holdi	of	Share holdi ng %	(Note 4)	companies	Title	Name	Relati onshi p	5)
															Government; Advisor, Taichung City Government					
Director (26 th)	Repu blic of China	CHAO-LUN	Male / 71~80	June 23,2020	yea rs	June. 17,2005	327,991	0.0241%	218,991 56,641	0.0143% 0.0037%		None 0			Chairman of Formostar Garment Co. Ltd; Director of Shen Yi Co., Ltd; Supervisor FreshDelight Co., Ltd	Also serves concurrently as: None • Hairman of Formostar Garment Co. Ltd	None	None	None	-
Director (26 th)	Repu blic of China	LIANG –HAI	Male / 51~60	June 23,2020	3 yea rs	March. 15,2010	1,500,000	0.0980%	1,500,000	0.0980%	None 0	None 0			Board Chairperson of Enterprise Bank of Hualien	Also serves concurrently as: none. Chairperson of Chao Feng Financial Advisory Services Co. Ltd.	None	None	None	
Director (26 th)	Repu blic	China Petrochemical Development Corporation Representative: CHEN RUI- LONG	Male / 71~80	June 23,2020	yea rs	June. 07,2011	164,348,449	10.7354%	164,348,449	10.7354%		None 0			Department of Economics, Chung Hsing University Minister of Economy	Also serves concurrently as: none. Chairperson of China Petrochemical Development Corporation (CPDC)	None	None	None	
Director (26th)		WEN-KE	Male / 71~80	June 23,2020	yea rs	January. 25,2016	12,179,632	0.7956%	12,179,632	0.7956%	None 0	None 0	None 0	0	Engineering and Development Manager, Taiwan Land Development Corporation Senior Specialist Taiwan Land Development Corporation, concurring Director of Information Chief Architect, Wang, Jia-	Also serves concurrently as: none. Architect of Tian-He Construction Co., Ltd	None	None	None	

Title	Natio nality and place	7	Gender Age	Elected	Ter	Date of first elected (Note 3)	Shares held v	when elected	Shares currently holding			by spouse and minors		es held name thers	Experience (Education) (Note 4)	Current Positions held in the Company and other	Executives, directors, or supervisors who are spouses or relatives within the 2 nd degree of kinship			Note (Note
(Note 1)	of regist ration	Name	(Note 2)	Date	m		Number of shares	Shareholdin g %	Number of shares	Shareholdi ng %	of	Share holdi ng %	Num ber of share s	Share holdi	(Note 4)	companies	Title	Name	Relati onshi p	elati shi 5)
															Yu Architect's Firm Chief Architect, Chen, Wen-ke Architect's Firm					
Director (26th)	Repu blic of China	Tianjing Investment Co., Ltd. Representative: BAI JUN- NAN	Male / 71~80	July. 30,2020	yea rs	November .01,2011	12,179,632	0.7956%	12,179,632 0	0.7956%	None 0	None 0			General Manager of BES Engineering Corporation; Chairperson of Core Pacific Securities Investment Trust Co., Ltd	Also served concurrently in the company as: Chairperson of China Petrochemical Development Corporation	None	None	None	-
Independent director (26th)	Repu blic of China	LU, HE-YI	Male / 81~90	June 23,2020	yea rs	June. 17,2014	30,000	0.0020%	30,000	0.0020%	0	0	0	0	General Manager of Taiwan Business Bank Managing Director Land Bank of Taiwan	Also serves concurrently as: member of the Remuneration Committee Member of the Audit Committee	None	None	None	•
Independent director (26th)	Repu blic of China	KO, SHU-JEN	Male / 61~70	June 23,2020	yea rs	June. 17,2014	0	0	0	0	0	0	0	0	Director of Taiwan Land Development Corporation Assistant Professor of Shih Hsin University; Chairperson of Mama Bear E-commerce Company	Also serves concurrently as: member of the Remuneration Committee Member of the Audit Committee	None	None	None	-
Independent director (26th)	Repu blic of China	CHANG, FAN	Male / 61~70	June 23,2020	3 yea rs	June .21,2017	0	0	0	0	0	0	0	0	Deputy Director-General, National Property Bureau, MOF; Urban-Rural Development Bureau, New Taipei City Government; Deputy Minister, MOF	Also serves concurrently as: member of the Audit Committee Curriculum Professor, Department of Public Finance and Taxation and Real Estate Investment and Management Diplomat;	None	None	None	-

Title	Natio nality and	N	Gender Age	Elected	Ter	(Note 3)	Shares held v	when elected	Shares curren	atly holding	Shares he by spou	se in		me	Experience (Education) (Note 4)	Current Positions held in the Company and other	or sup are relativ	ives, dire ervisors spouses es withingree of ki	who or	Note (Note
(Note 1)	of regist ration	Name	(Note 2)	Date	m		Number of shares	Shareholdin g %	Number of shares	Shareholdi ng %	Num ber Sh of ho share ng	are boldi c	er Sh of ho are ng	are oldi ; %	(Notè 4)	companies	Title	Name	Relati	5)
																Vice Chairman of Eastern				
																Broadcasting Co., Ltd.				
																Chairperson of Hanxiang				
																Development Co., Ltd				

Note 1: Juridical Person Shareholders, shall list the name of the institute and that of its representatives (for representatives of a Juridical Person Shareholders, shall indicate the name of the Juridical Person Shareholder) and fill in the form below.

Note 2: Please list the actual age, and can use the interval expression, such as 41~50 years old or 51~60 years old.

Note 3: Any disruption of duty as a director or supervisor, after the date the individual is elected, shall be specified in a separate note.

Note 4: Work experiences of an individual stated in the above table that is related to the current position held, such as previous employment at CPA firms or in an affiliated company, shall be revealed with job title and responsibilities.

Note 5: Should the chairperson and the general manager of the Company, or the equivalent (the highest manager) be the same person, spouses, or first-degree of kinship, the information regarding reasons and the reasonableness, necessity and responding measures (e.g., increase of independent directors and more than half of the directors shall not be an employee or the manager of the Company) shall be specified: Since we are still looking for a general manager who meets the qualifications required by the company, based on the efficiency of decision-making, we temporarily adopt the method of chairman and general manager, and actively seek for talents who meet the qualifications of the company's general manager; if it is not possible to find the general manager by then, the deadline will be stipulated by law Previously, an independent director was added.

Form I: Major shareholders of a juridical person shareholder

April 9, 2023

Juridical Person Shareholder (Note 1)	Major shareholders of the Juridical person shareholders (Note 2)
Yang Jen Industrial Co., Ltd.	Yu Jian-Song 40.00%; Zheng Li-Fen 20.00%; Fan Fang-Ming 20.00%; Chang-Li Co., Ltd
	20.00%
Formostar Garment Co., Ltd	Tsai Chao Lun 28.31%, Tsai Mei-Tzu 12.95%, Tsai Tsung-Heng 12.05%, Tung Ko-Shen 10.17%,
	Tsai Chao-Heng 9.43%, Frieman (Cayman)Co., Ltd, British West Indies 6.23%, Tsai Tsung-I
	9.04%, Tsai Yuan -Yi 5.58%, Tsai Hui-Wen 3.33%, Tsai Hsin-Tien 1.86%
Chang-Li Co., Ltd	Liu Yun-Chih 35.00%, Wu Tsung-Hsun 30.00%, Yang Jen Industrial Co., Ltd 20.00%, Liu Yao-
	Chung 15.00%
China Petrochemical Development	BES Engineering Corp. 4.84%; Hong Chao-Shun 2.13%; Core Pacific Development and
Corporation	Investment Co. 1.43%; JP Morgan Chase Bank N. A. Taipei Branch in Custody for Vanguard
	Emerging Market Stock Index Fund, a Series of Vanguard Equity Index Funds 1.32%; JP Morgan
	Chase Bank N. A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund,
	a Series of Vanguard Star Funds 1.27%; King's Construction Co. 1.22%; HSBC in Custody of
	Core Pacific-Yamaichi (HK) Securities Ltd 0.84%; Core Pacific World Co., Ltd. 0.81%; Lin
	Ming-Da 0.79%; Polunin Developing Countries Fund, LLC 0.73%
Tian-Jing Investment Corporation	Hung Yi Construction Co., Ltd 21.42%, Kuo Ching Investment Co., Ltd 20.74%, Core Pacific
	Development and Investment Co. 18.88%, Chang Bo Enterprise Co., Ltd. 10.89%, Ching Ding
	Technology Co., Ltd. 10.53%

Note 1: Directors, supervisors who are representative of a juridical person shareholder, shall indicate the name of the juridical person shareholder.

Note 2: Specify the name of major shareholders (with the proportion of shares held rank among top 10) of that juridical person shareholder and the % of his or her shareholding. If the major shareholder is a juridical person, shall specify the name of the institute in form II below.

Note 3: The legal person shareholder is not a company organizer, the names of shareholders and shareholding ratios that should be disclosed by Qiankai are the names of the funders or donors and their contribution or contribution ratio. That is, the name of the funder or donor (refer to the announcement of the Judicial Yuan for inquiries) and its contribution or contribution ratio. If the donor has passed away, add "Deceased".

Form II: Form I indicates the major shareholders of a juridical person shareholder that is a major shareholder of the Company

April 9, 2023

Name of Juridical Person	Major sharahaldar of a Juridical Charahaldar (Note 2)
Shareholder (Note 1)	Major shareholder of a Juridical Shareholder (Note 2)
Frieman (Cayman)Co., Ltd,	Stuart Wang 100%
British West Indies Company	
BES Engineering Corporation	China Petrochemical Development Corporation (CPDC) 10.735%; Core Pacific Co., Ltd 2.237%; Lin, Wen-Yang 1.666%; Tony Development Industrials Co., Ltd 1.391%; Kuo Ching Investment Co., Ltd. 1.369%; iShares Core MSCI Emerging Markets ETF 1.281%; JP Morgan Chase Bank N. A. Taipei Branch in Custody for Vanguard Emerging Market Stock Index Fund, a Series of Vanguard Equity Index Funds 1.265%; Chase Custody Advanced Starlight Advanced Aggregate International Stock Index 1.221%; Sheen Chuen-Chi Culture & Educational Foundation 0.835%; Chase Custody Advanced Norges Bank PLC 0.824%
Core Pacific Co., Ltd	Yang Jen Industrial Co., Ltd 17.61%; Gao Shan Gang Co., Ltd 16.23%; Golden Wheel Co. 11.16%; Cheng Chih Enterprise Co. Ltd 9.29%; Tang Lin-Mei 9.11%; Ching Ding Technology Co., Ltd. 7.74%; Tong Development Industrial Co., Ltd. 6.82%; Hong Yi Construction Co., Ltd. 6.67%; Chang Tung-An 5.56%; Tao Zhu Building Corporation 4.00%
King's Construction Co.	Ching Ding Technology Co., Ltd. 43.33%; Jinghua Rental Inc. 17.00%; Jinghua Supermarket Co., Ltd. 8.13%; Kuo Ching Investment Co., Ltd. 6.67%; Cheng Chih Enterprise Co. Ltd 6.67%; Tang Lin-Mei 5.00%; Wu Ding 3.33%; Zhang Dong-An 3.33%; Core Pacific Co., Ltd 3.00%; Cheng Yao Co. 2.00%
Core Pacific World Co., Ltd.	BES Engineering Corporation 99.95%
Hung Yi Construction Co., Ltd	King's Construction Co. 24.17%; Tien Jing Investment Co., Ltd. 17.42%; Ching Ding Technology Co., Ltd. 15.15%; Cheng Chih Enterprise Co. Ltd 15.15%; Yao Zhe-Sheng 6.06%; Jinghua Department Store Co., Ltd 5.05%; Core Pacific Co., Ltd 4.29%; Jen Huei Enterprise Co. 2.53%; Jinghua Rental Inc. 2.53%; Core Pacific Investment Corp 2.53%
Kuo Ching Investment Co., Ltd.	Golden Wheel Co. 27.17%; Jinghua Rental Inc. 15.58%; King's Construction Co. 14.44%; Chang Po Enterprise Co. 10.68%; Ching Ding Technology Co., Ltd. 10.03%; Hung Yi Construction Co., Ltd 7.78%; Gao Shan Gang Co., Ltd 5.01%; Cheng Chih Enterprise Co. Ltd 4.19%; Cai Pei-xi 3.08%; Tony Development Industrials Co., Ltd 1.05
Chang Bo Enterprise Co., Ltd.	Fan Yang Industrial Co., Ltd. 25.59%; Jinghua Rental Inc. 17.52%; Zhao Chao-Wen 9.73%; Hong Yi Construction Co., Ltd. 9.00; Wu Chun-Feng 7.95%; Tien Jing Investment Co., Ltd. 7.95%; Wu Jin-Rong 7.95%; Tang Lin-Mei 5.16%; Zhang Zhi-Cheng 5.15%

Ching Ding Technology Co., Ltd	Tong Development Industrial Co., Ltd. 18.08%; Chen Chi Enterprise Co., Ltd. 14.67%; King's Construction Co. 14.40%; Ching Chen Industrial Co., Ltd. 9.76%; Hong Yi Construction Co., Ltd. 9.07%; Chang Po Enterprise Co., Ltd. 8.95%; Chao-Jing Technology Industrial Co., Ltd. 8.14%; Fu Hsing Management Consultation Co., Ltd. 8.13%; Fan Zhen-Qun 3.21%; Core Pacific Investment Corp. 1.57%
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Note 1: as stated in the preceded form 1, if a major shareholder is a juridical person shareholder, the name of the institute shall be specified.

Note 2: filled in the names of major shareholder (with shareholding ranks among top 10) of the juridical person shareholder and percentage of its shareholding.

Note 3: The legal person shareholder is not a company organizer, the names of shareholders and shareholding ratios that should be disclosed by Qiankai are the names of the funders or donors and their contribution or contribution ratio. That is, the name of the funder or donor (refer to the announcement of the Judicial Yuan for inquiries) and its contribution or contribution ratio. If the donor has passed away, add "Deceased".

<u>Information of Directors and Supervisors (2)</u>

April 9, 2023

(1) <u>Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors</u>:

Qualifications Name	Professional qualifications and experience (Note1)	Independence Criteria (Note2)	Number of other companies served concurrently as an independent director
Yang Jen	Director Chen Rui-Long has served as the Director and General Manager of Maqi	Chairman Chou Chih-Ming did not have any of the situations specified in	0
Industrial Co., Ltd.	group leisure and comprehensive amusement; Chairman of Bulaosong Recreation Co.,	Article 3, Paragraph 1, Subparagraphs 1 and 6 of the "Regulations on the	
Chou Chih-Ming	Ltd.;Chairman of Tang Cheng Construction Company;Director of reRUBBER in	Establishment of Independent Directors of Public Offering Companies and	
	California, USA;Chairman of the Board of Supervisors, Taipei Guangzhao Temple.	Matters to be Followed".	
	Lead the company to continue to grow and create good benefits, and does not have the		
	provisions of Article 30 of the Company Law.		
China	Director Chen Rui-Long has served as the chairman of the Information Industry	Director Chen Rui-Long did not have any of the situations specified in Article	0
Petrochemical	Policy Promotion Association of the Consortium, the Chairman of the Business	3, Item 1, Subparagraphs 1 and 6 of the "Regulations on the Establishment of	
Development	Development Research Institute of the Consortium, the Minister of the Ministry of	Independent Directors of Public Offering Companies and Matters to be	
Corporation	Economic Affairs, the Deputy Minister of State Affairs of the Ministry of Economic	Followed".	
(CPDC)	Affairs, the Executive Deputy Minister of the Ministry of Economic Affairs, and the		
Chen Rui-Long	Director of the International Trade Bureau of the Ministry of Economic Affairs. The		
	expertise and experience required for company development. And does not have the		
	provisions of Article 30 of the Company Law.		
Tian-Jing	Director Bai Jun-Nan is currently the vice chairperson of China Petrochemical	Director Bai Jun-Nan did not have any of the situations specified in Article 3,	0
Investment	Development Co., Ltd. He used to be the general manager of BES Engineering Co.,	Item 1, Subparagraphs 1 and 6 of the "Regulations on the Establishment of	
Corporation	Ltd, the chairman of Jinghua Securities Investment Trust Co., the deputy general	Independent Directors of Public Offering Companies and Matters to be	
Bai Jun-Nan	manager of Bank of Communications, a special member of the Economic	Followed".	
	Construction Committee of the Executive Yuan, and the vice chairman of China		
	Engineering Co., Ltd. Develop the required expertise and experience. And does not		
	have the provisions of Article 30 of the Company Law.		

Tian-Jing	Director Chen Wen-Ke is currently the chief architect of Chen Wenke Architects. He	Director Chen Wen-Ke did not have any of the situations specified in Article 3,	0
Investment	used to be the manager of the engineering development department of Taiwan Land	Item 1, Subparagraphs 1 and 6 of the "Regulations on the Establishment of	
Corporation	Development Corporation, a special member and information director of Taiwan Land	Independent Directors of Public Offering Companies and Matters to be	
Chen Wen-Ke	Development Corporation, and the chief architect of Wang Jiayu Architects. Develop	Followed".	
	the required expertise and experience. And does not have the provisions of Article 30		
	of the Company Law.		
Formostar	Director Tsai Chao-Lun is currently the chairman of Fuxing Garment Factory Co.,	Director Tsai Chao-Lun did not have any of the situations specified in Article 3,	0
Garment Co. Ltd	Ltd. He has the expertise and experience required for business management and the	Item 1, Subparagraphs 1 and 6 of the "Regulations on the Establishment of	
Tsai Chao-Lun	development of the company. And does not have the provisions of Article 30 of the	Independent Directors of Public Offering Companies and Matters to be	
	Company Law.	Followed".	
Chang-Li Co., Ltd.	Director Chen Liou Liang-Hai is currently the chairman of Mega International	Director Liou Liang-Hai did not have any of the situations specified in Article	0
Liou Liang-Hai	Financial Consulting Co., Ltd. He used to be the chairman of Hualien SME Bank. He	3, Item 1, Subparagraphs 1 and 6 of the "Regulations on the Establishment of	
	has professional knowledge and background in finance, accounting and corporate	Independent Directors of Public Offering Companies and Matters to be	
	governance. And does not have the provisions of Article 30 of the Company Law.	Followed".	
Lu, He-Yi	Independent Director Lu, He-Yi has served as former executive director of Taiwan	Independent Director Lu, He-Yi did not have any of the situations specified in	0
	Land Bank, general manager of Taiwan Small and Medium Enterprise Bank, with	Article 3, Item 1, Subparagraphs 1 and 6 of the "Regulations on the	
	professional knowledge and background in finance, accounting and corporate	Establishment of Independent Directors of Public Offering Companies and	
	governance. And does not have the provisions of Article 30 of the Company Law.	Matters to be Followed".	
Ko, Shu-Jen	Independent Director Ko, Shu-Jen is currently the chairman of Chinese IPTV Channel	Independent Director Ko, Shu-Jen did not have any of the situations specified	1
	Association, adjunct professor of Shih Hsin University. He used to be the chairman of	in Article 3, Item 1, Subparagraphs 1 and 6 of the "Regulations on the	
	Mama Bear E-commerce Company, has the expertise and experience required for	Establishment of Independent Directors of Public Offering Companies and	
	business management and the development of the company. And does not have the	Matters to be Followed"., and that he, his spouse, and relatives within the	
	provisions of Article 30 of the Company Law.	second degree do not serve as directors of the company or its affiliated	
		companies and hold the number and proportion of the company's shares (and do	
		not hold them in the name of others).	
Chang Fan	Independent Director Chang Fan currently the Vice Chairman of Dongsen TV Co.,	Independent Director Chang Fan did not have any of the situations specified in	1
C	Ltd., Professor of Private Deming University of Finance and Economics, chairman of	Article 3, Item 1, Subparagraphs 1 and 6 of the "Regulations on the	
	Han Xiang Development Co., Ltd. He used to be the Deputy Minister of Finance of	Establishment of Independent Directors of Public Offering Companies and	
	the Executive Yuan, Director of the Urban and Rural Development Bureau of the New	Matters to be Followed"., and that he, his spouse, and relatives within the	
	Taipei City Government, has the expertise and experience required for business	second degree do not serve as directors of the company or its affiliated	
	management and the development of the company. And does not have the provisions	companies and hold the number and proportion of the company's shares (and do	
	of Article 30 of the Company Law.	not hold them in the name of others).	

(2) The Diversity and Independence of Board of Directors:

(I) Diversity of the board of directors:

In order to enable the board of directors to achieve the aforementioned goals and enhance its effectiveness, the company has formulated a policy on diversity of board members. According to Article 20, paragraph 3, of the "Code of Practice on Corporate Governance", the composition of the board of directors should consider diversity, except for directors who are also managers of the company. It should not exceed one-third of the number of directors, and formulate an appropriate diversification policy based on its own operation, operation type and development needs. It should include but not limited to the following two standards:

- 1. Basic conditions and values: gender, age, nationality and culture, etc.
- 2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

The company currently has 9 members of the board of directors, including 3 independent directors, whose professional fields cover financial accounting, law, engineering and construction and industrial knowledge, etc. They have gained a lot of experience in management and focus on gender equality of board members. At this stage, the ratio of female directors is targeted to be more than 10%. In 2022, one female director resigned on June 10,2022 due to personal career planning. The company continues to look for suitable candidates.

In addition, members of the board of directors shall generally possess the knowledge, skills and qualities necessary to perform their duties. In order to achieve the ideal goals of corporate governance, the board of directors as a whole should have the following capabilities:

- 1. Operational judgment ability
- 2. Accounting and financial analysis skills
- 3. Management ability
- 4. Crisis handling capacity
- 5. Industry knowledge
- 6. International Market View
- 7. Leadership
- 8. Decision-making skills

The company's implementation is as follows:

Diversified			В	asic C	Comp	onent	3			3	Industi	ту Ехр	erience	;		Pro	fession	nal Abi	ility	
Core Projects	_	Concurrer employee		Š	Age		phoon	of Director	Conionity		Public		Traditio	Techno	Ma	Leader	Domai	Finance &		Architect
Name of Director	Gender	Concurrently serving as an employee of our company	51 ~ 60	61 ~ 70	71 ~ 80	81 ~ 90	Under 3 years	3 to 9 years	Over 9 years	Bank	Public Relationship	Media	Traditional Industries	Technology and New Ventures	Management	Leadership decision	Domain Knowledge	& Accounting	Law	Architectural Engineering
Chu,Hui-Lan (resigned on 2022.6.10)	Female		_					_			A				_	A	A			
Chou, Chih-Ming	Male				_		_	0					_		_	_	_	_		
Bai, Jun-Nan	Male				A				_	_					_	A	A	_	A	
Chen, Rui-Long	Male				A			_			A			A	A	A	A	_		
Tsai, ChaoLun	Male				_				_				_		_	_	_	_		
Liou, Liang-Hai	Male		A						_	_					_	_	_	_		
Chen, Wen-Ke	Male				A				_				_		_		A			A
Lu, He-Yi	Male					A		_		_					_	_	_	_		
Ko, Shu Jen	Male			•				A				•			A	A	•			
Chang-Fan	Male			A				_			A				A	A	A	_		

(II) independence of the board of directors:

The company has a total of 9 directors (including 3 independent directors, accounting for 34% of all directors), and none of the directors has a spouse or a relative relationship within the second degree, which complies with Article 26-3, Item 3 of the Securities Exchange Law. The provisions of Paragraph 4. In addition, in order to ensure the independence of the operation of the board of directors, the company stipulates in the first item of Article 15 of the board of directors' rules of procedure that directors who have an interest in the meeting matters with themselves or the legal person they represent should explain their interests at the current board meeting If the important content is harmful to the interests of the company, it shall not be included in the discussion and voting, and shall be avoided during the discussion and voting, and shall not exercise its voting rights on behalf of other directors. All directors of the company have complied with the above-mentioned regulations, and have fully ensured that the discussion and voting on each proposal are based on the objective and independent judgment of the directors.

- Note 1: Professional qualifications and experience: State the professional qualification and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or finance, they should state their accounting or financial background and work experience, and also indicate whether there are no circumstances under Article 30 of the Company Law.
- Note 2: Independent directors shall state the conditions of independence, including but not limited to whether the person, spouse, and relatives within the second degree serve as directors, supervisors, or employees of the company or its affiliated companies; The number and proportion of the company's shares held in the name of others); whether to serve as a director, supervisor, supervisor of a company that has a specific relationship with the company (refer to the provisions of Article 3, Item 1, 5-8 of the Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to Be Followed) The person or employee; the amount of remuneration received by the company or its affiliates for providing business, legal, financial, accounting and other services in the last two years.

(II) Information for general manager, deputy general manager, associate managers and supervisors of all departments and branch organization.

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Position title (Note 1)	Natio nality	Name	Gen der	Appointed (on board) date	Holdi share	ng es	Sha holdin spous min child	ng by e and	hold the na oth	ares ing in ame of ners	Main experience and education background (Note 2)	Concurrently served as the position of other companies	rela with p sp le rela	ation a re arty ouse vel to	lated of or wo ship	
					Number of shares	ing share	Numb er of shares	ng share	Numb er of share s	Holdi ng shares Ratio			Pos itio n title	me	Rel atio nsh ip	
Chairman(and Agent General Manager)		CHUO, CHIH- MING	Mal e	2022.09.16	-	-	•	•	-	-	Chairman of the Company Representative of Yang Zhen Co., Ltd. Director and President of Machi Garden Recreation and Amusement Park Chairman of Bulaosong Recreation Enterprise Chairman of Tangcheng Construction Co., Ltd. Director of reRUBBER California, U.S.A. Chairperson of Supervisory Board of Taipei Guangzhao Temple Department of Accounting, National Chung Hsing University	None	No ne	No ne		The genera 1 manag er will be hired separat ely
Chairman(and Agent General Manager) (Note4)	Repu blic of China	CHU, HUI- LAN	Fe mal e	2020.06.23	-	-	1	-	-	-	Vice Chairman of the Company Councilor, Taichung City; Director, Economic Development Department, Taichung City Government; Director- General, Economic Development Bureau, Taichung City Government; Advisor, Taichung City Government	None	No ne	No ne		-
Deputy general manager	Repu blic of China	YANG, MEI- YUAN	Fe mal e	2014.07.31	28	-	-	-	-	-	Deputy General Manager and Associate Manager of the Company Master of Construction Engineering and Management, Department of Civil Engineering, National Taiwan University	Director of Taiwan Mechanical and Electrical Engineering Service Association Director of Zhongqin Human Resource Management Consulting Co., Ltd. Director of CKS Guard Director of China Town Co., Ltd.	No ne	No ne		-

Position title (Note 1)	Natio nality	Name	Gen der	Appointed (on board) date	Holdi share		Sha holdin spous min child	ng by e and nor	holdi the na	ares ing in ame of ners	Main experience and education background (Note 2)	Concurrently served as the position of other companies		nager has a ations a re- arty ouse vel to	Note (Note 3)	
					Number of shares	Hold ing share s Ratio	Numb er of shares	Holdi ng share s Ratio	Numb er of share s	Holdi ng shares Ratio			Pos itio n title	Na me	Rel atio nsh ip	
Deputy general manager	Repu blic of China	WANG, TING- TSE	Mal e	2021.01.01	-	1	1	-	•	•	Associate manager, Deptuty director and manager of the company Master of Construction Engineering and Management, Department of Civil Engineering, National Taiwan University	Supervisor of Zhongqin Human Resource Management Consulting Co., Ltd.	No ne	No ne	No ne	-
Special assistant and Head of Legal Departmen t	Repu blic of China	YANG, CHIA- CHUN	Mal e	2021.11.12		1		-	-	-	Special Assistant of the Company General Counsel of Core pacific Group Counselor, Ministry of the Interior Director-General and Deputy Director-General, National Immigration Agency, Ministry of the Interior Head of Planning, Mainland Affairs Council and Deputy Secretary-General, Straits Exchange Foundation Master of College of Law, University of Iowa	Director of HRDD Logistics Co., Ltd. Director of Global BES Engineering (Myanmar) Co., Ltd.		No ne	No ne	
Associate Manager	Repu blic of China	LIAO, SHU- LIANG	Mal e	2015.03.30	7,916	1	-	-	-	-	Associate manager of the company Department of Civil Engineering, National Taiwan University	None	No ne	No ne	No ne	-
Associate Manager	Repu blic of China	CHENG, AN- TZU	Fe mal e	2016.01.11	-	-	-	-	-	-	Taiwan Wenhua Oriental Apartment Building Maintenance Management Co., Ltd. Director of Wenhuayuan Master of Advertising Department, National Chengchi University	None	No ne	No ne	No ne	-
Associate Manager (Note4)	Repu blic of China	SU, HUI- CHIU	Fe mal e	2020.02.01	-	-	-	-	-	-	Special Assistant and Associate Manager of the Company Master of Construction Engineering and Management, Department of Civil Engineering, National Taiwan University Master, The Graduate Institute of Industrial Management, National Central University	None	No ne	No ne	No ne	-

Position title (Note 1) Natio nality		Name	Gen der	Appointed (on board) date		es Hold	Sha holdii spous mii chile	ng by e and nor dren	hold the na	ares ing in ame of ners	Main experience and education background (Note 2)	Concurrently served as the position of other companies	relationship Pos Rel			Note (Note 3)
					Number of shares	share	Numb er of shares	ng share s Ratio	er of share s	ng shares Ratio			itio n title		atio nsh ip	
Associate Manager (Note4)	Repu blic of China	MA, CHEN- CHOU	Mal e	2020.12.01	-	-	-	-	-	-	Associate manager of the company Vice President of G.T.Land Hong Kong Master, Department of Communications Management, Shih Hsin University	None	No ne	No ne	No ne	-
Associate Manager	Repu blic of China	SU, BAI- CHENG-	Mal e	2021.11.01	-	-	-	-	-	-	Associate manager of the company Manager, Far EasTone Telecommunications Co., Ltd. MBA, University College London	None	No ne	No ne	No ne	-
Associate Manager	Repu blic of China	HUANG, TING- CHIEN	Mal e	2021.07.15	-	-	-	-	-	-	Associate manager of the company Director of Honghui Engineering Center Manager of the Drawing and Management Department, Jaysanlyn Construction Co., Ltd. Construction Engineering and Management, Department of Civil Engineering, National Taiwan University Master	None	No ne	No ne	No ne	-
Associate Manager	Repu blic of China	KE,DEN G-YAO	Mal e	2022.12.26	-	-	-	-	-	-	Associate Manager of the Company Assistant Vice President of Core Pacific Development Corporation Special Assistant to President, Jean Co., Ltd. President of Furen Group Fuyu Investment (Beijing) Co., Ltd. PD of Puren Group China Master, Graduate Institute of Construction Management, Chung Hua University	None	No ne	No ne	No ne	-
Acting director	Repu blic of China	WENG,R EN-JI	Mal e	2023.01.01	-	-	-	-	-	-	Senior Director and Deputy Director of the Company Civil Engineering of Public Works Department, China University of Technology	None	No ne	No ne	No ne	-
Deirector	Repu blic	LIN, HSU-	Mal e	2021.04.07	-	-	-	-	-	-	Director of the Company Chief Information Officer (CIO), GEOSAT	None	No ne	No ne	No ne	-

	Natio nality	Name	Gen der	Appointed (on board) date	Holdi share	es	Sha holdii spous mii child	ng by e and nor dren	holds the na	ares ing in ime of iers	Main experience and education background (Note 2)	Concurrently served as the position of other companies	rela with p sp le	has a ation	ship lated of or wo	Note (Note 3)
					Number of shares	Hold ing share s Ratio	Numb er of shares	Holdi ng share s Ratio	Numb er of share s	Holdi ng shares Ratio			Pos itio n title		Rel atio nsh ip	
	of China	CHUAN									Aerospace & Technology Inc. President of the Taiwan Software Team, on the side of CIO, Koi Tak Software Technology Group Company Limited -isBIM EMBA, Graduate Institute of Management, National Taiwan University of Science and Technology					
Manager	Repu blic of China	CHIU, YUNG- TSAI	Mal e	2018.01.01	20,000	-	-	-	-	-	Manager of the company Department of Civil Engineering, Tamkang University	Director of CKS Guard Director of Xiaman Wonxian Logistics Management Co., Ltd.	No ne	No ne	No ne	-
Manager	Repu blic of China	LI, CHEN- MING	Mal e	2017.06.22	422	-	-	1	-	-	Manager of the company Master of Economics, Chinese Culture University	None	No ne	No ne	No ne	-
Manager (Note4)	Repu blic of China	CHEN, KUO- HSIEN	Mal e	2011.12.26	-	-	-	-	-	-	Manager of the company Master of International Finance, Taipei University	None	No ne	No ne	No ne	-
Manager	Repu blic of China	SU, YU- MIN	Mal e	2011.09.01	-	-	-	-	-	-	Manager of the company Accounting and Statistics Division, Tamsui Institute of Business Administration	None	No ne	No ne	No ne	-
Manager (Note4)	Repu blic of China	KUO, HUNG- CHENG	е		-	-	-	-	-		Manager of the company Assistant Manager, Information Technology Department of Flnet Co., Ltd. under the Hon Hai Technology Group EMBA, Department of Information Technology Management, National Taiwan University of Science and Technology	None	No ne	No ne	No ne	-
Manager	Repu blic	YU, CHEN-	Mal e	2016.06.01	-	-	-	-	-	-	Manager of the company Architect of YH City Regeneration Co., Ltd.	None	No ne	No ne	No ne	-

	Natio nality	Name	Gen der	Appointed (on board) date	Hold shar		Sha holdin spous min child	ng by e and nor	holds the na	ares ing in ime of iers	Main experience and education background (Note 2)	Concurrently served as the position of other companies	rela with p sp	nager has a ations a re arty ouse vel to	ship lated of or vo	Note (Note 3)
					Number of shares	share	Numb	Holdi ng share s Ratio	Numb er of share s	Holdi ng shares Ratio			Pos itio n title		Rel atio nsh ip	
	of China	ERH									Master of Architecture, Chung Yuan Christian University					
Manager	Repu blic of China	WANG, GUO- XI	Mal e	2020.01.01	9,014	-	-	-	-	-	Manager of the company, senior director Department of Civil Engineering, China Institute of Technology	None	No ne	No ne	No ne	-
Manager (Note5)	Repu blic of China	CHANG, TA- CHUN	Mal e	2019.01.01	1,166	-	-	-	-	-	Manager and director of the company Department of Electrical Engineering, Chung Yuan Christian University	None	No ne	No ne	No ne	-
Manager	Repu blic of China	CHI, YUN- CHONG	Mal e	2021.07.15	6,142	-	-	-	-		Manager, Project Manager, Director of the Company Master of Environmental Science and Engineering, National Pingtung University of Science and Technology	None	No ne	No ne	No ne	-
Manager (Note4)	Repu blic of China	YEN, HSIN- YIN	Fe mal e	2021.08.11	-	-	-	-	-	-	Manager of the Company Attorney, Lin and Shih Judicial Group, College of Law, NTU	None	No ne	No ne	No ne	-
Manager (Note4)	Repu blic of China	YANG, CHIH- WEI	Mal e	2022.01.21	-	-	-	-	-	-	Associate manager of the company Manager, Far EasTone Telecommunications Co., Ltd. MBA, University College London	None	No ne	No ne	No ne	-
Manager	Repu blic of China	LIN, ZI- JING	Fe mal e	2022.02.16	-	-	-	1	-	•	Manager of the Company General Audit of Pelican under TECO Group. Audit Manager of Oneness Biotech Group. Master of Accounting Institute, Chinese Culture University	None	No ne	No ne	No ne	-
Manager	Repu blic of China	LI, WEI- TENG,	Mal e	2022.03.07	-	-	-	-	-	-	Manager and Project manager of the Company Assistant Manager of Jaysanlyn Real Estate & Advertising Co. Saddleback College Architecture	None	No ne	No ne	No ne	-

Position title (Note 1)	Natio nality	Name	Gen der	Appointed (on board) date	Holdi share		Sha holdir spous mir child	ng by e and nor	holdi the na	ares ing in ame of aers	Main experience and education background (Note 2)	Concurrently served as the position of other companies	rela with p sp	nager has a ations a re arty ouse vel to	ship lated of or wo	Note (Note 3)
					Number of shares	Hold ing share s Ratio	shares	Holdi ng share s Ratio	Numb er of share s	Holdi ng shares Ratio			Pos itio n title	Na me	Rel atio	
Manager	Repu blic of China	SU, LI- MEI-	Fe mal e	2022.03.15	-	-	-	-	-	-	Manager and Project manager of the Company Civil Engineering Department of Taipei Technical College	None	No ne	No ne	No ne	-
Manager	Repu blic of China	WANG,JI N-HUI	Mal e	2022.10.03	-	-	-	-	-	-	Manager of the Company Assistant Vice President of Information Department, Maidenform Co., Ltd. Daily Supplies System Development Manager of Amway Taiwan Master of Civil Engineering, National Central University	None	No ne	No ne	No ne	-
Manager	Repu blic of China	FANG,MI NG- CHING	Mal e	2022.11.07	-	-	-	-	-	-	Manager of the Company Special Assistant to the Chairman and Acting Spokesperson of Ching Feng Home Fashions Co., Ltd Master of Business Mathematics, Soochow University Hawaii Pacific University, Entrepreneuv Studies	Director of CKS Guard Director of BES Investment Co., Ltd. Supervisor of Cinemark Core Pacific Limited Supervisor of Cinema 7 Ltd. Supervisor of HRDD Logistics Co., Ltd.	No ne	No ne	No ne	-
Manager	Repu blic of China	LIN,YU- FENG	Mal e	2022.11.07	-	-	-	-	-	-	Manager of the Company Assistant Vice President of Sales Department, Baoying Advertisement Co., Ltd. Sales Assistant Manager of Shanghui Construction Co., Ltd. Project Manager of Qinyuan Advertisement Co., Ltd. Department of Business Administration, China University of Technology	None	No ne	No ne	No ne	-
Acting department head	Repu blic of China	HUANG, XIAN- QIN,	Mal e	2021.11.01	-	-	-	-	-	-	Project manager of the Company (Acting department manager) Assistant Manager, Operation Department of Rixiang Leasing Industrial Co., Ltd. under the Radium Life Tech Co., Ltd	None	No ne	No ne	No ne	-

Position title (Note 1)	Natio nality	Name	Gen der	Appointed (on board) date	Number of shares	Hold ing share	shares	ng by e and nor dren Holdi ng share	holdi the na oth Numb er of	mres ng in me of ers Holdi ng shares Ratio	Main experience and education background (Note 2)	Concurrently served as the position of other companies	rela with p sp	me	ship lated of or vo	Note (Note 3)
											Department of Civil Engineering, Central University					
Acting department	Repu blic	SU, ZHI-	Mal e	2021.10.22	-	-	-	-	-	-	Assistant manager of the company (Acting department manager)	None		No ne		-
head (Note5)	of China	XUN									Department of Civil Engineering, Chung Yuan University					

- Note 1: It should include information on the general manager, deputy general manager, associate managers and supervisors of all departments and branch organization, as well as the position is equivalent to the general manager, deputy general manager, associate managers. The information should be disclosed, regardless of the job title.
- Note 2: Experience that is related to the current position; if served at a certified public accountant agency or related company during the above mentioned period, then the position title and responsible duties shall be described.
- Note 3: Should the general manager of the Company or the equivalent (the highest manager) be the same person, spouse or first-degree of kinship, the information regarding reasons and the reasonableness, necessity and corresponding measures (e.g., increase of independent directors, and more than half of the directors shall not be the employee or manager of the Company) shall be disclosed.
- Note 4: MA, CHEN-CHOU resigned on 2022.01.14; CHU, HUI-LAN resigned on 2022.06.10; YEN, HSIN-YIN resigned on 2022.11.11; CHEN, KUO-HSIEN resigned on 2023.01.19; SU, HUI-CHIU was dismissed on 2023.01.20; KUO, HUNG-CHENG resigned on 2023.03.31; YANG, CHIH-WEI resigned on 2023.03.31.
- Note 5: SU, ZHI-XUN was dismissed from the Head of Agency Department on 2022.02.16; CHANG, TA-CHUN was transferred to non-department head position on 2023.01.01.

III. Remuneration of directors, supervisors, general manager and deputy general managers in the latest year

(I) Remuneration of directors (including independent directors) (summary of remuneration levels with name disclosure)

Unit: NTD in thousands

					Director's re	emuneratio	on			item A,	amount of B, C and D			Remunera	tion of part	-time emp	oloyees			item A, B	amount of , C, D, E, F	Receive remuneration
Position title	Name	Remune (No	ration (A) ote 2)	Retireme (ent pension B)	remune	ector's ration (C) ote 3)	implemen	siness ntation cost Note 4)	percent profit	unts for the age of net after tax te 10)	special ex	bonus and expenses (E) ote 5)		ent pension (F)	Етр	loyee con (No	npensatio te 6)	on (G)	for the pe net prof	at accounts recentage of it after tax te 10)	from the reinvested business other than the
title		The company	All companies included in the financial report (Note 7)	The company	All companies included in the financial report (Note 7)	The company	All companies included in the financial report (Note 7)	The company	All companies included in the financial report (Note 7)	The company	All companies included in the financial report (Note 7)	The company	All companies included in the financial report (Note 7)	The company	All companies included in the financial report (Note 7)	Amount	Amount of stock dividend	all cor (No Amount of cash	financial port npanies ste 7) Amount of stock dividend	The company Company Company	All companies included in the financial report (Note 7)	subsidiaries or from the parent company (Note 11)
Chairman	Yang Jen Industrial Co., Ltd. CHOU, CHIH- MING (2022.9.16 Take office)	1,838	1,838	0	0	3,493	3,493	0	0	0.65%	0.65%	0	0	0	0	0	0	0	0	0.65%	0.65%	0
Chairman	Yang Jen Industrial Co., Ltd. CHU, HUI-LAN (2022.6.10 resignation)	3,869	4,019	0	0	0	0	20	48	0.47%	0.50%	0	0	0	0	0	0	0	0	0.47%	0.50%	0
Director	China Petrochemical Development Corporation CHEN RUI- LONG	1,584	1,584	0	0	3,493	3,493	10	10	0.62%	0.62%	0	0	0	0	0	0	0	0	0.62%	0.62%	0
Director	Tianjing Investment Co., Ltd. BAI JUN-NAN	0	0	0	0	3,493	3,493	20	20	0.43%	0.43%	3,650	3650	0	0	0	0	0	0	0.87%	0.87%	0
Director	Formostar Factory	360	360	0	0	3,493	3,493	80	80	0.48%	0.48%	0	0	0	0	0	0	0	0	0.48%	0.48%	0

]	Director's re	emuneratio	on			item A,	amount of B, C and D			Remunera	tion of part	-time emp	oloyees			item A, B	amount of , C, D, E, F	Receive remuneration
Position	Name		ration (A) ote 2)	Retireme (ent pension B)	remune	ector's ration (C) ote 3)	implemen	siness ntation cost Note 4)	percent profit	unts for the age of net after tax te 10)	special ex	conus and apenses (E) ote 5)		ent pension F)	Emp	oloyee con (No		n (G)	for the pe net prof	at accounts ercentage of it after tax ite 10)	from the reinvested business other than the
title		The company	All companies included in the	The company	All companies included in the	The company	All companies included in the	The company	All companies included in the	The company	All companies included in the	The company	All companies included in the	The company	All companies included in the		ompany	rep all con (No	inancial oort npanies te 7)	The company Company	All companies included in the	subsidiaries or from the parent company
		company	financial report (Note 7)	company	financial report (Note 7)	company	financial report (Note 7)	company	financial report (Note 7)	company	financial report (Note 7)	company	financial report (Note 7)	company	financial report (Note 7)		Amount of stock dividend	Amount of cash bonus		Company	financial report (Note 7)	(Note 11)
	Co., Ltd. TSAI, CHAO- LUN																					
Director	Changli Co., Ltd. LIOU, LIANG - HAI	360	360	0	0	3,493	3,493	80	80	0.48%	0.48%	0	0	0	0	0	0	0	0	0.48%	0.48%	0
Director	Tianjing Investment Co., Ltd. CHEN, WEN-KE	360	360	0	0	3,493	3,493	80	80	0.48%	0.48%	0	0	0	0	0	0	0	0	0.48%	0.48%	0
Independent director	LU, HAN-YI	1,710	1,710	0	0	0	0	35	35	0.21%	0.21%	0	0	0	0	0	0	0	0	0.21%	0.21%	0
Independent director	KO, SHU-JEN	1,710	1,710	0	0	0	0	35	35	0.21%	0.21%	0	0	0	0	0	0	0	0	0.21%	0.21%	0
Independent director	CHANG, FAN	1,650	1,650	0	0	0	0	25	25	0.20%	0.20%	0	0	0	0	0	0	0	0	0.20%	0.20%	0

I:Please specify the policy, system, criteria and structure of remuneration to independent directors, and specify the relationship between remuneration amount and responsibilities, risks, and input time: (1)The Salary and Compensation Committee regularly reviews the performance evaluation of directors and managers and the policies, systems, standards and structures of salary and compensation according to the organization charter of the Salary and Compensation Committee. Submit the recommendations to the board of directors for discussion. (2)According to the company's "Board Performance Evaluation Method", the annual performance of individual directors (the degree of participation and contribution to the company's operations) is determined whether to continue nomination, and it is also used as a reference for determining their remuneration.

2:Except for the disclosed information in the above table, all remuneration received from all companies included in the financial report during the current year (such as the non-employee consultants): None

Note 1: Expenses for director2s and supervisors including cash, stocks, houses and other exclusive expenses are not provided.

- Note 1: The directors' names shall be listed separately (the legal person shareholders shall include the names of the legal person shareholders and the representative persons separately), while the directors and independent directors shall be listed separately, and the summary of payment amount shall be disclosed. For directors who also serve as the general manager or deputy general manager, this form and the following table (3-1) or (3-2-1) and (3-2-2) should be filled out.
- Note 2: It refers to the remuneration of directors in the most recent year (including directors' salary, position bonus, severance pay, various bonuses, rewards, etc.).
- Note 3: It refers to the amount of the directors' remuneration approved by the board of directors in the most recent year.
- Note 4: It refers to the directors' related business implementation expenses (including transportation fees, special expenses, various allowances, housing and car expenses, etc.) in the most recent year. If the expenses of housing, vehicles and other transportation are provided, the nature and cost of the provided assets, as well as the actual or fair market price for the rental, oil and other payments should be disclosed. If there is a driver for the vehicles, please note the company's payment for the driver is not included in the remuneration.
- Note 5: It refers to the remuneration received by directors who are also employees (including general manager, deputy general manager, managers and employees), including salary, job bonus, severance payment, various bonuses, incentives, transportation fees, special expenses, various allowances, dormitory and car expenses. If the expenses of housing, vehicles and other transportation are provided, the nature and cost of the provided assets, as well as the actual or fair market price for the rental, oil and other payments should be disclosed. If there is a driver for the vehicles, please note the company's payment for the driver is not included in the remuneration. In addition, the salary expenses recognized according to the IFRS 2 "share based payment," it shall also be included in the remuneration, including acquiring the employee stock option certificates, restricting employee rights of new shares and participating in cash increment for shares subscription.
- Note 6: It refers to the employee compensation (including stocks and cash) received by directors who are also employees (including general manager, deputy general manager, managers and employees), the amount of compensation approved by the board of directors in the most recent year should disclosed. If the amount cannot be estimated, then it will be calculated based on the proportion of the actual distribution amount from the previous year and the Appendix table 1-3 is

required to be filled.

- Note 7: The total amount of remuneration paid by all companies in the consolidated statement (including the Company) to the directors of the Company shall be disclosed.
- Note 8: The company's total remuneration paid to each of the directors and their names with the remuneration level shall be disclosed.
- Note 9: All companies' (in the consolidated statement, including the Company) total remuneration paid to each of the directors and their names with the remuneration level shall be disclosed.
- Note 10: The net income after tax refers to the net income after tax of the individual annual financial statement of the latest year.
- Note 11: a. This column should clearly state the amount of remuneration paid to the company directors from the reinvested business other than the subsidiaries or the parent company (please indicate "None" if no such remuneration). b.If the director of the company receives remuneration from the reinvested business other than the subsidiaries or
- the parent company shall be included in the remuneration level column I and the name of the column shall be changed to "the parent company and all of the reinvested business."

 c.The remuneration refers to the director's remuneration including the remuneration, compensation (including the compensation of employees, directors and supervisors) and business implementation expenses serving as directors, supervisors or managers of the reinvested business other than the subsidiaries or the parent company.
 - * The remuneration contents disclosed in this form are different from the concept of the income tax law. Therefore, this form is only for information disclosure and not applicable for tax usage.

- (II) Supervisor's remuneration (summary of remuneration levels with name disclosure): Not applicable •
- (III) The general manager and deputy general manager's remuneration(Individual disclosure of names and remuneration methods)

Unit: NT / NTD in thousands

			lary (A) Note 2)		ent pension (B)	Special	onus and expense, etc. (C) Note 3)	Emplo		mpensati ote 4)		item A, E that accou percenta profit aft	amount of B, C and D ants for the age of net ter tax(%) te 8)	Received remuneration from the reinvested business other
Position title	Name	The company	All companies included in the financial report (Note 5)	The company	All companies included in the financial report	The company	All companies included in the financial report (Note 5)	Cash	mpany Stock Amount	include financia (Not	te 5) Stock	The company	All companies included in the financial report	than the subsidiaries or from the parent company (Note 9)
General manager	CHU, HUI- LAN	0	0	0	(Note 5)	0	0	0	0	0	0	0	0	0
General manager	CHOU, CHIH- MING	0	0	0	0	0	0	0	0	0	0	0	0	0
Deputy general manager	YANG, MEI- YUAN	2,763	2,763	0	0	880	880	276	0	276	0	0.48	0.48	0
Deputy general manager	WANG, TING- TSE	2,279	2,279	0	0	771	771	276	0	276	0	0.40	0.40	0
Director	LIN, HSU- CHUAN	2,248	2,248	0	0	659	659	163	0	163	0	0.37	0.37	0

^{*} If the position is equivalent to general manager, deputy general manager, associate managers (such as the president, CEO, Chief director...etc.), the information should be disclosed, regardless of the job title.

Table of remuneration level

The new to each of the company's general manager and	Name of the General Mar	nager and Deputy General Manager
The pay to each of the company's general manager and deputy general managers remuneration level	The company (Note 6)	All companies included in the financial report (Note 7) E
Less than 1,000,000 dollars	CHU, HUI-LAN CHOU, CHIH-MING	CHU, HUI-LAN CHOU, CHIH-MING
1,000,000 dollars (included) ~ 2,000,000 dollars (not included)	-	-
2,000,000 dollars (included) ~ 3,500,000 dollars (not included)	WANG, TING-TSE	WANG, TING-TSE
3,500,000 dollars (included) ~ 5,000,000 dollars (not included)	YANG, MEI-YUAN LIN, HSU-CHUAN	YANG, MEI-YUAN LIN, HSU-CHUAN
5,000,000 dollars (included) ~ 10,000,000 dollars (not included)	-	-
10,000,000 dollars (included) ~ 15,000,000 dollars (not included)	-	-
15,000,000 dollars (included) ~ 30,000,000 dollars (not included)	-	-
30,000,000 dollars (included) ~ 50,000,000 dollars (excluding)	-	-
50,000,000 dollars (included) ~ 100,000,000 dollars (not included)	-	-
More than 100,000,000 dollars	-	-
Total	5	5

- Note 1: The general manager and the deputy general manager's names shall be listed separately, and the summary of payment amount shall be disclosed. For directors who also serve as the general manager or deputy general manager, this form and the above table (1-1) or (1-2) should be filled out.
- Note 2: It refers to the remuneration of the general manager and deputy general managers in the most recent year (including supervisors' salary, position bonus, severance pay, various bonuses, rewards, etc.).
- Note 3: It refers to the remuneration received by the general manager and deputy general managers in the most recent year, including salary, job bonus, severance payment, various bonuses, incentives, transportation fees, special expenses, various allowances, dormitory and car expenses. If the expenses of housing, vehicles and other transportation are provided, the nature and cost of the provided assets, as well as the actual or fair market price for the rental, oil and other payments should be disclosed. If there is a driver for the vehicles, please note the company's payment for the driver is not included in the remuneration. In addition, the salary expenses recognized according to the IFRS 2 "share based payment," it shall also be included in the remuneration, including acquiring the employee stock option certificates, restricting employee rights of new shares and participating in cash increment for shares subscription.

 Note 4: It refers to the employee compensation (including stocks and cash) received by the general manager and deputy general managers, approved by the board of directors in the most recent year. If the amount cannot be estimated, then it will be calculated based on the proportion of the actual distribution amount from the previous year, and the Appendix table 1-3 is required to be filled. The net profit after tax refers to the net profit a
- after tax of individuals or individual financial reports in the most recent year.
- Note 5: The total amount of remuneration paid by all companies in the consolidated statement (including the Company) to the general manager and deputy general managers of the Company shall
- Note 6: The company's total remuneration paid to each of the general manager and deputy general managers, and their names with the remuneration level shall be disclosed.

 Note 7: All companies' (in the consolidated statement, including the Company) total remuneration paid to each of the general manager and the deputy general managers, and their names with the remuneration level shall be disclosed.
- Note 8: The net income after tax refers to the net income after tax of the individual annual financial statement of the latest year.

 Note 9: The net income after tax refers to the net income after tax of the individual annual financial statement of the latest year.

 Note 9: The net income after tax refers to the net income after tax of the individual annual financial statement of the latest year.

 Note 9: The net income after tax refers to the net income after tax of the individual annual financial statement of the latest year. subsidiaries or the parent company (please indicate "None" if no such remuneration).
- b. If the general manager or deputy general manager of the company receives remuneration from the reinvested business other than the subsidiaries or the parent company, the remuneration received by the company's general manager or deputy general manager from the reinvested business other than the subsidiaries or the parent company shall be included in the remuneration level column E
- and the name of the column shall be changed to "the parent company and all of the reinvested business."

 c. The remuneration refers to the general manager or deputy general manager's remuneration including the remuneration (including the compensation of employees, directors and supervisors) and business implementation expenses serving as directors, supervisors or managers of the reinvested business other than the subsidiaries or the parent company.
- * The remuneration contents disclosed in this form are different from the concept of the income tax law. Therefore, this form is only for information disclosure and not applicable for tax usage.

(IV) The Top Five Remuneration Of The Executives Of The Company

(Individual disclosure of names and remuneration methods) (Note 1)

Unit: NT / NTD in thousands

Position			ry (A) ote 2)		ent pension B)	Special e	us and xpense, etc. (C) ote 3)	Empl	•	npensatic te 4)		item A, I that accor percenta profit af	amount of 3, C and D unts for the age of net ter tax(%)	Received remuneration from the reinvested business other than
title	Name	The company	All companies included in the	The company	All companies included in the	The company	All companies included in the	The co	mpany	include	ıl report	The company	All companies included in the	the subsidiaries or from the parent
		1 7	financial report (Note 5)	1 7	financial report (Note 5)	1 3	financial report (Note 5)	Cash Amount	Stock Amount	Cash Amount	Stock Amount	1 7	financial report	company (Note 7)
Deputy general manager	YANG, MEI- YUAN	2,763	2,763	0	0	880	880	276	0	276	0	0.48	0.48	0
Deputy general manager	WANG, TING- TSE	2,279	2,279	0	0	771	771	276	0	276	0	0.40	0.40	0
Associate Manager	LIAO, SHU- LIANG	2,248	2,248	0	0	659	659	163	0	163	0	0.37	0.37	0
Associate Manager	SU, HUI- CHIU	2,199	2,199	0	0	739	739	0	0	0	0	0.36	0.36	0
Manager	WANG, GOU- XI	1,689	1,689	0	0	673	673	496	0	496	0	0.35	0.35	0

Note 1: The "top five top executives with remuneration" mentioned above refer to the managers of the company. The criteria for the identification of managers shall be handled in accordance with the scope of application of "managers" stipulated by the former Securities and Futures Commission of the Ministry of Finance dated March 27, 1992, Tai Cai Zheng San Zi No. 0920001301. The calculation and determination principle of "Top 5 highest remuneration" is based on the total amount of employee remuneration (A+B+ C+D total amount), and the top five with the highest remuneration after sorting will be identified.

Note 2: It refers to the remuneration of top five top executives in remuneration in the most recent year (including directors' salary, position bonus, severance pay, various bonuses, rewards, etc.).

Note 3: It refers to the top five top executives in remuneration' related business implementation expenses (including transportation fees, special expenses, various allowances, housing and car expenses, etc.) in the most recent year. If the expenses of housing, vehicles and other transportation are provided, the nature and cost of the provided assets, as well as the actual or fair market price for the rental, oil and other payments should be disclosed. If there is a driver for the vehicles, please note the company's payment for the driver is not included in the remuneration.

Note 4: It refers to the employee compensation (including stocks and cash) received by top five top executives in remuneration who are also employees (including general manager, deputy general manager, managers and employees), the amount of compensation approved by the board of directors in the most recent year should disclosed. If the amount cannot be estimated, then it will be calculated based on the proportion of the actual distribution amount from the previous year and the Appendix table 1-3 is required to be filled.

Note 5: The total amount of remuneration paid by all companies in the consolidated statement (including the Company) to the top five top executives in remuneration of the Company shall be disclosed.

Note 6: The net income after tax refers to the net income after tax of the individual annual financial statement of the latest year.

- Note 7: a. This column should clearly state the amount of remuneration paid to the company top five top executives in remuneration from the reinvested business other than the subsidiaries or the parent company (please indicate "None" if no such remuneration).
 - b. The remuneration refers to the top five top executives in remuneration's remuneration including the remuneration (including the compensation of employees, directors and supervisors) and business implementation expenses serving as directors, supervisors or managers of the reinvested business other than the subsidiaries or the parent company.
 - * The remuneration contents disclosed in this form are different from the concept of the income tax law. Therefore, this form is only for information disclosure and not applicable for tax usage.

Name of managers who distribute employee compensation and the distribution status

April 9, 2023 Unit: NT / NTD in thousands

	Title (Note 1)	Name (Note 1)	Stock option	Cash amount	Total	The total amount that accounts for the percentage of net profit after tax(%)
	Deputy general manager	YANG,MEI-YUAN				
	Deputy general manager	WANG,TING-TSE				
	Director	LIN,HSU-CHUAN				
	Associate manager	YANG, CHIA-CHUN				
>	Associate manager	LIAO, SHU-LIANG				
Managerial	Associate manager	CHENG, AN-TZU				
าลเ	Associate manager	HUANG, TING-CHIEN				
ge	Manager	WANG, GUO-XI				
n. na	Manager	CHIU,YUNG-TSAI	0	3,421	3,421	0.42%
,	Manager	LI, CHEN-MING				
l <u> </u>	Manager	KUO, HUNG-CHENG				
officer	Manager	CHEN, KUO-HSIEN				
7	Manager	SU,YU-MIN				
	Manager	YU, CHEN-ERH				
	Manager	CHANG, TA-CHUN				
	Manager	CHI, YUN-CHONG				
	Manager	YEN, HSIN-YIN				

Note 1: The individual names and titles should be disclosed, and the profit distribution can be disclosed in a form of summary report.

Note 2: It refers to the employee compensation (including stocks and cash) received by the managers, approved by the board of directors in the most recent year. If the amount cannot be estimated, then it will be calculated based on the proportion of the actual distribution amount from the previous year. The net profit after tax refers to the net profit after tax in the most recent year; for those using the international financial report standards, the net profit after tax refers to the net profit after tax of individuals or individual financial reports in the most recent year.

Note 3: The application scope of the managers is defined as following, which is based on the command document No. 0920001301 of Taiwanese financial document announced on March 27, 2003:

- (1) General manager and equivalent position
- (2) Deputy General Manager and equivalent position
- (3) Associate manager and equivalent position
- (4) Chief of Finance Department
- (5) Chief of Accounting Department
- (6) Others who have the right to manage the affairs of the company and sign for the company

(V) Compare and analyze the analysis of the total remuneration accounts for the percentage of the net profit after tax for the directors, Independent director, general managers and deputy general managers of all companies (including the Company) in the consolidated statement of the recent two years; and describe the relationship of the remuneration policy, standards and combinations and the procedures of remuneration judgment, with the operating performance and future risks.

Description:

1. The ratio of the total remuneration accounts for the percentage of the net profit after tax for the directors, Independent director, general managers and deputy general managers of the Company in the recent two years:

Year 2021:2.85% (76,355 NTD in thousands /2,676,758 NTD in thousands)

Year 2022: 5.94% (48,749 NTD in thousands /821,315 NTD in thousands)

2. The ratio of the total remuneration accounts for the percentage of the net profit after tax for the directors, Independent director, general managers and deputy general managers of all companies in the consolidated statement of the recent two years:

Year 2021: 2.85% (76,515 NTD in thousands /2,676,758 NTD in thousands)

Year 2022: 5.96% (48,927 NTD in thousands /821,315 NTD in thousands)

- 3. The relationship of the remuneration policy of the directors and Independent director, standards and combinations and the procedures of remuneration judgment, with the operating performance and future risks.
 - The following is clearly defined in the "Articles of Incorporation":
 - Article 21-1 The directors of the company can be compensated with salary or transportation expenses, and the amount will be based on the reference of similar companies by the board of directors.
 - Article 28 If the company generates profit before the tax in the current year, no less than 2% of the profit will be the employee's remuneration and no more than 2% of the profit will be director's remuneration. In the event of any accumulative loss incurred by the Company, it shall reserve for offsetting the accumulative loss. The preceding prepaid ratio, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders, and it shall be reported in the shareholders' meeting. The preceding employee compensation can be paid in stock or in cash.

According to the company's "Performance Evalution Method of the Board of Directors", the annual performance of individual directors (including the comprehension of company goals and tasks, awareness of directors' responsibilities, knowledge and degree of company operations, internal relationship management and communication, professional and continuing education of directors, and internal control, etc.) as a reference for determining thir remuneration. Relevant performance appraisal and remuneration rationality are reviewd by the remuneration committee and the board of directors.

- 4. The appointment, dismissal, salary and bonus of the general manager and deputy general manager of the Company:
 - "Table of Directors and Managers' Rights and Duties in the Company:"
 - II. Personnel affairs
 - (I) The CEO, general manager, deputy general managers, associate managers and branch office supervisors' salary, appointment, retirement, rewards and punishments and pensions shall be approved by the board of directors.
 - The company's managers' remuneration is based on the "Remuneration System Management Guidelines", and the relevant bonuses are performance-oriented, and are

approved in accordance with the "Performance Bonus Distribution Method" depending on the company's annual operating performance, financial status and personal work performance; the company's annual tax If there is profit before, no less than 2% should be appropriated as employee remuneration.

IV. Corporate governance

- (I) Information Regarding the Operation of the Board of Directors and Assessment of the Board of Directors
 - 1. Information on the operation of the board of directors: The 26th Board of Directors has held 10 meetings in 2022 (A), The attendance of Directors is as follows:

Inc atte	idance of Directors is as follow	ws.			
Title	Name (Note 1)	Frequency of actual attendance (B)	Frequen cy of proxy attendan ce	Rate of actual attendance (B/A) (Note 2)	Note
Chairperson	Yang Jen Industrial Co., Ltd. Representative: Chu, Hui-Lan	4	0	100%	Inaugurated on June 23,2020. Resigned on June 10,2022
Chairperson	Yang Jen Industrial Co., Ltd. Representative: Chou, Chih-Ming	4	0	100%	Inaugurated on June 23,2020.
Director	China Petrochemical Development Corporation Representative: Chen Rui-Long	8	2	80%	Inaugurated on June 23,2020.
Director	Tian-Jing Investment Corporation Representative: Bai, Jun-Nan	9	1	90%	Inaugurated on July 30,2020.
Director	Formostar Garment Co. Ltd Representative: Tsai, Chao-Lun	9	1	90%	Inaugurated on June 23,2020.
Director	Tian-Jing Investment Corporation Representative: Chen, Wen-Ke	10	0	100%	Inaugurated on June 23,2020.
Director	Chang-Li Co. Ltd Representative: Liou, Liang-Hai	8	2	80%	Inaugurated on June 23,2020.
Independent director	LU, Han-Yi	10	0	100%	Inaugurated on June 23,2020.
Independent director	Ko, Shu-Jen	10	0	100%	Inaugurated on June 23,2020.
Independent director	Chang, Fan	10	0	100%	Inaugurated on June 23,2020.

director

When the operations of the Board of Directors comply with the following circumstances, the report shall specify the date, term, agenda of the Board meeting, and opinions of each independent director and the company's handling of such opinions.

(I) Matters defined by provisions of Article 14-3 of the "Securities and Exchange Act."

1. Date of Board meeting: Date of 15th meeting of 26th Board: Jan 21, 2022 Proposal Content: Proposal for the issuance of 2021 Year-end Performance

Bonus of the Chairman, Office Director of Chairman, Highest

Consultants, and Delegated Managers.

Approved by all attending directors. Resolution by the Board of Directors:

Date of 16th meeting of 26th Board: March 15, 2022 Date of Board meeting: Distribution of 2021 Employees' and Directors' Proposal Content:

Remuneration.

Resolution by the Board of Directors: Approved by all attending directors.

Date of 16th meeting of 26th Board: March 15, 2022 Date of Board meeting:

Proposal Content: The Company's 2021 (for the years ended December 31, 2021)

parent company only financial statements submitted for approval, followed by public announcement according to the

Approved by all attending directors. Resolution by the Board of Directors:

Date of 16th meeting of 26th Board: March 15, 2022 Date of Board meeting: Report on the 2021 Business Report and the 2021 Proposal Content:

Consolidated Financial Report.

Approved by all attending directors. Resolution by the Board of Directors:

Date of Board meeting: Date of 16th meeting of 26th Board: March 15, 2022

Proposal Content: Proposal for continuing to retain the Deloitte Taiwan to audit the 2022 Finance Report and perform tax compliance audit, as

the original letter of appointment has expired on December 31

2021, a new appointment letter for the year 2022 will be

drafted

Resolution by the Board of Directors: Approved by all attending directors.

6. Date of Board meeting: Date of 16th meeting of 26th Board: March 15, 2022
Proposal Content: Proposal for 2021 earnings distribution (January 1 to

December 31, 2021)

Resolution by the Board of Directors: Approved by all attending directors.

Date of Board meeting: Date of 16th meeting of 26th Board: March 15, 2022
 Proposal Content: Proposal for amending parts of the provisions of the

"Procedure of Acquisition or Disposal of Assets"

Resolution by the Board of Directors: Approved by all attending directors.

8. Date of Board meeting: Date of 16th meeting of 26th Board: March 15, 2022

Proposal Content: Proposal for the date, time, location, meeting procedure, main

proposal content, period and venue for acceptance of shareholders' proposals for the 2022 annual general

shareholders' meeting of the Company.

Resolution by the Board of Directors: Approved by all attending directors.

9. Date of Board meeting: Date of 16th meeting of 26th Board: March 15, 2022

Proposal Content: Proposal for the issuance of the Company's 2021 statement of

internal control system.

Resolution by the Board of Directors: Approved by all attending directors..

10. Date of Board meeting: Date of 17th meeting of 26th Board: May 11, 2022

Proposal Content: The Company's 2022 Q1 consolidated financial statements submitted for approval and for CPAs' audit, followed by

public announcement according to the laws.

Resolution by the Board of Directors: Approved by all attending directors.

Date of Board meeting: Date of 17th meeting of 26th Board: May 11, 2022
 Proposal Content: The Company planned to establish a Singapore company

100% owned by the Company with the capital of US\$1

million.

Resolution by the Board of Directors: Approved by all attending directors.

12. Date of Board meeting: Date of 17th meeting of 26th Board: May 11, 2022

Proposal Content: Proposal for disposal of all shares of investee Core Pacific

City Co., Ltd. held by the Company .

Resolution by the Board of Directors: Approved by all attending directors.

13. Date of Board meeting: Date of 17th meeting of 26th Board: May 11, 2022

Proposal Content: Proposal for establishment of the "Sustainable Development

Best Practice Principles" of the Company.

Resolution by the Board of Directors: Approved by all attending directors.

14. Date of Board meeting: Date of 17th meeting of 26th Board: May 11, 2022
Proposal Content: Proposal for the establishment of the "Sustainable

Proposal for the establishment of the "Sustainable Development Committee Charter" of the Company.

Resolution by the Board of Directors: Approved by all attending directors.

15. Date of Board meeting: Date of 17th meeting of 26th Board: May 11, 2022

Proposal Content: Chairman Chiu, Huei-Lan and Independent Directors Ko, Shu-

Jen and Chang, Fan were nominated to act as the committee members for the 1st term of the "Sustainable Development Committee" of the Company, and the term of office should be the same as the term of office of the 26th term of Board of

Directors.

Resolution by the Board of Directors: Approved by all attending directors.

Date of Board meeting: Date of 17th meeting of 26th Board: May 11, 2022
 Proposal Content: Proposal for the Company to lease house from China Petrochemical Development Corporation in 2022.

Resolution by the Board of Directors: Approved by all attending directors.

17. Date of Board meeting: Date of 17th meeting of 26th Board: May 11, 2022
Proposal Content: Proposal for the Company to lease house from Hung Yi

Construction Co., Ltd. in 2022.

Resolution by the Board of Directors: Approved by all attending directors.

18. Date of Board meeting: Date of 18th meeting of 26th Board: June 10, 2022

Proposal Content: Proposal for the acquisition of the equity of "Fuan Real Estate

Co., Ltd." by the Company's Vietnam sub-subsidiary

"Vietnam BES Engineering LLC" was reported to the board of directors and the Company issued a letter on the handling method for refusal of completion of transaction on March 21, 2022.

Resolution by the Board of Directors: Approved by all attending directors.

19. Date of Board meeting: Date of 19th meeting of 26th Board: June 13, 2022
 Proposal Content: The Company's director Tsai, Chao-Lun recommended

Director Chen, Ruey-Long to act as the Chairman.

Resolution by the Board of Directors: Approved by all attending directors.

20. Date of Board meeting: Date of 20th meeting of 26th Board: Aug 10, 2022

Proposal Content: The Company's 2022 Q2 consolidated financial statements

submitted for approval and for CPAs' audit, followed by

public announcement according to the laws.

Resolution by the Board of Directors: Approved by all attending directors.

21. Date of Board meeting: Date of 20th meeting of 26th Board: Aug 10, 2022

Proposal Content: Proposal for the Company's 2022 distribution of remuneration

of directors.

Resolution by the Board of Directors: Approved by all attending directors.

22. Date of Board meeting: Date of 20th meeting of 26th Board: Aug 10, 2022

Proposal Content: Proposal for the establishment of the ex-dividend base date and the distribution date of 2022 cash dividends of the

Company.

Resolution by the Board of Directors: Approved by all attending directors.

23. Date of Board meeting:

Proposal Content:

Date of 20th meeting of 26th Board: Aug 10, 2022

Proposal for the establishment of the "Sustainable Development Committee Charter" of the Company.

Resolution by the Board of Directors: Approved by all attending directors.

24. Date of Board meeting: Date of 20th meeting of 26th Board: Aug 10, 2022
Proposal Content: The Company's Chairman Mr. Chen, Ruey-Long was

The Company's Chairman Mr. Chen, Ruey-Long was appointed to concurrently act as the CEO.

Resolution by the Board of Directors: Approved by all attending directors.

25. Date of Board meeting: Date of 20th meeting of 26th Board: Aug 10, 2022

Proposal Content: The Company delegated managers to distribute the 2021

**Topological Content: The Company delegated managers according to the "Guidelines" of the Company delegated managers to distribute the 2021

remuneration of employees according to the "Guidelines Governing Remuneration to Employees."

Resolution by the Board of Directors: Approved by all attending directors.

26. Date of Board meeting: Date of 20th meeting of 26th Board: Aug 10, 2022

Proposal Content: Proposal for amendment to the Regulations for Issuance of

Year-end Performance Bonus of the Company.

Resolution by the Board of Directors: Approved by all attending directors.

27. Date of Board meeting: Date of 21th meeting of 26th Board: Sep 16, 2022

Proposal Content: The Company's Chairman Mr. Chen, Ruey-Long planned to

resign on September 16, 2022 and its job position of CEO was

to be dismissed on the same day.

Resolution by the Board of Directors: Approved by all attending directors.

28. Date of Board meeting: Date of 21th meeting of 26th Board: Sep 16, 2022 Proposal Content: Election of new Chairman of the Company.

Resolution by the Board of Directors: Approved by all attending directors.

29. Date of Board meeting: Date of 21th meeting of 26th Board: Sep 16, 2022

Proposal Content: Appointment of the Company's new Chairman to act as the

CEO and the concurrently position of President.

Resolution by the Board of Directors: Approved by all attending directors.

30. Date of Board meeting: Date of 22th meeting of 26th Board: Oct 21, 2022

Proposal Content: Mrs. Lin, Tzu-Ching assumed the position of Head of Audit of

the Company since October 21, 2022.

Resolution by the Board of Directors: Approved by all attending directors.

31. Date of Board meeting: Date of 22th meeting of 26th Board: Oct 21, 2022

Proposal Content: The Company's President Chou, Chih-Ming, concurrently

acted as the Chief Information Security Officer.

Resolution by the Board of Directors: Approved by all attending directors.

32. Date of Board meeting: Date of 23th meeting of 26th Board: Nov 11, 2022

Proposal Content: The Company's 2022 Q3 consolidated financial statements

audited by CPAs, followed by public announcement according

to the laws.

Resolution by the Board of Directors: Approved by all attending directors.

33. Date of Board meeting: Date of 23th meeting of 26th Board: Nov 11, 2022

Proposal Content: Amendment to parts of the provisions of the "Rules of

Procedure for Board of Directors' Meeting" of the Company.

Resolution by the Board of Directors: Approved by all attending directors.

Date of 24th meeting of 26th Board: Dec 28, 2022 34. Date of Board meeting: Proposal Content: The Company's "Description of the Business Plan and

Operating Budgets for 2023".

Resolution by the Board of Directors: Approved by all attending directors.

Date of 24th meeting of 26th Board: Dec 28, 2022 35. Date of Board meeting: Proposal Content:

The Company's assessment on the independence of retained

CPAs for 2022.

Resolution by the Board of Directors: Approved by all attending directors.

36. Date of Board meeting: Date of 24th meeting of 26th Board: Dec 28, 2022

Proposal Content: Change of CPAs for the financial statements of the Company.

Resolution by the Board of Directors: Approved by all attending directors.

Date of 24th meeting of 26th Board: Dec 28, 2022 37. Date of Board meeting:

Amendment to parts of the provisions of the "Procedures for **Proposal Content:**

Handling Internal Material Information and Prevention of

Insider Trading" of the Company.

Approved by all attending directors. Resolution by the Board of Directors:

Date of 24th meeting of 26th Board: Dec 28, 2022 38. Date of Board meeting: Proposal Content: Amendment to the "Procedures for Sales and Business

> Operations", "House Sales and Payment Collection Cycle" internal control system and parts of the provisions of the

internal audit system of the Company.

Approved by all attending directors. Resolution by the Board of Directors:

39. Date of Board meeting: Date of 24th meeting of 26th Board: Dec 28, 2022 Proposal Content: Mr. Fang, Ming-Ching assumed the position of Head of

Financial Department of the Company.

Approved by all attending directors. Resolution by the Board of Directors:

Date of 24th meeting of 26th Board: Dec 28, 2022 40. Date of Board meeting: Proposal for the establishment of the Company's "2023 Proposal Content:

Annual Audit Plan".

Resolution by the Board of Directors: Approved by all attending directors.

41. Date of Board meeting: Date of 24th meeting of 26th Board: Dec 28, 2022

Proposal Content: Proposal for the Company's adjustment of the organizational

structure and promotion of four main profit centers.

Resolution by the Board of Directors: Approved by all attending directors.

(II) Besides the aforementioned matters, there are other Board of Directors' resolution items that have been opposed by other independent directors or who have expressed reservations: None of such situation.

II. Proposals with a director's recusal due to conflict of interests, shall clearly state the director's name, proposal content, reasons for recusal, and the situation of the entitlement to vote:

1. Date of 15th meeting of 26th Board: January 21, 2022

Proposal Content:Review on the Company's distribution of management performance bonuses for the

Chairman, Highest Consultant and Delegated Managers for 2021.

Resolution by the Board of Directors: Since this proposal involved recusal for conflict of interest,

Chairman, Chu, Hui-Lan recused as the stakeholder, Director Bai, Jun-Nan was designated to act as the Deputy Chair of the meeting. In addition, delegated managers attending the meeting also left the meeting during the discussion of this proposal. The proposal was

approved by other remaining attending directors.

2. Date of 15th meeting of 26th Board: January 21, 2022

Proposal Content: Review of the proposal for the Company to lease house from China Petrochemical

Development Corporation in 2022.

Resolution by the Board of Directors: Since this proposal involved recusal for conflict of interest,

> Chairman, Chu, Hui-Lan, Director Bai, Jun-Nan and Director Chen, Ruey-Long recused as the stakeholders, and Director Tsai, Chao-Lun was designated to act as the Deputy Chair of the meeting. The proposal was approved by other remaining attending

directors.

3. Date of 20th meeting of 26th Board: August 10, 2022

Proposal Content: Review of the proposal for the monthly remuneration of the new Chairman of the

Company.

Resolution by the Board of Directors: Since this proposal involved recusal for conflict of interest,

> Chairman, Chu, Hui-Lan recused as the stakeholder. In addition, delegated managers attending the meeting also left the meeting during the discussion of this proposal. The proposal was approved

by other remaining attending directors.

4. Date of 20th meeting of 26th Board: August 10, 2022 Proposal Content: Review of the new Chairman to concurrently act as the CEO of the Company.

Resolution by the Board of Directors: Since this proposal involved recusal for conflict of interest,

Chairman, Chu, Hui-Lan recused as the stakeholder. In addition, delegated managers attending the meeting also left the meeting during the discussion of this proposal. The proposal was approved

by other remaining attending directors.

5. Date of 22th meeting of 26th Board: October 21, 2022

Proposal Content: Review of the proposal for the monthly remuneration of the new Chairman of the

Company.

Since this proposal involved recusal for conflict of interest, Resolution by the Board of Directors:

> Chairman, Chou, Chih-Ming recused as the stakeholder. In addition, delegated managers attending the meeting also left the meeting during the discussion of this proposal. The proposal was

approved by other remaining attending directors.

6. Date of 25th meeting of 26th Board: December 28, 2022

Proposal Content: Review of the Company's management performance bonus for the Appointed

Managers for the year of 2022.

Since this proposal involved recusal for conflict of interest. Resolution by the Board of Directors:

> Chairperson and Agent General Manager Chou, Chih-Ming recused gimself from the resolution and designated Director Chen, Rui-Long as the chair of the meeting; the other appointed managers who were present also recused themselves from the discussion, and the remaining attending directors agreed to pass

this proposal as proposed.

III. Publicly listed companies shall disclose information on the Board of Directors' self- (or peers) evaluation, including the evaluation cycle and period, evaluation scope, method, and content: Table 2 has been filled out. Implementation of the Board of Directors' evaluation: The Company has completed the 2022 evaluation of the Board of Directors' performance on December 28, 2021, submitted the results to the 26th meeting of the 26th Board of Directors on February 24, 2022, and disclosed them on the Market Observation Post System (MOPS) and the Company's official website: https://www.bes.com.tw/ir-governance.php.

The goal for the current year and recent year is to strengthen the function of the board of directors (for example, establish audit committee, increase information transparency, and so on) and execute situational assessment:

1. The board meeting for the current year and recent year until now, important resolutions have been released and announced on the Market Observation Post System (MOPS) website of the Taiwan Stock Exchange, in accordance with the regulations requirements.

2. Establishment of the Sustainable Development Committee in 2022 to enhance the disclosure of ESG information.

Directors, Supervisors who are juristic person, shall disclose the name of the shareholder juristic person and the name of his/her representative.

Note 2: (1)Before the end of the fiscal year, if a supervisor resigns, the date of resignation, actual attendance rate based on his/her total attendance over the total number of meetings held during his/her incumbency as a board of supervisor, shall be clearly stated in the remark section.

(2)Before the end of the fiscal year, if a supervisor is re-elected, all new and ex-members shall be listed, with remarks to identify each member as ex-, new, or re-elected member. The re-election date shall also be stated. The actual attendance rate (%) is based on the total number of meetings attended over the total number of meetings held during incumbency.

2. Status of Evaluation for the Board of Directors:

Evaluation Cycle (Note 1)	Evaluation Period (Note 2)	Evaluation Scope (Note 3)	Evaluation Method (Note 4)	Evaluation Content (Note 5)
Annual implementation	December 1, 2021 to December 28, 2022	Performance evaluation of board of directors, individual directors, and functional committees (the Remuneration Committee and the Audit Committee)	Internal self- evaluation of board of directors, self- evaluation of directors, self-evaluation of each functional committee member	Please refer to the official website for the performance evaluation of Board of Directors, individual Directors and functional committees. http://www.bes.com. tw/irgovernance.php.

Note 1: Fill in the evaluation cycle of board of directors, such as annual

- Note 2: Fill in the period covering the evaluation of board directors, such as the performance evaluation of board of directors from December 1, 2020 to November 30, 2021
- Note 3: The evaluation scope consists of the performance evaluation of board of directors, individual directors, and functional committees.
- Note 4: The evaluation methods include the internal self- evaluation of board of directors, self-evaluation of directors, peer evaluation, or delegated external professional institution, experts or via other proper means for performance evaluation

- Note 5: Pursuant to the evaluation scope, the following shall be at least included:

 (1)Performance evaluation of board of directors: at least the participation to the Company's operation, the quality of the decision-making of the board, the component and structure of the board, the selection and continuous education of the directors, internal controls and etc.

 (2) Performance evaluation of individual directors: at least the understanding of the goals and missions of the
 - Company, understanding of responsibilities of directors, participation to the Company's operation, the quality of the decision-making of the board, the component and structure of the board, the selection and continuous education of the directors, internal controls, etc.
 - (3)Performance evaluation of functional committees: participation to the Company's operation, the quality of the decision-making of the committees, the component and the committees and selection of members, internal controls and etc.

(II) Status of the audit committee and supervisors' participation in the board of directors:

1. Status of the audit committee information:

The audit committee in 2022 conducted 6 meetings (A), attendance by independent directors are as follow:

Title	Name (Note 1)	Actual attendance Number of times B	Proxy attendance Number of times	Rate of actual attendance (B/A) (Note 2)	Note
Independent director	Lu, Han-Yi	6	0	100%	
Independent director	Ko, Shu-Jen	6	0	100%	
Independent director	Chang, Pan	6	0	100%	

Others:

- If there are one of the situations as mentioned below for the audit committee operations, shall clearly state the date, period, proposal content, Independent directors' objection, reservation, or major proposals, audit committee resolution outcome and the Company's handling of the audit committee's opinions.
 - (I) Article 14-5 of the Securities and Exchange (S&E) Act
 - 1. According to the provision of Article 14-1 of the S&E Act to establish or amend internal control system:

attendance.

(1) Date of audit committee: March 10, 2022 Term: 15th Meeting of the 2nd Term Proposal Content: Formulate the company's "Code of Practice for Substainable Development", and submit for

approval. Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(2) Date of audit committee: March 10, 2022 Term: 15th Meeting of the 2nd Term Proposal Content: Formulate the company's "Organizational Rules of the Sustainable Development Committee" and submit for approval.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(3) Date of audit committee: August 9, 2022

Term: 16th Meeting of the 2nd Term

Proposal Content: Amend some provisions of the company's "Organizational Regulations of the Sustainable Development Committee", and submit for approval.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(4) Date of audit committee: November 9, 2022

Term: 18th Meeting of the 2nd Term

Proposal Content: Amend some provisions of the company's "Board of Directors' Rules of Procedures", and submit for approval.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(5) Date of audit committee: December 27, 2022

Term: 19th Meeting of the 2nd Term

Proposal Content: Amend some provisions of the company's "Internal Material Information Processing and Insider Trading Prevention Management Procedures", and submit for approval.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(6) Date of audit committee: December 27, 2022

Term: 19th Meeting of the 2nd Term

Proposal Content: Amend some provisions of the company's "Sales Business Operation Specifications" and "Housing Sales and Collection Cycle" internal control system and internal audit system, and submit it for approval.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

- 2. Evaluation of the Effectiveness of the Internal Control System:
 - (1) Date of audit committee: March 11, 2022

Term: 14th Meeting of the 2nd Term

Proposal Content: Propose the Company's 2021 statement of internal control system.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(2) Date of audit committee: December 27, 2022 Proposal Content: Propose the Company's 2023 audit plan. Term: 19th Meeting of the 2nd Term

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

- 3. According to Article 36-1 of the S&E Act to establish or amend the procedures for major finance business behavior regarding acquisition or disposal of assets, engagement in derivatives transactions, capital loans, making guarantee or endorsement for others: None of such situations.
 - (1) Date of audit committee: March 11, 2022

Term: 14th Meeting of the 2nd Term

Proposal Content: Amend some provisions of the company's "Preedure of Asset Acquisitions or Disposals", and submit it for approval.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

- 4. Matters involving board directors' self-interests: None of such situations.
- 5. Major capital or derivatives transactions: None of such situations.
- 6. Major capital or derivatives transactions: None of such situations.
- 7. Offering, issuance or private placement of any equity-type securities: None of such situations.
- 8. Appointment, discharge or remuneration of independent auditor:
 - (1) Date of audit committee: March 10, 2022

Term: 15th Meeting of the 2nd Term

Proposal Content: Proposal for continuing to retain the Deloitte Taiwan to review the 2022 Finance Report and perform tax compliance audit, and submit it for approval

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(2) Date of audit committee: December 27, 2022

Term: 19th Meeting of the 2nd Term

Proposal Content: Due to the the internal CPA rotation of Deloitte Taiwan,it is proposed to change the CPA to Mr. Huang, Yao-Lin SPA and Mr. Chou, Shih-Chieh, and submit it for approval.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

9. Appointment or discharge of CFO, Controller, or Chief Audit Executive:

Date of audit committee: November 10, 2021

Term: 10th Meeting of the 2nd Term

Proposal Content: It is planned that from October 21, 2022, Lin Tzu-Ching's managerial internal audit supervisor status will be removed. During the vacancy period, the new audit supervisor will be temporarily represented by deputy manager Su Zhixun, the position agent, and will be submitted for approval.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(1) Date of audit committee: October 19, 2022

Term: 17th Meeting of the 2nd Term

Proposal Content: It is planned that from October 21, 2022, Lin Tzu-Ching was reassigned to serve as the manager of the company's internal audit supervisor, and it is submit to approval.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(2) Date of audit committee: December 27, 2022

Term: 19th Meeting of the 2nd Term

Proposal Content: It is planned that from December 28, 2022, Fang Ming-Ching was reassigned to serve as the manager of the company's financial officer, and it is submit to approval.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year

10. Annual and semi-annual financial statements:

(1) Date of audit committee: March 11, 2022

Term: 5th Meeting of the 2nd Term

Proposal Content: Proposal to review the Company's 2021 Consolidated Financial Report.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(2) Date of audit committee: March 11, 2021

Term: 14th Meeting of the 2nd Term

Proposal Content: Propose to review the Company's 2021 Parent Company Only Business Report and 2021 Consolidated Financial Report.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(3) Date of audit committee: May 11, 2022

Term: 14th Meeting of the 2nd Term

Proposal Content: Propose to review the Company's 20201Appropriation of Earnings.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(4) Date of audit committee: May 10, 2022

Term: 15th Meeting of the 2nd Term

Proposal Content: Propose to review the Company's 2021 Quarter 1 Consolidated Financial Report.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(5) Date of audit committee: August 9, 2022

Term: 16th Meeting of the 2nd Term

Proposal Content: Propose to review the Company's 2021 Quarter 2 Consolidated Financial Report.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(6) Date of audit committee: November 9, 2022

Term: 18th Meeting of the 2nd Term

Proposal Content: Propose to review the Company's 2021 Quarter 3 Consolidated Financial Report.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

11. Major matters regulated by other companies or competent authorities:

(1) Date of audit committee: May 10, 2022

Term: 15th Meeting of the 2nd Term

Proposal Content: The company intends to establish a wholly-owned company in Singapore with a capital of US\$1 million, and the proposal is submitted for approval.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(2) Date of audit committee: May 10, 2022

Term: 15th Meeting of the 2nd Term

Proposal Content: It is proposed to dispose of all shares of Core Pacific City Co.,Ltd reinvested by the company ,which is submitted for approval.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(3) Date of audit committee: May 10, 2022

Term: 15st Meeting of the 2nd Term

Proposal Content: The company plans to go through the procedure gor the urban renewal project of 17 plots of land (Xingan Street, Songshan Disrict, Taipei), including No.155, a small section of Dunhua Section, Songshan District, Taipei City, and the proposal is submitted for approval.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(4) Date of audit committee: May 10, 2022

Term: 15rd Meeting of the 2nd Term

Proposal Content: The Company plans to lease a house from CPDC Co., Ltd in 2022, and the proposal is submitted for approval.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(5) Date of audit committee: May 10, 2022

Term: 15rd Meeting of the 2nd Term

Proposal Content: The Company plans to lease a house from Hongyi Co., Ltd in 2022, and the proposal is submitted for approval.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(6) Date of audit committee: August 9, 2022

Term: 16rd Meeting of the 2nd Term

Proposal Content: It is proposed to employ Mr.Chen, Rui-Long,the chairman of the company, as the chief executive officer, which is submitted for approval.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(7) Date of audit committee: December 27, 2022 Term: 19rd Meeting of the 2nd Term
Proposal Content: The company plans to promote the operation of the four major profit centers and adjust the
organizational structure from January 1,2023, nd the proposal is submitted for approval.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(8) Date of audit committee: December 27, 2022

Proposal Content: The Company's assessment of the independence of the appointed independent auditor for the year of 2022.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(9) Date of audit committee: December 27, 2022

Term: 19rd Meeting of the 2nd Term

Proposal Content: Review of the company's "2023 Business Plan and Operations Budget Explanation", and the proposal is submitted for approval.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(10) Date of audit committee: December 27, 2022

Term: 19rd Meeting of the 2nd Term

Proposal Content: In order to fulfill its corporate social responsibility and promote public welfare, the company plans to donate NT\$10 million to the Shen Chunchi Cultural and Educational Foundation, a consortium legal person, to promote cultural and educational activities.

Audit Committee Resolution Outcome: The proposal is passed and approved as it is, by the committee members in attendance as a whole after the Chairperson consulted with everyone in attendance.

The Company's handling of the audit committee's opinions: Report the board of directors' resolution for the current fiscal year.

(II)Besides the above-mentioned matters, other resolution matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all the board directors: None of such situations.

- II. Proposals with independent director's recusal due to conflict of interests, the independent director's name, proposal content, reasons for recusal, and the situation of the entitlement to vote shall be clearly stated: None of such situations.
- III. Situation of the communications between the independent directors, Chief Audit Executive, and the independent auditors (which should include the major happenings, method of communications, and results of the audits for corporate finance and/or operations, and so on):
 - (1) The Company sends the internal audit report and follow-up report to the entire independent directors for review in accordance with the regulations; Chief Audit Executive will attend the audit committee meeting, to provide related information to the independent directors. The communications status with the independent directors went well.
 - (2) The independent directors and the independent auditor regularly communicates on the financial situation via meeting method, the key points of communications between the Company's audit committee and the independent auditor for the 2021 fiscal year is as below:
 - (a) March 16, 2021, 2020 Financial Report audit explanation, 2020 results for key audit matters.
 - (b) May 11, 2021, Quarter 1 of 2021 Financial Statement review communications. Introduction to applicable laws.
 - (c) August 10, 2021, Quarter 2 of 2021 Financial Statement review communications. Introduction of applicable laws and regulations and the latest requirements of the competent authority.
 - (d) November 10, 2021, Quarter 3 of 2021 Financial Statement review communications, communications for the 2021 results for key audit matters.
 - (3) On April 6, 2022, the Independent Director dindependently communicated with the CPA through a meeting, with direct communication channels and good communication condion.

Note1: Before the end of the fiscal year, if an independent director resigns, the date of resignation, actual attendance rate based on his/her total attendance over the total number of audit committee meetings held during his/her incumbency, shall be clearly stated in the remark section.

Note2: Before the end of the fiscal year, if an independent director is re-elected, all new and ex-members shall be listed, with remarks to identify each member as ex-, new, or re-elected member. The re-election date shall also be stated. The actual attendance rate (%) is based on the total number of meetings attended over the total number of meetings held during incumbency.

2. Operations situations of supervisors attending board meeting: None

(III) Discrepancies between actual implementation of corporate governance operations and the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons:

Discrepancies between actual implementation of corporate governance operations and the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons:

				Operation status (Note1)	D: .
	Items for Evaluation	Yes	No	Brief summary	Discrepancies and reasons
Ī	Does the Company establish and disclose the Company's "Corporate Governance Best Practice Principles" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?"	V		"Corporate Governance Best Practice Principles" of the company was stipulated pursuant to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" adopted by The Taiwan Stock Exchange Corporation (TWSE) and the Taipei Exchange (TPEx) to establish sound corporate governance system, and these Principles were approved by the Board of Directors on November 11,2020.	None.
Ι	 Shareholder structure and shareholders' rights Has the Company established internal operations procedures to handle shareholders' suggestions, concerns, dispute, and litigation matters, and has implemented in accordance with the procedure? 	V		(I) Besides appointing professional stock agency to handle the stock transactions, the Company has built a spokesperson system, established procedures for spokesperson and representative, and has designated personnel handling shareholders' suggestions or concerns and so on matters.	None.
	(II) Does the Company possess a list of major shareholders and beneficial owners of these major shareholders?	V		(II) The Company keeps aware of the stock transactions at all times, and through the shareholders' name list provided by the stock agency, the Company is able to know the major shareholders and the beneficial owners of these major shareholders.	None.
	(III) Has the Company built and executed risk management and firewall mechanisms between the Company and its affiliated companies?	V		(III) The Company and its affiliates have built the appropriate risk control system and firewall, and the assets, financial management rights and responsibilities of each of these affiliates are separate and independent. The Company's financial unit has designated personnel to take care of managing subsidiaries, and the audit unit will execute monitoring and control under subsidiaries audit management.	None.
	(IV)Has the Company established internal rules to prohibit insider trading on undisclosed information?	V		(IV) The Company has established "Procedures for the handling of major information and management for insider trading prevention," "Related parties trading management," and "Handling of major information and management for insider trading prevention."	None.
	II. Composition and Responsibilities of the Board of Directors				
	(I)Has the board developed and does it implement a diversity policy and specific	V		(I) The Company has formulated a diversity policy and disclosed it on the official website. http://www.bes.com.tw/ir-governmance.pgp.	None.

			Operation status (Note1)	Discrepancies
Items for Evaluation	Yes	No	Brief summary	and reasons
management goals? (II) Besides setting up the Remuneration Committee and the Audit Committee, has the Company voluntarily set up Committees for other functions? (III) Has the Company established the regulations and method to evaluate the performance of the board of directors, and conduct such evaluation regularly every year? Have the results of the performance evaluations been submitted to the board, while applied as the reference for the remunerations and reelection of each director?	V	NO	 There are 9 Directors in the Board, including 3 Independent Directors. The area of expertise covers accounting, legal, engineering construction, and industrial knowledge. The nomination and selection of members of the Company's Board of Directors are in compliance with the Company's Articles of Incorporation, and we adopt a candidate nomination system. In addition to evaluating the education and experience and qualifications of each candidate, we refer to our stakeholders' opinions, while complying with the Rules of Election of Directors and Supervisors and the Corporate Governance Best Practice Principles to ensure the diversity and independence of our directors. The members of the Board of Directors are gender equal. At present, the ratio of female directors is targeted to be more than 10%. In 2022, one female director will resign on June 10, 111 due to personal career planning. The Company continues to find suitable candidates. 	None.
			B. Improvement to the board's 12 93.1 decision-making quality	

		, ,			Operation sta	itus (Note1)			Discrepancies
Items for Evaluation	Yes	No			Brie	f summary			and reasons
				C. Board compositio	n and structure	7	94.3		
				D. Election of directo		7	92.4		
				continuing educa	ation				
				E. Internal control		7	93		
				Total/Average score		45	93.6		
			2. Bos	ard members: There are nine direct each aspect of the se which is rated as except of the second control of th	lf-evaluation is				
				Six aspects of self-eva	luation	Number of questions	Average score		
			Ī	A. Understanding of t company's goals	and tasks	3	93.3		
				B. Awareness of direc responsibilities		3	95.6		
				C. Involvement in the operations		8	91.4		
				D. Internal relations n and communication		3	92.6		
				E. Directors' profession and continuing ed		3	95.6		
				F. Internal control		3	96.3		
				Total/Average score		23	94.1		
			The Con foll	nctional committees: e Company has set up f mmittee. After self-eva lows, all of which is rat s, our functional comm	luation by the c ed as excellent aittees can effec	committee memb and meets the re tively enhance th	ers, the score of each quirements of corpor the functions of the Bo	aspect is as ate governance; pard.	
				Five aspects of	The Audit (Remuneration	Committee	
				self-evaluation	Number of	\mathcal{C}	Number of	Average	
					questio			score	
				A. Involvement in the company's operations	4	100	4	100	
				B. Awareness of functional committees'	5	100	5	98.7	

					Operation status	(Note1)			Discrepancies
Items for Evaluation	Yes	No			Brief su	ımmary			and reasons
				B. Improvement to the functional committees'	7	97.1	7	96.2	
				decision- making quality D. Composition of functional committees and	3	100	3	100	
				and appointment of members E. Internal control Total/Average score	3 22	97.8 98.9	1 20	93.3 97.6	
(IV)Has the Company evaluate the independence of the independent auditor on a regular basis?	V		cc re qu 13 bi an W an	The audit committee and the ompetence and professionality quiring certified accountant pality indicators (AQIs)", the AQI indicators. It is confirmation in the family members of the AQI indicators of the AQI indicators of the AQI indicators of the AQI indicators of the process of checking werage level of the industry, ols to improve audit quality	ism of their certical strains to provide "determent also follow the med that the accompany except accountant do lex information, a experience and and in the last 3	fied accountants tached independe the evaluation form ountant has no of the fees of valuation to the fees of the result is confirmed the the number of the fees of the fees th	every year. In addence statement" and in Note 2 It is eather financial intervisa and financial quirements of indust the accountant raining hours is be	lition to and "audit valuated with rests or and tax cases, lependence. and the firm etter than the	None.
(V) Does the company disclose the connection between directors' and managers' performance evaluation results and their remuneration?	V		(V) 1.	The relevant descriptions ar Pursuant to Article 28 of t before tax, no less than 2% than 2% shall be contribut accumulative loss incurred loss. The preceding pre-payote of a majority of the v be reported in the shareho Pursuant to the Company's Evaluation of BES Engine	he Company's A 6 shall be contributed as the director d by the Companid ratio, the passioting rights reproducts' meeting.	outed as the emplors' remuneration. The proposation of a	loyee's remunerate. In the event of a set for offsetting the all shall require an tending sharehold and of Directors Pe	tion and less ny e accumulative affirmative lers, and it shall erformance	None.

			Operation status (Note1)	Discrepancies
Items for Evaluation	Yes	No	Brief summary	and reasons
			per individual directors' annual performance in the six aspects: understanding of the company's goals and tasks, awareness of directors' responsibilities, involvement in the company's operations, internal relations management and communication, directors' professional training and continuing education, and internal control. Such annual performance also serves as a reference for determining their remuneration. Relevant performance appraisal and remuneration rationality are reviewed by the remuneration committee and the board of directors. 3. The Remuneration Committee regularly reviews directors' and managers' performance evaluation and salary and remuneration policy, system, standard, and structure and evaluates and determines their salary and remuneration as per the Remuneration Committee Charter, and then submit its suggestions to the Board for discussion. 4. In addition, other special contributions or material negative events are also adopted as a reference for their performance evaluation and remuneration.	
IV. Is the company's corporate governance supervisor full-time, and explain the scope of authority and training status?	V			None.

					Operation status (Note1)		Discrepancies
Items for Evaluation	Yes	No			Brief summary		and reasons
			the (III) Ke	e Finance Depa ey implementat in Board meetin in annual genera il directors comp e company insi- pard of Director inducted the per inducted the per inducted 2022 of e educational tr Transaction Jul. 27 Sep. 21 Oct. 5 Nov. 25 Dec. 21	Governance Officer, and this position is concurrent rtment. ions of corporate governance related matters are as ags and nine Audit Committee meetings were conveil meeting was convened in 2022. pleted at least 6 credits of educational trainings. ured Directors and important staff with liability insures after the policies are renewed. rformance evaluations of the Board of Directors and results to the Board before the first quarter of the following the Corporate Governance officer acquired 14 hours of educational trainfarket Operation Post System corporate governance evaluation and reporting. Training Course Sustainable development roadmap industrial topic seminar How corporates prevent corruption_case study and analysis 2022 insider equity trading legal compliance educational seminar 2030/2050 Net zero emissions_challenges and opportunities for global enterprises How should directors and supervisors supervise corporate risk management and perform crisis handling	follows: ened in 2022. curance and reported to the d functional committees, llowing year. ening in 2022, and it was	
V. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, and so on) and created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	V		(I) (II) (III)	official webs: There are desbetween the Ogovernment ato meeting control The Company Report. We howners, share	up a section dedicated to stakeholders and disclosed ite. signated departments responsible for the communications and banks, construction companies, suppose authorities, and the Company's staffs, through interpolations on a non-regular basis. It is a least identified its stakeholders and major is lave identified a total of eight groups of stakeholder eholders, suppliers, government agencies, community, and the media and responded to their material issues.	ations and co-ordination orting suppliers, nal emails, and responses issues in the Sustainability s: employees, business ities, non-profit	None.

			Operation status (Note1)	Discrepancies
Items for Evaluation	Yes	No	Brief summary	and reasons
			corporate governance, ethical management, business performance, safe and healthy work environment, talents recruitment and retention, employee benefits and salary, supplier sustainability management, labor rights and human rights, information security, and energy management and energy efficiency.	
VI. Has the Company appointed a professional registrar for its Shareholders' meetings?	V		The Company has appointed a professional registrar to handle Shareholders' meetings and related matters.	None.
VII. Information disclosure (I) Has the Company established a corporate website to disclose information regarding its finance, business and corporate governance?	V		(I) The company has set up an external network with website address: www.bes.com.tw; www.besland.com.tw discloses the Company's finance, businesses and corporate governance situations in full.	None.
(II) Does the Company use other information disclosure channels (such as, create an English-language website, designate staff responsible for the handling of information collection and disclosure, establish spokespersons system, webcasting investors conference and so on)?	V		(II) The company's website also contains English version of material financial and corporate governance information, and designated personnel is in charge of the collection and disclosure of company information. Meanwhile, the company also establishes spokesperson system, publishes Rules Governing Information Reporting, release material information and latest announcements. The website also contains the link to the Market Operation Post System. In addition, the Institutional Investor Conference of the company is disclosed on the official website regular basis.	None.
(III) Does the Company announce and register the annual financial reports within two month upon the end of a financial year, and announce and register the first, second and third quarter financial reports and the monthly operations before the required due date?		V	duly audited and attested by a certified public accountant, approved by the board of directors, and recognized by the supervisors, as well as within 45 days after the end of the first, second,	The Company conducts such pursuant to the Securities and Exchange Act.
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	V		 (I) The Company places importance on the employees' rights, care and human rights, thus, establishes the following system measures: "Employee Bonus Distribution and Release," "Labor Retirement Preparation Funds Monitoring Committee Organizational Regulations," "Employee Retirement, Pension and Disbursement Measures," "Employee Welfare Committee Scholarship Awards Scheme," "Employee Welfare Committee Enhancing Work, Educational, and Recreational Activities Promotion," "Industry Trade Union Members Welfare Fund Interim Measures," "Industry Trade Union Members Descendants Educational Scholarships Application Regulation," and "Sexual Harassment Prevention Regulation," and so on. (II) The Company has built a spokesperson system, investment and stakeholders' area to allow direct contacts between the investors and the spokesperson at any time and to answer related questions and to provide information on corporate governance situations. (III) Directors' and independent directors' continuing education: The directors: Chou, Chih-Ming, 	None.

		paragraph of the third point of the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies. Please refer to Note 3 for details of the courses. (IV) The situation of insurance purchase for the directors by the Company: The Company has established the rule of insurance purchase for directors and supervisors in the Articles of Incorporation. Insured by Fubon Insurance Co., Ltd. from January 2, 2023 to January 2, 2024 and reported to the Board of Directors.	
IX. The succession planning and operation of the Directors of the Board and important managements.	V	 The succession planning and operation of the Directors of the Board Pursuant to the Articles of Incorporation of the company, the election of Directors has adopted candidate nomination system since 2017. There should be 7-9 directors, who are elected from the list of candidates announced by the company. The nomination of directors and independent directors and related regulations are conducted pursuant tp the Company Act and Securities and Exchange Act. In accordance with Paragraph 3, Article 20 of the "Corporate Governance Best Practice Principles" of the company, the composition of the Board of Directors shall be diversified. The Board currently has 9 directors, including 3 independent directors, and the expertise covers accounting, legal, engineering construction, and industry knowledge. The target ratio of female Directors is 10% or above. In the future, the composition and expertise of the Board of Directors will follow the current pattern. In the succession plan for directors of the Board, the successor must possess professional knowledge, skill set and competency for performing the duties, and their value and characteristics must meet the operational ideology of the company. As for the independent directors, it is required by law that they must have experiences in business, legal, financial, accounting or other fields related to the company business, and there are plenty of elites in this category. As such, the successors for the independent directors is planned to elect talents from the academy and industry, so that the composition of the Board of Directors complies with the diversity policy of the company. The Company has formulated the Regulations Governing the Board of Directors Performance Evaluation of BES Engineering Inc. Through the evaluation items of the understanding of the company goal and mission, responsibility recognition, participation in the operations, internal relations management and communication, professional ability and training,	None.

Operation status (Note1)

Brief summary

Chen, Jui-Lung, Bai, Jun-Nan, Tsai, Chao-Lun, Liou, Liang-Hai, and Chen, Wen-Ke, as well as independent directors: Ko, Shu-Jen, Lu, He-Y, and Chang, Fang all met the requirements that newly elected directors are advised to take at least 12 hours of training in the year they take office and at least six hours each year from the next year onwards under the second

and the expression of specific opinions, the Company may confirm the Board of Directors is operating effectively, and the directors' performance evaluation results also serve as the

(1) The HR General Affairs Department of the company is responsible for establishing talent

reference for director election and nomination in the future. II. The succession plan and operation for important managements.

Discrepancies

and reasons

Items for Evaluation

Yes No

			development mechanism and define key positions. There will be 2-3 successor for each key position, and the succession schedule is also specified. The succession timeframe can be divided into short-term (1 year), mid-term (3-5 years), and long-term (5 years and above). Based on the advantages and potentials of successors, the company concentrates the training resources for training and development, which includes professional ability cultivation, rotation, and AI management enhancement and has promoted Individual Development Plan (IDP) for successors since 2019. We have linked the IDP with our performance evaluation system and review the talent training results every year. (2) The consensus camp has been held on a regularly basis. The discussion focuses on annual goals and plans. The company also plans theme courses and discussion sessions regarding future strategy to enhance the strategic thinking and skill of the management. Furthermore, for young successors with great potential for development, we invite them to participate in the group's summits. Through the top-level managers' sharing and group discussions, they can expand their horizons and view the industry from a macro perspective. (3) The company holds two echelons of management training for high-ranking, middle level and basic managements. Through the external industry knowledge, new technology knowledge and sharing by the benchmark enterprises, the management can receive the most updated management thinking and trend. On the other hand, the sharing of rich leadership experiences by the internal high-ranking management allows the management to learn the organizational culture and practice of operational management.	
5	K. Whether the company establishes information security risk management framework and stipulates information security policy and solid management plan.	V		None.

Operation status (Note1)

maintenance to protect company data.
(III) Invested resources:The information security is listed as the ESG promotion item, and

Brief summary

Discrepancies and reasons

Items for Evaluation

Yes No

			Operation status (Note1)	Discrepancies
Items for Evaluation			Brief summary	and reasons
			short/medium-term goals are established. In addition, progress review meetings are convened periodically, in order to implement information security awareness in the corporate management process. (IV) Security management plan: (1) Specific management plan: Through continuous training, the awareness of information security of colleagues is improved and internalized in various operations, so as to implement the core of the most people-oriented independent directors and related regulations are conducted pursuant tp the nformation security. (2) Information security monitoring: Regularly update the firewall device firmware and blocking specification settings, and jointly monitor internal and external abnormal activities through the information security monitoring center to establish a strict information security barrier. (3) Process management: The rights and responsibilities of software developers and program modification process, system document management, program and data access control are divided by the information system cycle to ensure data preservation and proper management of information security. (4) Internal control management: The internal audit unit regularly conducts information circulation and information security audits every year to ensure the implementation of internal information security management measures to achieve continuous improvement of control measures. Also revealed on the official website https://www.bes.com.tw/ir-module.php?id=2	
XI. Whether the company stipulates intellectual property management plan connected to the operation goals?			The project is under planning.	None.

XII. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange.

The company's ninth (2022) corporate governance evaluation ranking range is 6% to 20%. The Company continues to strengthen the implementation of various measures of corporate governance, review related issues such as the score of corporate governance assessment, and promote corporate governance-related affairs.

Note1: When selecting "Yes" or "No" for the operations, a description must be provided in the field of "Remarks."

Note 2: 2022 CPA independence assessment

Item	Evaluation item	Evaluation result	Whether the CPAs are independent
1	Whether the CPAs have direct or material indirect financial interest with the company?	No	Yes
2	Whether the CPAs engage in financing or guarantee activities with the company or with Directors of the company?	No	Yes
3	Whether the CPAs have close business relation or have potential employment relation with the company?	No	Yes
4	Whether the CPAs and their audit team members ever serve ass directors, managers, or positions that have significant influence on the audit now or in the past 2 years	No	Yes
5	Whether CPAs are the relatives of the directors, managers or personnel with significant influence on the audit?	No	Yes
6	Whether the CPAs of the company have been certifying the company for more than 7 years?	No	Yes

Note 3: 2022 directors' continuing education

Title	Name	Organizer	Course title	Number of hours	Total hours
Chairperson	Chou, Chih-	Taiwan Corporate	How corporates prevent corruption case study and analysis	3	
	Ming	Governance Association	2030/2050 Net zero emissions - challenges and opportunities for global enterprises	3	
		Institute of Internal Auditors- Chinese Taiwan	Function and missions of corporate governance personnel under corporate governance blueprint	3	12
			Latest practice and development of insider trading in Taiwan	3	
Director	Chen, Jui-	Taiwan Corporate	Emission reduction risk and green energy	1.5	
	Lung	Governance Association	Information security governance path under the challenges of legal compliance	1.5	6
			International anti-avoidance rules	1.5	6
			Discussion of corporates' carbon policy with respect to ESG development trend	1.5	
Director		Taiwan Institute of Directors	From AI to AI plus, challenges of FinTech wave	3	
	NAN		Discussion on corporate governance laws-examples of fair customer treatment, anti- money laundry, insider trading and personal information protection	3	6
Director	CHEN,	Taiwan Corporate	How corporates prevent corruption case study and analysis	3	6
	WEN-KE	Governance Association	2030/2050 Net zero emissions - challenges and opportunities for global enterprises	3	U
Director	TSAI, CHAO-LUN	Taiwan Corporate Governance Association	How corporates prevent corruption case study and analysis	3	6
		Taiwan Stock Exchange	2022 public company - independent director and audit committee authority exercise reference guidelines release and directors and supervisors educational seminar	3	0
Director	LIU,	Taiwan Corporate	How corporates prevent corruption case study and analysis	3	6
	LIANG-HAI	Governance Association	2030/2050 Net zero emissions - challenges and opportunities for global enterprises	3	U
Independent	LU, HAN-	Taiwan Corporate	How corporates prevent corruption case study and analysis	3	6
director		Governance Associationn	2030/2050 Net zero emissions - challenges and opportunities for global enterprises	3	U
Independent		Taiwan Corporate	How corporates prevent corruption case study and analysis	3	6
director		Governance Association	2030/2050 Net zero emissions - challenges and opportunities for global enterprises	3	U
Independent		Taiwan Corporate	How corporates prevent corruption case study and analysis	3	6
director	FAN	Governance Association	2030/2050 Net zero emissions - challenges and opportunities for global enterprises	3	U

(IV) If the Company has set up a Remuneration Committee, shall disclose its composition, responsibilities and operation situations:

1. Member information of the Remunerations Committee

	emoer miorine	tilon or the	Remunerations Comm	inticc	
	Identity (Note 1)	Qualifications	Professional qualifications and experience (Note 2)	Independence (Note 3)	Number of other public offering companies where the member services as a part- time remuneration committee member
	Independent director (The convener)	LU, HAN- YI	Please refer to Table 1 on page 36 for information on directors and supervisors (2).	As per the requirements of the listing rules, the Company has obtained a written statement from each independent director, confirming that they and their immediate family members have no direct or indirect personal interests involved in terms of their independence from the Company.	0
-	Independent director	KO, SHU- JEN	Please refer to Table 1 on page 36 for information on directors and supervisors (2).	As per the requirements of the listing rules, the Company has obtained a written statement from each independent director, confirming that they and their immediate family members have no direct or indirect personal interests involved in terms of their independence from the Company.	0
	Others	HUANG, CHAO- SUNG	Once served as the Chairman of the Central News Agency and possessed work experience in business, legal, finance, accounting or corporate business. Currently serving as a visiting professor at the Department of Journalism, Shih Hsin University.	As per the requirements of the listing rules, the Company has obtained a written statement from each committee member, confirming that they and their immediate family members have no direct or indirect personal interests involved in terms of their independence from the Company.	0

Note 1: Please specify in the table the relevant years of service, professional qualifications, experience, and independence of the members of the Remuneration Committee.

Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of individual Remuneration Committee members.

Note 3: Independence: Specify the independence of individual Remuneration Committee members, including but not limited to whether they, their spouses, or relatives within the second degree of kinship serve as directors, supervisors, or employees of the

Company or its affiliates; the number and percentage of the Company's shares held by them, their spouses, or relatives within the second degree of kinship (or by nominee arrangement); whether they serve as directors, supervisors, or employees at a company with a specific relation with the Company (refer to Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange; the amount of remuneration received by them for providing business, legal, financial, accounting, or other services to the Company or its affiliates in the last two years.

- 2. Information on the Operations Situation of the Remuneration Committee
 - (1) Members of the Remuneration Committee, a total of 3 persons.
 - (2) The 4th term of the Committee: From August 12, 2020, to June 22, 2023; the Remuneration Committee has held 6 meetings (A) on 2022; the committee members' tiles and attendance are as below:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance (%)(B/A) (Note)	Note
Convener	LU, HAN-YI	6	0	100%	
Committee member	KO, SHU-JEN	6	0	100%	
Committee member	HUANG, CHAO-SUNG	6	0	100%	

Others

- I. If the Board of Directors declines to adopt or modify recommendation(s) of the Remuneration Committee, the date, period, content of the motion and the results of the resolution of the Board meeting shall be clearly stated; as well as the action(s) taken by the company in response to the recommendation(s) of the Remuneration Committee. (If the remuneration passed by the Board exceeds what the Remuneration Committee has recommended, the circumstances and causes for such difference shall be clearly stated.)
- II. Regarding matters related to the resolution of the Remuneration Committee, if member(s) has opposing or retaining opinion that has been recorded or written statement issued, the date, period, content of the proposal, and all opinions of the members and corresponding actions to these opinions of the Remuneration Committee meeting shall be clearly stated.

III. The meeting date, term, proposal content, resolution of the Remuneration Committee of the past year, and the company's disposition on the opinions proposed by the Remuneration Committee are as follows:

D			The company's disposition on
Remuneration Committee	Proposal content and follow-up disposition	Resolution	the opinions
Committee			proposed by the Remuneration
			Committee
	Proposal	Approved	Approved by all
4th 4	. Reviewed the Company's annual performance	by all of the	attending
4 th term 11 th meeting 2022.01.20	bonuses for the Chairperson who serves as the	committee	directors.
	President concurrently, Chairperson Office	members	
	Supervisor, Senior Consultant, and Appointed		
	Managers for the year of 2021.		
	Proposal	Approved	Approved by all
	. Discussed the Proposal for Distribution of 2021	by all of the	attending
	Employees' and Directors' Remuneration	committee	directors.
	I. Adjusted the principles and methods of payment of	members	
4 th term	remuneration for the Company's directors,		
12th meeting	independent directors, and functional committee members		
2022.03.11	II. Proposed the remuneration for the appointed		
	manager Yang, Chih-Wei at the HR General Affairs		
	Department of the Company		
	V. Proposed the remuneration for the appointed		
ı	manager Chang, Ta-Chuan at the Mechanic &		

I. Proposed the distribution of directors' remuneration for 2020 4th term 16th meeting 2022.11.09 II. Proposed the 2020 employees' remuneration to the appointed managers in accordance with the Guidelines Governing Remuneration to Employees. III. Proposed the remuneration for the appointed manager Yen, Hsin-Yin at the Legal Affairs Department of the Company 4th term Proposal Approved Approved by all					_	
manager Yang, Mei-Yuan at the Engineering Division of the Company VI. Proposed the remuneration for the appointed manager Su Hui-Chiu at the Oversees Operation Division of the Company Proposal I. Proposed the remuneration for the appointed manager Chi, Yun-Chung at the Safety and QC Department the Company II. Proposed the remuneration for the appointed manager Huang, Ting-Chien at the Engineering Department of the Company IV. Proposed the remuneration for the appointed manager Wang, Kuo-Hsi at the Procurement and Delivery Department of the Company IV. Proposed the remuneration for the appointed manager Wang, Kuo-Hsi at the Procurement and Delivery Department of the Company II. Proposed the remuneration for the appointed manager Wang, Kuo-Hsi at the Procurement and Delivery Department of the Company II. Proposed the remuneration for the appointed manager Wang, Kuo-Hsi at the Procurement and Delivery Department of the Company IV. Proposed the remuneration for the appointed manager Wang, Kuo-Hsi at the Procurement and Delivery Department of the Company IV. Proposed the remuneration for the appointed manager Wang, Kuo-Hsi at the Procurement and VI. Proposed the remuneration for the appointed manager Wang, Kuo-Hsi at the Procurement and VII. Proposed the remuneration for the appointed manager Wang, Kuo-Hsi at the Procurement and VII. Proposed the remuneration for the appointed manager Wang, Kuo-Hsi at the Procurement and VII. Proposed the remuneration for the appointed manager Wang, Kuo-Hsi at the Procurement and VII. Proposed the remuneration for the appointed manager Wang, Kuo-Hsi at the Procurement and VII. Proposed the remuneration for the appointed manager Wang, Kuo-Hsi at the Procurement and VII. Proposed the remuneration for the appointed manager Wang, Kuo-Hsi at the Procurement and VIII. Proposed the remuneration for the appointed manager Wang, Kuo-Hsi at the Procurement and VIII. Proposed the remuneration for the appointed manager Wang, Kuo-Hsi at the Procurement and VIII. Proposed the remuneration for the				Electric Department of the Company		
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manager Yen, Hsin-Yin at the Legal Affairs Department of the Company 4th term Proposal Approved Approved by al				Guidelines Governing Remuneration to Employees.		
Department of the Company 4 th term Proposal Approved Approved by al			III.	Proposed the remuneration for the appointed		
4 th term Proposal Approved by al		1		manager Yen, Hsin-Yin at the Legal Affairs		
					1	i
				Department of the Company		
17 th meeting I. Proposed the remuneration for the appointed by all of the attending		4 th term	Prope		Approved	Approved by all
2023.01.17 manager Yang, Chia-Chun at the Strategic committee directors.			_	osal	~ ~	attending

	II. Proposed the remuneration for the appointed manager Yang, Chia-Chun at the Strategic Development Office of the Company.	members	
4 th term 18 th meeting 2023.03.10	Proposal. I. Discussed the Proposal for Distribution of 2022 Employees' and Directors' Remuneration II. Proposed the adjustment of remuneration for the appointed manager Chiu, Yung-Tsai of the Company III. Proposed the amendments to the company's Regulation for Appointment of Managers.	by all of the	Approved by all attending directors.

Note:
(1) Before the end of the fiscal year, if a member of the Remuneration Committee resigns, the date of resignation, actual attendance rate based on his/her total attendance over the total number of meetings held during his/her incumbency on the Remuneration Committee, shall be clearly stated in the remarks section.

(2) Before the end of the fiscal year, if the Remuneration Committee is re-elected, all new and ex-members shall be listed, with remarks to identify each member as ex-, new, or re-elected member. The re-election date shall also be stated. Actual attendance rate (%) is based on the total number of meetings attended over the total number of meetings held during incumbency.

- 3. Responsibility: all members of the committee shall exercise the due care of a prudent manager, honestly fulfill the duties listed below, and be responsible to the Board of Directors, and submit their recommendations to the Board of Directors for discussion:
 - (1) Establish and periodically review the policy, system, standard, and structure for the performance evaluation and remuneration of directors and managers.
 - (2) Periodically review and establish remuneration to directors and managers.

(V) Discrepancy between the implementation of sustainable development and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor:

			Operations Situation (note 1):				
Items for evaluation			No	Brief summary	Code of Practice for Corporate Social Responsibility of Listed Company and actual implementation, and the reasons.		
I.	Has the company established a sustainable development governance structure and exclusively (or concurrently) dedicated units to implement sustainable development, and has the board of directors authorized the senior management to handle it, and the board supervised the process?	V		 (I) To properly promote the corporate social responsivity and sustainable operation management of the Company, the Board of Directors has established the Sustainable Development Committee on May 11, 2022. For the composition and responsibility of the Cooperate Sustainable Development Committee and its 2022 implementation status, please refer to the Company's website: https://www.bes.com.tw/ir-governance.php Sustainable Development Committee Implementation Status of the Company. (II) To provide guidance on the operation process of the Sustainable Development Committee, the Board of Directors has approved the Sustainable Development Committee Charter on May 11, 2022 for compliance. (III) The Sustainable Development Committee has set up a Sustainable Development Implementation Team to coordinate and implement sustainable development action plans, and regularly report the results to the committee. (IV) The Company's outcome for the participation in the promotion of corporate sustainable development in 2022 has been reported to the Board of Directors on December 28, 2022. 	None		

				Operations Situation (note 1):	Discrepancy between the
Items for evaluation			No	Brief summary	Code of Practice for Corporate Social Responsibility of Listed Company and actual implementation, and the reasons.
				 (V) The Company's Corporate Sustainable Development Committee actively participates in the external corporate sustainable development related seminar courses and ESG consensus camp organized by the internal of the Company, in order to understand how to implement the Sustainable Development Goals (SDGs) announced by the United Nations in the corporate social responsibility (CSR). (VI) Relevant educational training courses participated in 2022 were as follows: BES Engineering ESG consensus camp. 2023/2025 Net zero emissions challenges and opportunities for global enterprises. ISO 14067:2018 carbon footprint management and calculation entry course. Emission reduction risk and green energy Assurance on the 2023 report will be performed. 	
II.	Does the company conduct the risk evaluation of the environmental, social and governance issues pertinent to the Company's operation based on the principle of materiality, and establishes the related risk management policies or	V		(I) The Company's risk management policy and procedure have been approved by the Board of directors of the 26th term in the 4th meeting. Risks are defined in accordance with our overall operational principles, and the policy and procedure establishes a risk management mechanism that can have the feature of early risk identification, precise risk evaluation, effective monitoring,	None

			Operations Situation (note 1):	Discrepancy between the
Items for evaluation			Brief summary	Code of Practice for Corporate Social Responsibility of Listed Company and actual implementation, and the reasons.
strategies? (Note 2)			and strict control. The Company prevents any possible losses within the affordable risk scope, continues to adjust and improve the best practice of risk management in response to the domestic and overseas changes, protects the interests of employees, directors, customers, and stakeholders. Please visit the official website: https://www.bes.com.tw/ir-governance.php for our risk management policy and procedure. (II) The Company has conducted risk assessment of the environmental, social, and corporate governance issues that are related to our operations based on the principle of materiality. The Company's 2022 risk management implementation status was reported during the Board of Directors' meeting on 2022/11/11.Please visit the official website: https://www.bes.com.tw/ir-governance.php for the operations of our risk management team).	
III. Environmental Issues (I) Does the Company establish a suitable environmental management system based on the characteristics of the industry where it is?			1. The Company belongs to the construction industry and has established the safety, health, and environment policies including: "caring lives, ensuring safety, constructing environmentally, and protecting environment;" as well as the objectives of safety, health, and environment: "Zero occupation incidents and zero environmental pollution." These are signed by the Chairman to implement the establishment of policy objectives and the guidelines of management	None

			Operations Situation (note 1):	Discrepancy between the
Items for evaluation	Ye s	No	Brief summary	Code of Practice for Corporate Social Responsibility of Listed Company and actual implementation, and the reasons.
			of materials. 2. For each construction contracted to the Company, the environmental protection plan is established by the construction environment and characteristics at the beginning of the construction, as the basis of implementation for environmental protection, environmental monitoring and energy-saving and carbon reducing. 3. The Company has established the Office of Occupational Safety and Health Quality Management Department in the headquarter, to coordinate the promotion of each environmental protection measures. At each site, the dedicated personnel for safety, health, and environment are also established to promote and implement related affairs of the environmental protection plan. In addition, the company also stipulates "Regulations Governing the Promotion on 6S Safety, Health and Environment Cleaning and Rectification" to promote the environmental cleaning project: "Safe, Clean, Rectified, Sweeping, Clearing, and Habit." We raise employees' awareness of the importance of construction safety and regularly record the inspection results. Please refer to the official website: https://www.bes.com.tw/ir-csr.php Safety,Heealth and Environment Preotection. 4. The Company's occupational safety and health management system continues to comply with the government's latest amendment occupational safety management requirements, and	

			Operations Situation (note 1):	Discrepancy between the
Items for evaluation	Ye s	No	Brief summary	Code of Practice for Corporate Social Responsibility of Listed Company and actual implementation, and the reasons.
			also updates the utilization and execution thereof, in order to maintain the effective operation of the CNS45001 system. The Company standardizes, systemizes and regulates construction safety and health management, and adopts the progressive P-D-C-A management model, in order to promote safety, health and environmental protection management as part of construction management. In addition, through continuous audit and problem discovery, the Company adopts corrective and preventive actions timely, along with the principle of ISO "announcement, publication, implementation", in order to improve occupational safety and health management performance and to reduce environmental pollution.	
(II) Does the company strive to enhance the resource utilization efficiency and use the recycled materials with low environmental impact?	V		To enhance the resource utilization efficiency, we have formulated the "Guidelines for Management of Domestic Materials" and the "Operating Manual for Material Management in Engineering Office," as the basis of procurement, allotment, and treatment of idle and waste of materials. Not only the effective management and utilization of each material, the offcuts, such as waste steel are recycled regularly. The proceedings from recycling, based on the previous mentioned guidelines, are contributed partly as the welfare of employees, for the purpose of enhancing the resource utilization efficiency and rewarding employees' environmental protection efforts.	None
(III) Has the Company evaluated the	V		Each department of the Company performs business inspection and risk identification with respect to the climate change, including analysis on the risks	None

				Operations Situ	ation (note 1):	Discrepancy between the
Items for evaluation	Ye s	No		Bri	ef summary	Code of Practice for Corporate Social Responsibility of Listed Company and actual implementation, and the reasons.
current and potential risks and opportunities in the future of the climate changes, and take responding measures to the issues of climate change?			addition, the rist action to the c financial impact the Company ar Risk (potential	sk management strellimate change, in t. The climate change as follows: Opportunity (potential	or indirect impacts of extreme climate. In ategic plan is used as the core responsive order to assess and manage the potential ge risk items and opportunities identified by Countermeasures	
			financial impact) Rising temperature s (increase in electricity consumption, costs, and carbon emissions).	financial impact) Promote energy conservation and carbon reduction and reduce costs.	The headquarters and the construction sites carry out energy conservation and carbon reduction measures. Please visit the official website https://www.bes.com.tw/ir-csr.php for BES 2022 Sustainability Report and our energy management efforts.	

		The impact of the Company's image.	Improve investors' long-term investment willingness, take green buildings as the goal, and strive for green building labels in the future.	BES Engineering (the Company) will continue to focus on the planning of "Smart and Green Buildings" in order to establish green hallways and city landscapes, thereby improving existing old environments to become comfortable living spaces and creating new looks for urban cities and communities. Short-term goal: Green building class logo received for public construction project(s): 2 cases Long-term goal: Green building class logo received for public construction project(s): 1 case Green building class logo received for own construction project(s): 2 cases Long-term goal: Green building class logo received for own construction project(s): 30% of project quantity Up to 2022, the Company has received 1 case of golden class award, 3 cases of silver class award for effective candidate of green building certificates.	
(IV) Does the Company have the statistics regarding the	V			g various engineering offices to work ity, and oil consumption, thereby	None
greenhouse gas emission, water		_	·	own of global warming, energy	
usage, and the total weight of the				on. Please refer to Note 4 for the	
waste for the past two years and				issions and water and power emissions.	
established the management		1. Greenhou	use gas emission	-	
policies for energy-saving,		The Com	pany's greenhouse	gas inspection makes reference to the	

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			Operations Situation (note 1):	Discrepancy between the
Items for evaluation		No	Brief summary	Code of Practice for Corporate Social Responsibility of Listed Company and actual implementation, and the reasons.
greenhouse gas reduction, water and other waste reduction?			ISO14064-1: 2018 standard to disclose the emissions of the Taipei headquarter and various engineering offices in the region of Taiwan. The Scope 1 and Scope 2 data of the headquarter for 2022 was verified by the third party of British Standards Institution (BSI). Please refer to Note 4 for the carbon emissions statistics of last year. 2. In addition, the 2022 internal audit operation result is expected to be published on the Company's website during the second half of 2023 and will also be disclosed on the 2024 annual report. Please also visit the official website https://www.bes.com.tw/ir-csr.php for our energy management efforts.	
IV. Social Issues (I) Has the Company complied with relevant laws and regulations, and the International Bill of Human Rights, to establish the related management policies and procedures?	V ((I) The Company's management systems all comply with the Labor Standard Acts and related laws and regulations, and declare that we will pay attention to the following human rights issues. 1. We abide by local labor laws and regulations and strive to improve working environment continuously to promote the physical and mental health and safety of employees. 2. We follow the principles of human rights standards adopted internationally to protect the human rights of our employees. 3. We establish a diversified and inclusive working environment, and no discrimination is allowed due to gender, sexual orientation, marriage status, race, nationality, religion, political party, social and economic status, age, family status, appearance, or disability. 	None

		Operations Situation (note 1):					
Items for evaluation		No	Brief summary		Code of Practice for Corporate Social Responsibility of Listed Company and actual implementation, and the reasons.		
			4. We respect the h	uman rights of foreign workers, provide a			
			working environ	ment that is inclusive to different religions and			
			customs, and hir	e human resources agencies that treat foreign			
			workers fairly.				
		(II) Since 2021, the Chairman of the Company has signed the human					
	rights policy and disclosed on the Company's website.						
		(III) The company continues to deepen human rights issues, and with					
				tional human rights conversations and			
			1	elated laws and regulations, the following			
				nt plans will be formulateed as follows:			
			Concerned matters	Specific management plan of the Company			
			Humane treatment	To protect employees from ruthless and			
				inhumane treatment, humane treatment			
			Elimination of illegal	management procedure has been established. To provide fair and reasonable job			
			discrimination to	opportunities and humane treatment, such			
			ensure equal job	that there is no discrimination in the			
				employment, remuneration, training, job			
				promotion and dismissal, the Company has			
				established non-discrimination management			
				procedure.			
			Prohibition of child The Company rigorously implements social				
			labor	responsivity management regulatory			
				requirements and the provisions of the Labor			

		Operations Situation (note 1):			
Items for evaluation	Ye s	No	Brief summary	Code of Practice for Corporate Social Responsibility of Listed Company and actual implementation, and the reasons.	
			Standards Act of R.O.C., and also prohibits any child labor and has establishes child labor and young worker management procedure. Freedom of association, group negotiation, union participation and religion Standards Act of R.O.C., and also prohibits any child labor and has establishes child labor and young worker management employees freedom of association, procedure for the freedom of association, group negotiation, union participation and religion.		
(II) Has the Company established a grievance mechanism and channels and dealt with the grievance properly?	V		The principle of overall remuneration of employees is to balance internal fairness and external competitiveness, including fixed and floating remuneration, and bonuses from operation performance are distributed timely to employees to attract, encourage and keep the talents. In accordance with the Articles of Incorporation, no lower than 2% of the current profit before tax before deducting the employees' compensation and remuneration of directors and supervisors should be distributed to the total amount of employee remuneration. Personal remuneration of employees is distributed based on their duties and professionalism, and the bonus and employee remuneration are rewarded based on the comprehensive work performance and	None	

		Operations Situation (note 1):				
Items for evaluation		No	Brief summary	Code of Practice for Corporate Social Responsibility of Listed Company and actual implementation, and the reasons.		
			contribution.			
(III)Has the Company provided a safe and healthful work environments for their employees, and organize training on safety and health for their employees on a regular basis?	V		 The Chairman and all managers have accommodated the competent authorities to swear in the National Safety and Health Week, to care about the mental and physical health of the employees. All engineering offices conduct six-hour health and safety training to new employees to enhance their awareness of hazards. In addition, to participate in the national occupational safety week event, the company drafts the promotion project, implements disaster prevention promotion, consultation, and educational training, and expands the scope in order to improve the knowledge and skills of occupational disaster prevention for workers and students. Employees are the intangible assets of the company, and only a healthy mentality and body can drive them forward. As such, the company holds employee health examination on a yearly basis. Through the regular employee health examination, health management, continuing to improve and create a healthy working environment. The Company provides one time of health examination and 	None		

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			Operations Situation (note 1):	Discrepancy between the		
Items for evaluation		Brief summary		Code of Practice for Corporate Social Responsibility of Listed Company and actual implementation, and the reasons.		
			abnormality follow-up every two years. The examination rate is above 93%, and the annual health examination has been organized during. (The company has acquired ISO9001, 14001, 45001, and CNS45001, TOSHMS certification)			
(IV)Has the Company created an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills?	V		The Company values long-term career development of employees, and establishes education and training plan annually. In addition, training is performed according to the strategic development of the Company. Employees are encouraged to participate in internal and external trainings in order to improve their job competency in practice. please visit the official website: https://www.bes.com.tw/ir-csr.php (Sustainability Reports)			
(V)For the customer health and safety, clients' privacy, marketing and labeling of the products and services, has the company complied with the related laws and regulations and the international standards, and established the policies and complaint procedures to protect consumers' or customers' interests?	V		 The Company operates in the construction industry, and all the contracted works are implemented pursuant to the clients' working specifications and national standards. In recent years, to build quality and safe residencies, the self-construction projects of the Company have been implemented in a rigorous and transparent manner, while actively providing the quality certificates of the construction materials to meet the requirements of tenants regarding the working quality. Apart from signing contracts with customers for warranty services to protect customer interests, the procurement contract also specifies that suppliers and their sub-contractors will not be liable 	None		

	Operations Situation (note 1):			
Items for evaluation		No	Brief summary	between the Code of Practice for Corporate Social Responsibility of Listed Company and actual implementation, and the reasons.
			for punishment if they voluntarily report and appeal the situation of being coerced, solicited for bribes, intimidated, harmed or facing other abnormal circumstances; The Audit Office of the company is the window for receiving reports and appeals. The email address is: report@bes.com.tw; Phone: (02)8787-7735 \((02)8787-6522; \) Fax number: (02) 8787-6250	
(VI) Has the company disclosed its established supplier management policies, to require suppliers to comply with the related regulations in the regards of environment, occupational safety and health, and human rights of labors, and specified the implementation?	V		As per the Company's vendors safety, health, and environmental protection management guidelines, 1. The Company's onsite manager invites all representatives of the vendors and their supervisors onsite to visit the site, and inform them regarding their contracted works and scopes, features of the working environment, potential hazardous factors to health, safety, and environmental pollution, the measures required to prevent occupational disasters, public nuisances and pollution, pursuant to the health, safety, and environmental protection-related laws and regulations. Vendors are required to sign the "Promissory Note for the Requirements of Health, Safety, and Environmental Protection by Vendors of BES Engineering Corporation" to manage our vendors. 2. Our vendors shall formulate appropriate code of practice for labor safety and health according to the nature of work and the environment and shall comply with the regulations.	None

	Operations Situation (note 1):				
Items for evaluation		No	Brief summary	Code of Practice for Corporate Social Responsibility of Listed Company and actual implementation, and the reasons.	
			3. Since September 8, 2022, all suppliers are required to sign the "Supplier Code of Conduct Commitment Letter" before cooperation, in order to indicate their commitment in the compliance with the national and local related labor laws and social standards. BES Engineering's "Supplier Code of Conduct Commitment Letter" explicitly describes the requirements and expectations for suppliers in terms of the aspects of ethical management, basic human rights and diversity issues, as well as environmental health and safety. To enhance suppliers' sustainable management, BES Engineering also promotes the "Corporate Sustainable Development Self-evaluation Questionnaire" in order to verify the current corporate social responsibility implementation status of suppliers.		
V. Does the company prepare the non-financial information reports such as the Sustainability Report, by referring the international recognized standards or guidelines of report preparation? Has the above-mentioned reports received any assurance from a third party certifying institution?		V	The Company fulfills the corporate social responsibility and has prepared the 2021 Sustainability (ESG) Report according to the GRI Standards (core compliance). In addition, Deloitte Taiwan has also performed limited assurance and issued an assurance report in accordance with the International Standard on Assurance Engagements 30000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and an English version of the report is also available for review. The aforementioned report has been uploaded onto the Market Observation Post System (MOPS) website on September 30, 2021. For BES Engineering's ESG Report, please download from the following website: https://www.bes.com.tw/ir-csr.php.	None.	

			Operations Situation (note 1):	Discrepancy between the
Items for evaluation	Ye s	No	Brief summary	Code of Practice for Corporate Social Responsibility of Listed Company and actual implementation, and the reasons.

- VI. If the company has its own Sustainable Development Best Practice Principles in place in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please specify the difference between its operations and these principles:

 The Company proceeds as per the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies.
- VII. Other important information to facilitate better understanding of the Company's promotion of sustainable development: The Company gives back to the neighborhood and society and continues to maintain good relationship with the neighborhood, such as sponsoring the neighborhood events in three major holidays and the engineering offices sponsoring the scholarship of junior high schools and elementary schools around the construction areas. Please visit the official website: https://www.bes.com.tw/ir-governance.php for the Company's specific actions for charity.
- Note 1: If you checked "Yes" for the implementation status, please specify your important policies, strategies, measures, and implementation situation; if you checked "No" in the implementation status, please specify the discrepancies and reasons in the column of "Discrepancy between the implementation of sustainable development and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor", and describe relevant policies, strategies, and measures you will adopt in the future. However, for the promotion items 1 and 2, a public company shall describe the governance and supervisory structure for the sustainable development, including but not limited to management policy, strategy and objective establishment, review measures, etc. In addition, the Company's risk management policies or strategies with respect to the issues of environment, society and corporate governance related to business operation as well as the evaluation status thereof shall be described.
- Note 2: The principle of materiality refers to the ESG issues that significantly affects the investors and other stakeholders of the company.
- Note 3: Please refer to the Best Practice Principles on the website of the Corporate Governance Center of the Taiwan Stock Exchange for the disclosure methods.

Note 4: Carbon emissions in 2021. The information in category 1 and category 2 of this form shall be processed according to the scheduke stipulated in Article 10 (2) of this standard, and information companies in category 3 may disclose it voluntarily.

Basic Information of the Company	According to the Roadmap for the Sustainable Development of Listed Companies, it shall at least disclose
■ Basic Information of the Company	■ Individual inspection of the parent company □ Inspection of subsidizes included in the consolidated financial
□ Company with capital above NT\$5 billion (inclusive) but less than NT\$10 billion	statements ■ Individual inspection of the parent company □ Assurance of subsidizes included in the consolidated financial
□ Company with capital less than NT\$5 billion	statements

Parent company	Total emissions (tons of CO2e)	Intensity (tons of CO2e/NT\$ million)	Assurance institution	Assurance status description
Scope 1	755.2962		Headdharter, RVI	Headquarter's second phase inspection has been completed on 2022/6/21, and the total
Scope 2	3643.9018	0.2780	Assurance not yet	emissions of Scope 1 and Scope 2 is
Total	4399.198		conducted	545.372 tons of CO2e; the assurance level is ranked as the reasonable assurance level

(VI) Fulfillment of Ethical Corporate Management and Measures Taken

Deviation between the implementation ethical management and the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons

					Deviation from the Ethical
Assessed Items	Yes	No		Summary	Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
I. Establishment of the Ethical Corporate Management					
Policy and Program					
(I) Has the Company established the policies and	V		(I)	The Company has formulated the Ethical	None
measures of the ethical corporate management in				Corporate Management Best Practice	
the charter or external documents, and the				Principles and the Procedures for Ethical	
commitment of the Board of Directors and				Management and Guidelines for Conduct to	
management to actively implement such policies?				specify the matters to be noted for directors,	
				managers, and all employees when	

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	Operations Situation (note 1): Deviation from the Ethical						
Assessed Items	Yes	No	Summary	Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons			
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establishes prevention programs accordingly, at least include preventive measures against the behaviors specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?"	V		implement and follow the ethical management policy. (II) The company has established risk evaluation mechanism for unethical conducts to analyze and evaluate operating activities with higher unethical conducts risks within the business scope on a regular basis, and thus stipulate prevention plans and regularly review the appropriateness and effectiveness of the prevention plans. The prevention measures against the following conducts are included in the prevention plan: I. Bribery II. Providing illegal political donations. III. Improper charity donation expense or sponsors IV. Providing or accepting inappropriate gifts, hospitalities, or other tangible or intangible improper interests. V. Substantial controller infringes trade secret, trademark, patent, copyright, and other intellectual property rights. VI. Engaging in unfair competition activities. Other than the "Conduct Code for All				

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	Operations Situation (note 1): Deviation from the Ethica							
Assessed Items	Yes	No	Summary	Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons				
(III)Has the Company established the programs to forestall unethical conduct, including operational procedures, guidelines, penalties and complain filing in the program, and implemented the program, and review and amend the mentioned programs regularly?	V		Employees of BES", and the "Guidelines for Rewards and Penalties for Employees" to avoid unethical behavior of the employees, in the "Guidelines of Whistle-blowing of BES Engineering Corporation", the penalties for unlawful benefits obtained though unethical behavior and the channels for whistle-blowing are listed. (III) The company has stipulated operation procedures, guidelines, disciplines for violations, and appeal system for the prevention of unethical conducts and instructed all responsible units to firmly implement the measures. The implementation and improvement plans are reviewed annually.	None				
 II. Implementation of Ethical Corporate Management (I) Has the Company assessed the ethical conducts records of the business partners, and specified the ethical conduct clauses in the contracts entered with the counterparties? 	V		(I) Since September 2022, the Company has announced to include the "Supplier Code of Conduct Commitment Letter" in the purchase agreement, and suppliers are requested to commit to comply with the Ethical Corporate Management Best Practice Principles of the Company, such that during the process of business performance, it is prohibited to directly or indirectly offer, accept, commit or request illegal benefits for	None				

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				Operations Situation (note 1):	Deviation from the Ethical
Assessed Items	Yes	No		Summary	Corporate Management Best Practice Principles fo TWSE/GTSM Listed Companies and the reason
(II) Has the Company established a dedicated unit of ethical management that is under the board of directors and report to the board of directors on a regular basis (at least once a year) of the ethical management policies, prevention measures against unethical behaviors and the status of eversight and implementation?	V		(II)	the purpose of obtaining or maintaining its own interest. The company has established an Ethical Corporate Management Team, who reports the implementation to the 23 th meeting of the 26 th Board of Directors on November 11, 2022.	None
status of oversight and implementation? (III) Has the Company established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	V		(III) 1.	The Company's official website, procurement tender documents, and contract terms have all specified the complaint channels (phone, fax and e-mailbox of the Audit Office). Posters for the complaints channel are also posted at the all Engineering Offices. In June 2022, the Company has established the "Regulations for Reporting of Violation Against Ethical Corporate Management Principles" to publicly announce the reporting and complaint filing channels (phone, fax and e-mail of the Audit Office) in order to protect reporters from the disposition of dismissal, demotion, salary reduction or other improper dispositions due to reporting of cases. The Company has also	None

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	Operations Situation (note 1): Deviation from the Ethical					
Assessed Items	Yes	No	Summary	Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons		
(IV)To implement the ethical management, has the Company has established effective accounting and internal control system, and prepare the related audit program by the internal audit unit based on the evaluation results of the unethical risk, as the basis to audit the compliance of the prevention measures against unethical behaviors, or delegate accountants to audit?	V		stipulated the "Ethical Corporate Management Best Practice Principles of BES Engineering Corporation" and "Procedures for Ethical Management and Guidelines for Conduct of BES Engineering Corporation" to implement the ethical operation policy and prevent fraud actions. (IV) The Company has the "Management Guidelines for Self-Assessment of Internal Control System," and the IFRSs have been introduced to officially enforced. The related accounting operations are based on various accounting standards of the Company as well as the certification of CPA's audits to the financial statements. The Audit Office presents the annual audit plan every year in accordance with relevant laws and regulations, and carry out the audits to various business activities based on the plan. In addition, it will also conduct project audits for each engineering office, special management matters, or complaint cases from time to time. The audit results and recommendations are made as the audit reports			
(V) Has the Company provided internal and external ethical conduct training programs on a regular basis?	V		for management's reference. (V) The Company holds educational trainings on a regular basis to promote and enhance the principle of ethical corporate management of employees. On September 21, 2022, the 3-			

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	Operations Situation (note 1): Deviation from the Ethical					
Assessed Items	Yes	No	Summary	Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons		
			hour course of "How corporates prevent corruption - case study and analysis" was organized for directors and senior officers. Please refer to the ethical corporate management implementation status disclosed on the Company's website https://www.bes.com.tw/ir-governance.php.			
III. Operations of the Whistle-Blowing System (I) Has the Company established any concrete whistle-blowing and incentive system, with a convenient whistle-blowing channel and assigned proper dedicated persons to the whistle blown objects?	V		(I) The Company has the "Regulations for Reporting of Violation Against Ethical Corporate Management Principles" as well as the complaint channels (phone, fax and emailbox of the Audit Office). When the Audit Office receives complaints or appeals, the investigation will be carried out as a project. Should the complaint found to be true, the disciplinary action will be taken based on the "Guidelines for Rewards and Penalties for Employees." The outcome will be announced to all the employees as an alert.	None		
(II) Has the Company established the investigation standards, the follow-up measure to be taken after the investigation, and confidentiality mechanism for the whistle-blowing cases? (III) Has the Company taken measures to prevent the	V		(II) The Company has the SOPs for the investigation of complaints and related confidentiality mechanism in place. All the whistle blowers are protected.(III) The Company always treats the information	None		
<u> </u>	V		*	None		

			Operations Situation (note 1):	Deviation from the Ethical
Assessed Items		No	Summary	Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
IV. Enhancing Disclosure				
Does the Company disclose its guidelines on	V		We have passed the Ethical Corporate	None
business ethics as well as information about			Management Best Practice Principles and the	
implementation of such guidelines on its website			Procedures for Ethical Management and	
and MOPS?			Guidelines for Conduct and formed an ethical	
			corporate management team to report on the	
			implementation of ethical corporate management	
			and disclose relevant results on the Company's	
			website.	
			Please visit: https://www.bes.com.tw/ir-	
			governance.php	
			for the implementation of ethical corporate	
			management.	

V. If the company has established its ethical management codes of practice according to "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please describe the operating status and differences: no material difference: The company stipulated the "Ethical Corporate Management Best Practice Principles" and "BES Procedures for Ethical Management and Guidelines for Conduct" in 2020, and the management follows these regulations.

VI. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices: None

Note 1: Regardless of whether the operation status is checked "Yes" or "No", it should be stated in the summary description column.

- (VII) Should there be any principle of corporate governance and related regulations established by the Company, the inquiry means shall be disclosed. Please visit the official website: (https://www.bes.com.tw/ir-governance.php)
- (VIII) Other information to further the understanding of the corporate governance may be disclosed altogether: Please refer to the Company's website https://www.bes.com.tw/irgovernance.php BES Engineering Glory
- (IX) Execution of Internal Control System
 - 1. Statement of the Internal Control System

BES ENGINEERING CORPORATION

Statement of the Internal Control System

Date: March 13, 2023

For the Internal Control System of 2022, the Company states the following, on the

basis of self-inspection:

The Company clearly acknowledges that establishing, implementing, and maintaining the internal control system, are the responsibilities of the Board and managers. The Company has already established the system. The objectives are to reasonably assure the effects and efficiency of operations (including the profits, performance, and protection to the asset securities); the reliability, timeliness, and transparency of the reports; and the achievement of the compliance with the related laws and regulations. The internal control system has its own inherit limitations. No matter how perfect it is designed, the effective internal control system may only reasonably assure the achievements of the three abovementioned objectives; also, the effectiveness of the internal control system is subjected to the changes of environments and circumstances. However, the internal control

changes of environments and circumstances. However, the internal control

system has set up a self-monitoring mechanism. Once a defect is identified, the correction will be taken immediately.

III. The Company applies the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations") to determine the effectiveness of the design and executions of the internal control system. The Regulations divide the internal control system based on the process of the managerial control as five constituent elements: 1. Control environment; 2. Risk assessment; 3. Control activities; 4. Information and communications; and 5. Monitoring activities. Each constituent element has several items. For the further descriptions please refer to the "Regulations." For the abovementioned items, please refer

please refer to the "Regulations." For the abovementioned items, please refer to the "Regulations."

IV. The Company has applied the five constituent elements to assess the effectiveness of the design and executions of the internal control system

V. Based on the outcomes of the abovementioned assessment, it is believed that up to December 31, 2022, in the regard of the internal control system (including the supervision and management to the subsidiaries), including the understanding of the effects and efficiency of operations; the reliability, timeliness, and transparency of the reports; and the achievement of the compliance with the related laws and regulations, the design and executions are effective, and able to reasonably assure the achievement of the said are effective, and able to reasonably assure the achievement of the said

VI. The Statement is an integral part of the Annual Report and the Public Statement, and is disclosed to the public. Shall there be any false or concealing, the Company will be held lgally responsible according to Article 20, 32, 171, and 174 of the Securities Exchange Act.

VII. This statement was approved by the board of directors of the Company on March 13, 2023. Among the 9 directors, no one disagreed. The rest agreed

with the contents of this statement and made a statement. The Statement has been passed by the Board's meeting on March 13, 2023. All the nine attending directors unanimously gave their consents to the Statement without dissent, and declared the same.

BES ENGINEERING CORPORATION

Chairman: Chou Chih-Ming General Manger: Chou Chih-Ming

- 2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: none
- (X) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: none

(XI) Key resolutions of the Board of Directors and Shareholders Meeting during the most recent fiscal year up to the date of publication of the annual report

Key resolutions of the Board of Directors and Shareholders Meeting for 2022

Date	Type of Meeting	Key Resolutions
2022.01.21	26-15	Approved the Company's management performance bonus for
	Board of	the Chairperson, Senior Consultant, and Appointed Managers
	Directors	for the year of 2021
2022.03.15	26-16	1. Passed the Proposal for Distribution of 2021 Employees' and
	Board of	Directors' Remuneration
	Directors	2. Approved the 2022 financial statements and taxation
		certification audited by Deloitte Taiwan.
		3. Passed the 2021 (January 1 to December 31, 2021) Parent
		Company Only Financial Report.
		4. Passed the 2021 Business Report and the Consolidated
		Financial Report.
		5. Passed the Proposal for 2021 (January 1 to December 31,
		2021) Earnings Distribution.
		6. Amend the provisions of the section "Processing Procedures
		for Acquiring or Disposing of Assets"
		7. Passed to draft the date, time, venue, agenda, major proposal,
		Period and venue for acceptance of shareholders' proposals.
		for the 2022 AGM.
		8. Passed to present the 2021 Statement of Internal Control
		System
2022.05.11	26-17	1. Passed the 2021 Q1 Consolidated Financial Report.
	Board of	2. Approved the establishment of Singapore company 100%
	Directors	owned by the Company.
		3. Approved the disposal of all shares of investee Core Pacific
		City Co., Ltd. held by the Company.

Date	Type of	Key Resolutions
Date	Meeting	 Approved the urban renewal project of 17 lands (Xing'an Street, Songshan District) at Lot No. 155, Subsection 1 of Dunhua Section, Songshan District, Taipei City. Approved the establishment of the "Sustainable Development Best Practice Principles" of the Company. Approved the establishment of the "Sustainable Development Committee Charter" of the Company. Approved the nomination of Chairman Chiu, Huei-Lan and Independent Directors Ko, Shu-Jen and Chang, Fan to act as the committee members for the 1st term of the "Sustainable Development Committee" of the Company (term of office the same as the term of office of the 26th term of Board of Directors). Approved the proposal for the Company to lease house from China Petrochemical Development Corporation in 2022.
		9. Approved the proposal for the Company to lease house from Hung Yi Construction Co., Ltd. in 2022.
2022.05.31	Shareholders'	Ratified the 2021 Business Report, the Consolidated Financial
2022 06 10	Meeting	Report, and the Proposal of Earnings Distribution.
2022.06.10	26-18 Board of Directors	The Chairman Chu, Hui-Lan resign.
2022.06.13	26-19 Board of Directors	Proposal for supplemental election of Chairman Election: Tsai, Chao-Lun recommended Director Chen, Ruey-Long to be the Chairman candidate. Election result: All attending directors approved Director Chen, Ruey-Long to act as the Chairman.
2022.08.10	26-20 Board of Directors	 Passed the 2022 Q1 and Q2 Consolidated Financial Reports. Passed the Proposal for Distribution of 2021 Directors' Remuneration Passed the proposal for the Company's ex-dividend base date and 2022 cash dividends payout date. Approved the amendment to the "Sustainable Development Committee Charter" of the Company. Approved the Company's appointment of Chairman Mr. Chen, Ruey-Long to concurrently act as the CEO. Approved the Company's delegated managers to distribute the 2021 remuneration of employees according to the "Guidelines Governing Remuneration to Employees". Approved the proposal for amendment to the Regulations for Issuance of Year-end Performance Bonus of the Company.
2022.09.16	26-21 Board of Directors	 Approved the resignation of the Company's Chairman Mr. Chen, Ruey-Long and dismissal of his position of CEO. Approved the election of new Chairman of the Company. Approved the appointment of the Company's new Chairman to act as the CEO and the concurrently position of

Date	Type of Meeting	Key Resolutions
	iviceting	President.
2022.10.21	26-22 Board of Directors	 Approved Mrs. Lin, Tzu-Ching of the Audit Office to act as the Head of Internal Audit and delegated manager of the Company. Approved President Chou, Chih-Ming to concurrently act as the Chief Information Security Officer.
2022.11.11	26-23 Board of Directors	 Passed the 2022 Q1, Q2 and Q3 Consolidated Financial Reports. Approved the amendment to parts of the provisions of the "Rules of Procedure for Board of Directors' Meeting" of the Company
2022.12.28	26-24 Board of Directors	 1.Approved the "Description of the Business Plan and Operating Budgets for 2023" of the Company. 2. Approved the assessment on the independence of retained CPAs for 2022. 3. Approved the change of CPAs for the financial statements of the Company. 4. Approved the amendment to the "Procedures for Handling Internal Material Information and Prevention of Insider Trading" of the Company. 5. Approved the amendment to the "Procedures for Sales and Business Operations" and "House Sales and Payment Collection Cycle" internal control system and provisions of the internal audit system of the Company. 6. Approved the "2023 Annual Audit Plan" of the Company. 7. Approved the proposal for the Company's adjustment of the organizational structure and promotion of four main profit centers. 8. Approved the proposal for Mr. Fang, Ming-Ching's assumption of the position of Head of Financial Department
2023.01.18	26-25 Board of Directors	of the Company. 1. Approved the proposal for the Company's distribution of year-end performance bonus for delegated managers in 2022. 2. Approved the re-appointment of Mr. Fang, Ming-Ching of the Financial Department to assume the position of Head of Corporate Governance of the Company.
2023.03.13	26-27 Board of Directors	 Approved the proposal for distribution of 2022 remuneration of employees and directors of the Company. Approved the Company's 2022 (for the years ended 2022) parent company only financial statements. Approved the Company's 2022 business report and 2022 consolidated financial statements. Approved the Company's 2022 (for the years ended 2022) earnings distribution proposal. Approved the 2023 financial statements and taxation certification audited by Deloitte Taiwan.

Date	Type of Meeting	Key Resolutions
		6. Approved the amendment to parts of the provisions of "Procedures for Loaning of Funds and Making of
		Endorsements/Guarantees". 7. Approved the establishment of the Company's policy for early approval of non-assurance services. 8. Approved the participation in the 2023 cash capital increase
		in Cinemark-Core Pacific, Ltd. for an amount not exceeding NT\$200 million.
		9. Approved the issuance of the Company's 2022 statement of internal control system.
		10. Approved the entrustment of "Core Pacific International Marketing Co., Ltd." for the sales operation of BES
		Engineering's "Tucheng Metaverse Ai Park" project and relevant contract signing.
		11. Approved the reporting of election of directors and independent directors of the Company.
		12. Approved the nomination and review of director and independent director candidate roster.
		13. Approved the meeting date, time, location, meeting procedure, main proposal content, acceptance of
		shareholders' proposals and nomination period and venue for the 2023 annual general shareholders' meeting of the
		Company. 14. Approved the amendment to the "Procedures for
		Appointment of Managerial Officers" of the Company.

(XII) Where, during the most recent fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration: None

The directors, independent directors, or supervisors has no dissenting or reserved opinions toward the passage of the key resolutions.

(XIII) During the most recent fiscal year up to the date of publication of the annual report, a summary of resignations and dismissals of the company's chairman, general manager, principal accounting officer, principal financial officer, internal chief auditor, and principal research and development officer:

Title	Name	Date of Assuming of Duties	Date of Discharge	Reason of Resignation or Discharge
Chairperson and Agent General Manager and CEO	CHU, HUI- LAN	2020.06.23	2022.06.10	Career Planning
Chairperson and CEO	CHEN RUI- LONG	2021.06.13	2021.09.16	Resigned
Agent General Manager	YANG, MEI- YUAN	2021.06.13	2021.09.16	Position Adjustment

Agent Chief Internal Auditor	SU, CHIH- HSUN	2020.10.22	2021.10.21	Position Adjustment
Financial Officer	CHEN, KUO HSIEN	2012.01.02	2022.12.28	Career Planning
Corporate Governance	CHEN,KUO HSIEN	2019.03.27	2022.12.28	Career Planning

- (XIV) Review of the Implementation of the resolutions by the 2022 annual general meeting:
 - 1. Ratified the 2021 business report and the financial statements Status of Implementation: resolved to pass
 - 2. Ratified the Proposal for 2021 Earnings Distribution.
 Status of Implementation: resolved to pass
 The record date of distribution was set on September 30, 2022; the payout date on October 24, 2022 (cash dividends NT\$0.534 per share).

V. Information of CPA's Service Fee

Information of CPA's Service Fee

Table I Unit: Thousand NT\$

Name of the Accounting Firm		Period of Audit	Service Fee of Audit	Non-Audit Service Fee	Total	Remarks
Deloitte Taiwan	Tung-Feng, Lee Yao-Lin, Huang Shih-Chieh, Chou	Full Year of 2022	8,150	3,575	11,725	Non-audit public fees are mainly tax visas, annual report reading public fees, professional consulting services, and visas for voting financial certification documents.

Please specify the non-audit services (such as tax audit, assurance, or other financial advisory services):

Note: If the Company changed the CPAs or the accounting firms during the year, the audit period shall be separately listed and describe the reasons of change in the remarks. The paid service fees for audit and non-audit items shall be disclosed in order. Non-audit fees and the content thereof shall be specified.

- (I) When the securities firm changes its accounting firm and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: N/A
- (II) When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10 percent or more,

the amount and percentage of and reason for the reduction in audit fees shall be disclosed: $\ensuremath{\mathrm{N}/\mathrm{A}}$

VI. Information about Changing CPA

Information about Changing CPA

(I) 2021: N/A.

(II) 2022: Due to the rotation of the CPAs, Mr. Lee, Tung-Feng was replaced by Mr. Chou, Shih-Chieh

1. Regarding the Previous CPA

Date of Replacement	Nove	mber	; 2022			
Reason of Change and description	Deloit	Due to the allocations and arrangement of internal works in Deloitte Taiwan, the previous CPA, Mr. Lee, Tung-Feng was replaced by Mr. Chou, Shih-Chieh.				
Describe whether the Principal terminates the	Circui	msta	Involved Parties	СРА	Principal	
	Termi	nate	the delegation	N/A	N/A	
delegation, or the CPA rejects the delegation.	Reject delega		further	N/A	N/A	
Any audit report other than unqualified opinions in the recent two years and the reasons	None					
Any opinion other than the issuer's	Yes		Disclosure of the a practical financial Scope of audit or s Others	reports	ciples or	
	None Description					
Other Disclosure (The matters to be disclosed specified from Subparagraph 1-4 to 1-7, Paragraph 6 of Article 10.						

2. Regarding successor CPA

Name of the Firm	Deloitte Taiwan
Name of CPA	Chou, Shih-Chieh
Date of Delegation	November, 2022
Prior to the formal engagement, the	
consultations and the consultation results	
regarding the accounting treatment or	
application of accounting principles to a	N/A
specific transaction, or the type of audit	
opinion that might be rendered on the financial	
report	
The written comments disagreeing with the	N/A
previous CPAs by the successor CPA	IN/A

3. The reply from the previous CPAs in Sub-paragraph 1, and Sub-paragraph 2-3, Paragraph 6 of Article 10.

The replacement of the Company's CPA is due to the internal rotation and arrangement of Deloitte Taiwan, hence not applicable.

- VII. Where the company's chairman, general manager or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed: None
- VIII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

<u>Changes of Equity Interests of Directors, Supervisors, Managerial Officers, and Major Shareholders</u>

	ara major Brace	Year	2021	The year up	to April 2
		Increased	Increased	Increased	Increased
Title (Note 1)	Name	(decreased	(decreased	(decreased	(decreased
) shares) shares) shares) shares
		held	pledged	held	pledged
	Yang Jen Industrial Co., Ltd	0	0	0	0
Chairman	Representative: CHU, HUI-LAN (Note4)	0	0	0	0
Chairman	Representative:				
	CHOU, CHIH-MING (Note3)				
	China Petrochemical Development	0	0	0	0
Director	Corporation	U	U	U	U
	Representative: CHEN RUI-LONG	0	0	0	0
Dimenton	Formostar Factory Co., Ltd.	-45,000	0	0	0
Director	Representative: TSAI, CHAO-LUN	0	0	0	0
Dimenton	Tianjing Investment Co., Ltd.	0	0	0	0
Director	Representative: CHEN, WEN-KE	0	0	0	0
D'acceptant	Tianjing Investment Co., Ltd.	0	0	0	0
Director	Representative: BAI, JUN-NAN	0	0	0	0
D'acceptan	Changli Co., Ltd.	0	0	0	0
Director	Representative: LIOU, LIANG -HAI	0	0	0	0
Independent director	LU, HAN-YI	30,000	0	0	0
Independent director	KO, SHU-JEN	0	0	0	0
Independent director	CHANG, FAN	0	0	0	0
(Agent)General manager	CHU, HUI-LAN	0	0	0	0

	T		2021		
		Year		The year up	
		Increased	Increased	Increased	Increased
Title (Note 1)	Name	(decreased	(decreased	(decreased	(decreased
) shares) shares) shares) shares
		held	pledged	held	pledged
(Note4)		0	0	0	0
(Agent)General manager	CHOU, CHIH-MING	0	0	0	0
(Note3)	,		0	0	0
Deputy General Manager	YANG, MEI-YUAN	0			
Deputy General Manager	WANG, TING-TSE	0			
Special Assistant	YANG, CHIA-CHUN	0			
Associate manager	LIAO, SHU-LIANG	0			
Associate manager	CHENG, AN-TZU	0			
Associate manager (Note4)	SU, HUI-CHIU	0			
Associate manager	LIN, HSU-CHUAN	0			
Associate manager	HUANG, TING-CHIEN	0			
Manager	CHIU, YUNG-TSAI	0	0	0	0
Manager	LI, CHEN-MING	0	0	0	0
Manager (Note4)	KUO, HUNG-CHENG	0	0	0	0
Manager	YU, CHEN-ERH	0	0	0	0
Manager	WANG, GUO-XI	0	0	0	0
Manager (Note3)	SU, LI- MEI	0	0	0	0
Manager (Note5)	CHANG, TA-CHUN	0	0	0	0
Manager	CHI, YUN-CHONG	0	0	0	0
Manager (Note4)	YEN, HSIN-YIN	0	0	0	0
Manager (Note4)	YANG, CHIH-WEI	0	0	0	0
Manager (Note3)	LI, WEI-TENG	0	0	0	0
Assistant manager of the					
company		0	0	0	0
(Agent Audit Supervisor)	SU, ZHI-XUN		U	U	U
(Note5)					
Manager					
(Audit Supervisor)	LIN, TZU-CHING	0	0	0	0
(Note3)					
Manager					
(Financial Supervisor)	CHEN, KUO-HSIEN	0	0	0	0
(Note4)					
Manager					
(Financial Supervisor)	FANG, MING-CHING	0	0	0	0
(Note3)					
Manager	SU, YU-MIN	0	0	0	0
(Accounting Supervisor)	50, 10-14III		0	0	
Major shareholder	CHINA PETROCHEMICAL	0	0	0	0
major shareholder	DEVELOPMENT CORPORATION				

Note 1: Shareholders holding 10% or more of the total shares of the Company shall be indicated as major holders and listed separately.

- Note 2: Should the counterparties of the share transfer or pledge be related parties, the following form shall be completed.
- Note 3: Lin, Tzu-Ching took office on 2022.02.16; Li, Wei-Teng took office on 2022.03.07; Su, Li-Mei took office on 2022.03.15; Chou Chih-Ming took office on 2022.09.16; Fang, Ming-Ching took office on 2022.11.07
- Note 4: Chu, Hui-Lan resigned on 2022.06.20; Yen, Hsin-Yin resigned on 2022.11.11; Chen, Kuo-Hsien resigned on 2022.01.19; Su, Hui-Chiu dismissed on 2022.01.20; Kuo, Hung-Cheng resigned on 2023.03.31; Yang, Chih-Wei resigned on 2023.03.31;
- Note 5: Su, Zhi-Xun position adjustment on 2022.02.16; Chang, Ta-Chun wsa transferred to a non-managerial at a department on 2023.01.01.

Information of Share Transferred

Name (Note 1)	Reason of Transfer (Note 2)	Date of Transaction	Date of Counterparty	Relationship of counterparty with the Company, directors, supervisors, and major shareholders holding 10% or more of the total shares	Shares	Date of Price:
None						

Note 1: List the name of the directors, supervisors, and major shareholders holding 10% or more of the total shares

Note 2: List acquisition or disposal

Information of Share Pledged

Name (Note 1)	Reason of Pledge Changes (Note 2)	Date of Counterparty	major shareholders holding 10% or	Shares	Shareholding %	Pledge %	Collateral (Redemption Amount
	(Note 2)		holding 10% or more of the total				
None			shares				

Note 1: List the name of the directors, supervisors, and major shareholders holding 10% or more of the total shares

Note 2: List pledge or redemption

IX. The relationship between top ten shareholders and their relationship with each other, spouse or second-degree relative

April 9, 2023

							A	oril 9, 2023	
Name (Note 1)	Shares held by shareholders		Shares held by spouse or minor children		Shares held under other's Name		Among top ten shareholders, the shareholders who are spouses or 2nd degree kinship (Note 3)		Not
	Number of shares	Shareholdi ng %	Numbe r of shares	Shareholdin g %	Numbe r of shares	Shareholdin g %	Name	Relationshi p	е
China Petrochemical Development Corporation Representative: CHEN RUI LONG	164,348,449	10.735%	-	-	-	-	Core Pacific Co., Ltd	Actual Related Party	
Core Pacific Co., Ltd. Representative: JIANG HONG JIAO	34,260,839	2.237%	-	-	-	-	China Petrochemical Development Corporation	Actual Related Party	
LIN, WEN-YANG	25,506,000	1.666%	-	-	-	-	None	None	
Tony Development Industrials Co., Ltd Representative: YANG JING JUAN	21,300,917	1.391%		-	-	-	None	None	
Kuo-Ching Investment Co., Ltd. Representative: LO, CHIAO-CHIH	20,961,521	1.369%	ı	-	-	-	None	None	
iShares Core MSCI Emerging Markets ETF Representative: Not applicable to fund accounts	19,623,000	1.281%	-	-	-	-	None	None	
JP Morgan Chase Bank N. A. Taipei Branch in Custody for Vanguard Emerging Market Stock Index Fund, a Series of Vanguard Equity Index Funds Representative: Not applicable to fund accounts	19,381,000	1.265%	-	-	-	-	None	None	
Chase Custody Advanced Starlight Advanced Aggregate International Stock Index Representative: Not applicable to fund accounts	18,702,754	1.221%	-	-	-	-	None	None	
Sheen Chuen-Chi Culture & Educational Foundation Representative: SHEN, CHING-JING	12,793,179	0.835%	-	-	-	-	None	None	
Chase Custody Advanced Norges Bank PLC Representive: Not applicable to fund accounts	12,618,850	0.824%	-	-	-	-	None	None	

Note 1: The top ten shareholders shall be all listed; the institutional shareholders shall list all their institutional shareholders and representatives separately

Note 2: the calculation of shareholder percentage refers to the shareholding percentage of the shares held by shareholders, their spouses, minor children, and under others' names.

Note 3: the shareholders referred in the preceding paragraph shall disclose their relationship.

X. The total number of shares and consolidate shareholding percentage held in any single enterprise by the Company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the Company

Consolidate shareholding percentage

Unit: share

Re-invested Business			supervisors, macompanies co	ne directors and anagers, and any ontrolled either directly by the	Consolidated Investment		
	Shares	Percentage of Holding	Shares	Percentage of Holding	Shares	Percentage of Holding	
Chung Kung Safeguarding & Security Corporation	3,880,000	64.67%	1,440,000	24%	5,320000	88.67%	

Four. Status of Fundraising

I. Capital and Share

- (I) Source of share capital:
 - (1) Source of equity over the years

Note: thousand (shares) NT\$

		Approved share capital		Paid-up capital		Note		
Year/Month	Issuance Price:	Shares	Amount	Shares	Amount	Source of share capital	Shareholder paid shares with property other than cash	Others
1994	10	330,000	3,300,000	330,000	3,300,000	-	-	
1995	10	500,000	5,000,000	480,000	4,800,000	Capital increased by cash	-	
1996	10	800,000	8,000,000	648,000	6,480,000	Capital increased by profit	_	
1997	10	1,200,000	12,000,000	937,600		and capital reserve Capital increased by cash,	-	
1998	10	1,200,000	12,000,000	1,125,120	11,251,200	profit and capital reserve Capital increased by profit and capital reserve	-	
1999	10	1,200,000	12,000,000	1,192,627	11,926,272	Capital increased capital reserve	-	
2000	10	1,800,000	18,000,000	1,276,111	12,761,111	Capital increased by profit	_	
2002/September	10	1,800,000	18,000,000	1,365,439	13,654,389	Capital increased by capital		
2002/2010001	10	1,000,000	10,000,000	1,000,.00	10,00 .,00	reserve (approved by		
						Securities Supervisory		
						Commission' letter on		
						2002.8.12 Taitsaichengyi		
						Zhi No. 0910144405)		
2003/September	10	1,800,000	18,000,000	1,421,781	14 217 812	Capital increased by profit		
2003/Beptember	10	1,000,000	10,000,000	1,421,701	17,217,012	(approved by Securities		
						Supervisory Commission'		
						letter on 2003.8.7		
						Taitsaichengyi Zhi No.		
						0920135497)		
2004/September	10	1,800,000	18,000,000	1,450,217	14 502 168	Capital increased by profit		
2004/September	10	1,000,000	10,000,000	1,430,217	14,302,100	(approved by Financial		
						Supervisory Commission'		
						letter on 2004.8.9		
						Jinguanchengyi Zhi No.		
						0930134620)		
2007/Santamban	10	1,800,000	18,000,000	1,525,017	15 250 175	Capital increased by profit		
2007/September	10	1,000,000	10,000,000	1,343,01/	13,430,173	(approved by Financial		
						Supervisory Commission'		
						letter on 2007.8.6		
						Jinguanchengyi Zhi No.		
						0960041422)		
2010/Santamik	10	3,000,000	30,000,000	1,525,017	15 250 175	Conversion of convertible		
2010/September	10	2,000,000	30,000,000	1,343,01/	13,430,173	corporate bonds		
2015/December	1.0	3,000,000	30,000,000	1,530,899	15 308 008	(Jinshoushang Zhi No.		
2013/December	10	2,000,000	50,000,000	1,00,000	12,200,770	10401258070)		
	لبل					10701230070)		لببا

Note: Due to the flood resulted by Typhoon Nally on September 17, 2001, the Company is unable to provided supporting documents, and only the approval dates and letter numbers are provided.

(2) Type of shares

Unite: Thousand shares

Type of	Appr	Note		
Shares	Outstanding shares (listed)	Unissued shares	Total	TVOIC
Common shares	1,530,899	1,469,101	3,000,000	

(3)Information about shelf registration: None.

(II)Structure of Shareholders

April 9, 2023

Structure of Shareholders Quantity	Governmental	Financial Institutions	Other Institutions	Individuals	Foreign Institutions and Foreigners	Total
Number	0	0	223	126,466	186	126,875
Shares held	0	0	292,778,591	1,002,877,243	235,243,988	1,530,899,822
Percentage of Holding	0	0	19.12	65.51	15.37	100

(III)Distribution of Equity Interests

(Face value NT\$10 per share) April 9, 2023

	(1 acc value 1V14	oro per siture)	April 7, 2023
Grading of Shareholding	Number of Shareholders	Shares Held	Percentage of Shareholding
1 to 999	53,798	7,610,252	0.497
1,000 to 5,000	45,641	107,429,396	7.017
5,001 to 10,000	12,453	100,915,452	6.592
10,001 to 15,000	4,309	53,803,460	3.515
15,001 to 20,000	3,210	59,879,209	3.911
20,001 to 30,000	2,568	65,931,146	4.307
30,001 to 40,000	1,308	46,894,672	3.063
40,001 to 50,000	856	40,509,147	2.646
50,001 to 100,000	1,504	109,934,805	7.181
100,001 to 200,000	647	91,405,797	5.971
200,001 to 400,000	296	84,286,481	5.506
400,001 to 600,000	99	49,316,299	3.221
600,001 to 800,000	44	30,233,718	1.975
800,001 至 1,000,000	35	32,315,248	2.111
1,000,001 and above	107	650,434,740	42.487
Total	126,875	1,530,899,822	100.00

Note: Preferred shares: N/A

(IV)List of Major Shareholders:

April 9, 2023

		1 /
Shares Name of Major Shareholders	Shares held	Percentage of Holding
China Petrochemical Development Corporation	164,348,449	10.735%
Core Pacific Co., Ltd	34,260,839	2.237%
LIN, WEN-YANG	25,506,000	1.666%
Tony Development Industrials Co., Ltd	21,300,917	1.391%
Kuo-Ching Investment Co., Ltd.	20,961,521	1.369%
iShares Core MSCI Emerging Markets ETF	19,623,000	1.281%
JP Morgan Chase Bank N. A. Taipei Branch in Custody for Vanguard Emerging Market Stock	19,381,000	1.265%
Chase Custody Advanced Starlight Advanced Aggregate International Stock Index	18,702,754	1.221%
Sheen Chuen-Chi Culture & Educational Foundation	12,793,179	0.835%
Chase Custody Advanced Norges Bank PLC	12,618,850	0.824%

(V) Information of market value, net value, earnings and dividends per share in the recent two years Unite: NT\$

Item		Year	Year 2020	Year 2021	The current year up to March 31, 2022
Market	Highest		11.80	10.60	(Note 8) 9.29
Value	Lowest		8.03	7.52	8.07
Per Share (Note 1)	Average		9.01	8.84	8.68
Net Value	Before Distrib	ution	14.92	14.76	-
Per Share (Note 2)	After Distribut	ion	14.38	14.23	-
EPS	Weighted Average		1,530,899 Shares	1,530,899 Shares	-
	EPS (Note 3)		1.75	0.54	-
	Cash Dividend		0.534	0.526	-
Market	Share grants	Shara grants -		-	-
Value		-	_	-	-
Dividend	Accumulated u dividends (Not		-	-	-
A 1	Price to Earnin (Note 5)		5.14	16.37	-
Analysis of return on investment	Price to Dividends Ratio (Note 6)		16.87	16.80	-
	Yield of Cash 1 (Note 7)		0.05	0.05	

If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution

- Note 1: Setting forth the highest and lowest market price per share of common stock for each fiscal year. And calculating each fiscal year's average market price based upon each fiscal year's actual transaction prices and volume.

 Note 2: Please fill in the information based on the number of issued shares at the end of the year and the
- distribution according to the resolution of the board of directors or the shareholders' meeting of the following year.
- Note 3: Shall there be any retrospective adjustment due to share grants, the EPS before and after such adjustment shall be listed Shall there be any retrospective adjustment due to share grants, the EPS before and after such adjustment shall be listed.
- Note 4: Shall the issuance condition of equity securities required the unpaid dividend of the year may be accumulated to be paid in the year with earning, the accumulated unpaid dividend up to the year shall be disclosed, respectively.

 Note 5: Price to Earnings Ration = average closing price per share of the year/ earning per share

 Note 6: Price to Dividend Ratio = average closing price per share of the year/ cash dividends per share

 Note 7: Yield of Cash Dividend = cash dividends per share/ average closing price per share of the year

- Note 8: Net value and earning per share shall be filled in the audited information by CPAs of the latest quarter up to the publication date of the annual report; other columns shall be filled in the information of the current year up to the publication date of the annual report.

(VI)Dividend Policy and Execution:

1.Dividend Policy

By considering the future business, fund demands, and long-term financial plan, the dividend policy takes both cash and share dividends; shall there be any earning after the annual settlement, the earnings may be distributed by the following order:

- (1) Paying the income tax of profit-seeking enterprises
- (2) Covering the losses of the past years
- (3) Setting aside ten percent of such profits as a legal reserve.
- (4) Providing or reversing the special reserves by the laws or operation demands The balance after deducting the abovementioned items, plus the accumulated undistributed earnings of the previous year, shall there be any profit, at least 20% shall be provided as the bonus to the shareholders. Provided, such the percentage of

profit distribution, and the percentage of cash distribution may be proposed by the Board of Directors based on the actual earning and funds, to be resolved by the AGM for implementation. However, the abovementioned distribution of bonus to the shareholders, may be made in cash or share dividends. The cash dividends shall not be less than 10% of the total dividends. But if the cash dividend is lower than NT\$ 0.1, the dividends will be paid in shares.

2.Execution:

(1) The 2022 dividend distribution proposal was approved by the 27th meeting of the 26th Board of Directors on March 13, 2023, as shown in the table below:

Unite: NT\$

Itam	Amo	ount
Item	Subtotal	Total
Undistributed balance at the beginning of the term		3,265,983,743
Current profit after tax	821,314,951	
Remeasurement of the defined benefit plan accounted	13,434,505	
for under retained earnings		
The retained earnings are adjusted by applying	4,628,978	
investments using the Equity Method		
The current net income after tax, plus the items		839,378,434
other than the current net income that are		
included in the undistributed earnings for the		
current year		
Set aside 10% legal reserve provision		(83,937,843)
Current Distributable Profits		(83,937,843) 4,021,424,334
Dividends to shareholders.	(805,253,307)	
Undistributed profit at the end of period		3,216,171,027
		· · · · · · · · · · · · · · · · · · ·

- Note1: If in the future, the changes of laws and regulations or of the approval from the competent authorities, or the changes of common shares affects the outstanding shares, and thus the dividend yield changes accordingly, it is intended to have the Shareholders' Meeting to authorize the Chairman for adjustment.
- Note2: Once the Shareholders' Meeting resolve to pass the proposal of cash dividends, it is intended to authorize the BOD to determine the base date of ex-dividend.
- Note3: The cash dividends are calculated proportionally rounding to NT\$; the sum of these cash dividends under NT\$ will be included in the Employee Benefit Committee.
- (2) All the dividends are intended to be paid in cash only, for NT\$ 0.526 per share.
- (VII) Effect upon business performance and earnings per share of any stock dividend distribution: This shareholders' meeting did not propose a free allotment of shares, so it is not applicable.
- (VIII) Compensation to Employees, Directors and Supervisors:
 - 1. The percentages or ranges with respect to employees' and directors' remunerations, as set forth in the company's articles of incorporation:
 - If the company generates profits before the tax in the current year, no less than 2% of the profit will be the employees' remuneration and no more than 2% of the profit will be the directors' remuneration. In the event of any accumulative loss incurred by the Company, it shall reserve for offsetting the accumulative loss. The preceding pre-paid ratio, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders, and it shall be reported in the shareholders' meeting. The preceding employee compensation can be paid in stock or in cash.
 - 2. The basis for estimating the amount of employee, director, for calculating the number of

shares to be distributed as employee compensation and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

On March 13, 2023, the Board of Directors resolved the compensations to employees and directors, based on the profit of the year and their contributions. The compensations to employees and directors were estimated for NT\$20,958,506 and NT\$20,958,506, respectively. Shall the estimated amounts are different from the actual amount paid, such deviance will be treated as accounting changes, and the adjustment is accounted for at the year of payment.

3. Information on any approval by the board of directors of distribution of compensation:

(1) 2022 Employee and Director Compensation

22 Empleyee and Buccief Compensation	, ii
Item	Resolution of the Board of Directors (March 13 2023)
	Amount (NT\$)
Compensations to directors (cash)	20,958,506
Compensations to employees (cash)	20,958,505
Total	41,917,011

(2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: N/A

4. The actual distribution of compensations to employees and directors in the previous year:

	Resolution of the Board of Directors March 15, 2022 Amount (NT\$)	Actual paid amount (NT\$)
Compensations to directors (cash)	51,604,954	51,604,954
Compensations to employees (cash)	51,604,953	51,604,953
Total	103,209,907	103,209,907

(IX)Share re-purchase: N/A

II. Corporate bonds status: N/A

III. Preferred shares: N/A

IV. Global depository receipt: N/A

V. Employee stock option certificates: N/A

VI. The issuance of new shares for the acquired or transferred company: N/A

VII. Implementation status of fund application plan: N/A

Five. Operation overview

I. Business contents

- (I)Business Scope
 - 1. Main contents of the business operations
 - (1) Quarrying industry
 - (2) Other petroleum and manufacturing industry of coal products [premixed asphalt concrete]
 - (3) Premixed concrete manufacturing industry
 - (4) Cement and concrete products manufacturing industry
 - (5) Metal structure and construction component manufacturing industry
 - (6) Integrated construction industry
 - (7) Channel dredging industry
 - (8) Sandstone silting ocean dumping industry
 - (9) Water pipe installation industry
 - (10) Fuel conduit installation industry
 - (11) Piping engineering industry
 - (12) Electrical equipment industry
 - (13) Cable installation industry
 - (14) Elevator installation industry
 - (15) Fire safety equipment industry
 - (16) Automatic control equipment industry
 - (17) Traffic sign engineering
 - (18) Lighting equipment industry
 - (19) Mechanical installation industry
 - (20) Construction materials wholesale industry
 - (21) Department store industry
 - (22) Supermarket industry
 - (23) Convenience store industry
 - (24) Warehousing industry
 - (25) Residential/building development and rental industry
 - (26) Industrial plant development and rental industry
 - (27) Development of a specific professional region
 - (28) Investment in the construction of the public construction industry
 - (29) New town and new community development industry
 - (30) Regional land collection and city land redistribution agency industry
 - (31) Urban renewal industry
 - (32) Construction management industry
 - (33) Real estate industry
 - (34) Real estate leasing industry
 - (35) Elderly housing industry
 - (36) State-owned non-public property management industry
 - (37) Management and consulting industry
 - (38) Landscape, interior design industry
 - (39) Waste removal industry
 - (40) Waste treatment industry
 - (41) Environmental testing services industry
 - (42) Waste [stain] water treatment industry
 - (43) Waste recycling industry
 - (44) Other environmental sanitation and pollution prevention services industry
 - (45) Auto repair industry
 - (46) Conference and exhibition industry
 - (47) Leasing industry
 - (48) Refrigeration and air conditioning industry

2. Business percentage

<u>Item</u>	Percent	age
Civil engineering	52.96	%
Construction engineering	18.37	%
Electromechanical engineering	10.92	%
Development engineering project	7.33	%
Real estate sales	1.66	%
Other operating costs	8.76	%

- 3. The company's current products (services) and new products in development Public civil engineering projects, constructions, mechanical and electrical undertaking projects, civil construction projects, industrial land development and sales, urban renewal projects and MRT joint development. In the future, we plan to undertake for private joint civil construction and overseas construction projects. The ongoing BES projects as of now are listed below:
 - (1) Taoyuan Airport MRT (A14 station) (terminal 3) and extension section to Zhongli Railway Station's E&M system project (tender ME06A) (108)
 - (2) Tseng Wen Nan Hua Leveling Pipe Turnkey Project A1
 - (3) Turnkey project for renovation of the First Vegetable and Fruit Market (inembankment relay) and Wan-Da Wholesale Market
 - (4) CR580C Eastward Section Project of Xinyi Section in the Taipei MRT System
 - (5) The new construction of main line of West Coast Expressway WH10-C 64K+005~69K+600
 - (6) The construction of parking apron, taxiway and apron facilities in terminal III of Taiwan Taoyuan International Airport
 - (7) The earthwork and infrastructure in terminal III of Taiwan Taoyuan International Airport
 - (8) Shimen Reservoir Anti-silt Tunnel Project (Phase 1) –Amuping Anti-silt Tunnel Project
 - (9) Fuxing Military Base building renovation primary contract project
 - (10) CDPC Kaohsiung Port Zhouji dock (phase 2) liquid ammonia and phenol storage and transportation basic design, detailed design, procurement and construction project
 - (11) TTIA airside facility improvement works
 - (12) Jiankang Building construction works
 - (13) Taoyuan MRT Green Line's E&M system primary contract project (tender GM01)
 - (14) China Petrochemical Development Corporation's Stage 1 geological improvement project of the liquid ammonia and phenol storage and transportation project in the intercontinental phase II wharf of Kaohsiung Harbor and the Stage 2 PC driven pile project
 - (15) Huanan Information Building and Huanan Dingpu Technology Building construction works
 - (16) The public housing turnkey project on the Hebing High School Base in Neihu District of Taipei City
 - (17) Main Structure of New Construction Project in Yulong Town Commercial District (Phase 1)
 - (18) The new construction project of the pumping machine room #7, 8 and 9 and water inlet/outlet underdrain in Taitan Power Plant
 - (19) Primary contract for civil engineering of the underground section from the GC02

- tender's southern out-of-underground section up to the G07 station of the Taoyuan MRT Green Line
- (20) Wuxi Niaozuitan artificial lake project-lake district construction works
- (21) Hsing Tai Wen Zai Jun Zone 2 land replotting project in New Taipei City
- (22) Taoyuan Aerotropolis Zone Expropriation Project A2 Section Turnkey Project
- (23) Tai No.15 and Tai No.4 pipeline rerouting project (including pipeline burial) in cooperation with the expansion of Taiwan Taoyuan International Airport.
- (24) The new construction project of the Health Building in National Taiwan University Hospital (the first bid for electrical, plumbing, and air conditioning engineering)
- (25) Zengwen Reservoir discharge channel and expansion with sludge extraction project
- (26) Hsinchu Science Park (Baoshan land) Phase 2 expansion First tender project
- (27) Kaohsiung New Town Phase 2 development zone (cooperating with Science Park) development project section expropriation public works (2 zones)
- (28) Niaozui Lake purification field new construction turnkey project (continued)
- (29) Hsinchu Science Park (Baoshan land) Phase 2 expansion Second tender project
- (30) Sun Ba Power Phase 2 administrative zone general construction turnkey project
- (31) Taipei City West Gateway Taipei Main Station Specialized Zone C1/D1 (East Block) land development project (management tender)
- (32) Sun Ba Phase 2 solar photovoltaic equipment and detention basin turnkey project
- (33) Public facilities and plant maintenance project in Changhua Coastal Industrial Park (Xianxi and Lunwei District)
- (34) Seawall and parapet heighten and water control road project in Changhua Coastal Industrial Park Lunwei District (phase 1)
- (35) Road and public pipeline project in Changhua Coastal Industrial Park Lunwei West District 1 (phase 2)
- (36) Lunwei West District 1 Phase 2 Drainage Trunk and Gate Project in Zhangbin Industrial Zone
- (37) Road and Public Pipeline Project in the metal surface treatment zone, Changhua Coastal Industrial Park Lunwei West District (phase 1)
- (38) Changhua Coastal Industrial Park Lunwei West District 2 environmental protection land public facility project
- (39) Yunlin Science and Technology Industrial Park (Dabeixi Area) public facilities and plant maintenance project
- (40) Letzer Industrial Park land protection project
- (41) Yanshou Zone K (BES Yuncui)
- (42) Yanshou Zone I (BES Biyenge)
- (43) Yanshou Zone J residential renewal project
- (44) Urban renewal project of Chongyang Road in Nangang
- (45) Xing'an street urban renewal project
- (46) Tu Cheng AI Intellectual Park

(II)Industry overview

Engineering projects:

In 2022, the total budget for public construction projects was NT\$146.6 billion, an increase of NT\$23 billion from 2021 and an increase of approximately 18.6%, which was mainly due to the additional budget of NT\$3 billion for the agricultural product cold chain logistics and quality assurance demonstrative system, Cianjhen Fishing Port construction project medium and long term project (including port external sewage sewer project) of NT\$2.7 billion, Kaohsiung City railway underground project (including Zuoying and

Fengshan) of NT\$2.3 billion, and provincial Highway improvement plan (2019~2024) of NT\$2 billion. The total budget above was NT\$146.6 billion plus the special budget of NT\$85.7 billion for Phase 3 of infrastructure foresight project, and the total budget was NT\$232.3 billion, an increase of NT\$4.6 billion from 2021 and an increase of approximately 2%. If the operating and non-operating special funds of NT\$227.3 billion are calculated altogether, the overall scale reaches NT\$459.6 billion, demonstrating substantial benefits to the strengthening of key infrastructure, enhancement of national economic potential and improvement of international competitiveness of Taiwan.

By the department, the descriptions are as the following:

- 1. Traffic construction budget is NT\$144.1 billion, which mainly includes NT\$120 billion for the urban metro system, highway, freeway and bridge construction and improvement constructions, railway grade separation and rapid transit systematization, Taiwan Railway 57 train cabin purchase and elimination, railway safety improvement, constructions for aviation, ports, and national scenic areas, and parking issue improvement project from Ministry of Transport, Taiwan Railways Administration, MOTC, and Taoyuan Airport; NT\$12.64 billion for life cycle road traffic construction (roads in the city) and road quality construction projects from the Ministry of Internal Affairs; NT\$7.11 billion for sea cruiser development project, harbor deepening and pier renovation project on Taiping Island of Nansha Islands from Ocean Affairs Council; NT\$3 billion for the National Communication Commission to organize the 5G network construction project; NT\$700 million for the Council of Agriculture to organize the Alishan forestry railway facility and equipment safety improvement, Ailishan forest railway No. 42 tunnel project; NT\$630 million for the Council of Indigenous Peoples to organize the indigenous peoples' tribe characteristic road improvement project.
- 2. Environmental resource budget is NT\$75.4 billion, which mainly includes NT\$46.91 billion for the Ministry of Economic Affairs and Taiwan Water Corporation to perform the central pipe flow area overall improvement and adjustment project, accelerated flood prevention comprehensive improvement project for local governments' rivers, drainage and coastal protection, Wu River Niaozueitan artificial lake project, Zengwun river southward pipe connection project, water supply improvement for areas without tap water, reduction of water leakage rate, redundancy and dispatch trunk project; NT\$22.26 billion for the Ministry of the Interior to organize the sewage sewer construction design project, public sewage treatment plant reclaimed water promotion project, sewer and urban drainage improvement, national park medium-term project; NT\$3.44 billion for the Environmental Protection Administration to organize the diverse waste treatment, sustainable water quality promotion, project for encouraging public and private institutions to construct waste incineration plants; NT\$ 2.5 billion for the Council of Agriculture to organize enhancement of water reservoir collection zone ecological preservation governance, regional drainage upstream collection slope soil and sand disaster treatment, farm drainage, pond and channel improvement projects.
- 3. Economic constructions budget is NT\$156.7 billion, which mainly includes NT\$97.18 billion for the Taiwan Power Company to construct Xingda Power Plant with replacement and modification of 58 gas turbine units, gas-steam combined cycle power unit in Taitan Power Plant new construction gas turbine units in Taichung Power Plant, offshore wind power generation with enhanced power grid projects; NT\$29.17 billion for the CPC Corporation to organize the 3rd liquid natural gas reception station of LNG Project Construction Division, Kaohsiung Harbor Continental Container Phase II Da Lin Petroleum Storage Center project; NT\$21.06 billion for the Ministry of Science and Technology to organize the projects of the Science Park public constructions and the construction; NT\$3.99 billion for the Ministry of Economic

- Affairs to organize the local industrial park and construction of Taoyuan Exhibition Center projects; NT\$3.57 billion for Chunghwa Post to organize the establishment of postal logistics area (Airport metro A7 station), and the post office purchase and construction projects.
- 4. Urban and regional development budget is NT\$14.2 billion, which mainly includes NT\$9.53 billion for the Ministry of the Interior to organize new city and township development, city and township landscape and revitalization environment establishment, and 3D smart national land projects; NT\$1.35 billion for the Ministry of National Defense to organize construction and facility renovation projects; NT\$800 million for the National Development Council to organize national file archive and service construction, accelerated promotion of local revitalization projects; NT\$780 million for the Ministry of Justice to organize the Investigation Bureau's Zhonghe Investigation Park new office building construction, Taiwan Changhua District Prosecutors Office and Administrative Enforcement Agency Changhua Branch joint construction and relocation projects; NT\$430 million for the Council of Agriculture to organize public hazardous building reinforcement and reconstruction projects.
- 5. Cultural facility budget is NT\$9.4 billion, which mainly includes NT\$5.91 billion for the Ministry of Culture to organize cultural living circle construction plan, historical and cultural asset protection and development (phase 4) project, Taipei depot activation and transformation into national railway museum park implementation project, national human rights museum medium-term project; NT\$1.82 billion for the Hakka Affairs Council to organize Hakka village revitalization and environment establishment, Hakka 369 fortune, locomotive park construction project; NT\$1.24 billion for the Council of Indigenous Peoples to organize the construction of 59 indigenous peoples' tribes, promotion of indigenous people diverse industry development 2.0, Taiwan indigenous people cultural park green pearl reconstruction project.
- 6. Educational facility budget is NT\$10.2 billion, which mainly includes NT\$9.93 billion for the Ministry of Education to organize projects for the improvement of seismic capacity of school buildings for public senior and junior high schools and below, improvement of sports environment for general public, power system improvement and air conditioner installation for public senior and junior high schools and below, 2030 bilingual national policy project.
- 7. Agricultural construction budget is NT\$33.1 billion, which mainly includes NT\$32.96 billion for the Council of Agriculture to organize village revitalization construction and development, improvement of farmland irrigation construction, forest sustainable operation and industry recovery, construction of agricultural product cold chain logistics and quality assurance demonstrative system, Cianjhen Fishing Port medium and long term construction project, overall hillside treatment and disaster prevention, slope land agricultural road improvement, flat land agricultural road improvement (including farmland rezoning), fishery sustainable operation infrastructure projects.
- 8. Health and welfare facility budget is NT\$16.5 billion, which mainly includes NT\$6.51 billion for the Veterans Affairs Council to organize the construction of Kaohsiung Veterans General Hospital Pingtung Dawu Branch, Kaohsiung Veterans General Hospital new health care building construction, Tainan and Yulin veterans' home facility environment overall construction medium-term project, Taipei Veterans General Hospital operating room new construction project, Taipei Veterans General Hospital new medical building construction project; NT\$4.27 billion for the Ministry of Education and National Taiwan University Hospital to organize the Huwei Hospital medical building, complex building and medical physician and nurse dormitory construction project, and health building construction project; NT\$ 4.02 billion for the Ministry of Health and Welfare to organize food safety construction, establishment of

community public childcare for children of 0~2 years old, construction of long-term care health and welfare locations and construction project of the National Center for Geriatrics and Welfare Research of National Health Research Institutes.

Construction business:

1. Overview of the development trends in the real estate:

Due to the impacts of the worldwide COVID-19 pandemic and Russo-Ukrainian War, global raw materials have been in shortage such that international prices increase significantly. To overcome the economic difficulties, countries around the globe have adopted the relaxed currency policy with increase printing of bills, leading to severe global inflation. Consequently, the U.S. Federal Reserve System (Fed) adopts the continuous increase of interest rate to suppress inflation, and the government in Taiwan also follows such trend with the increase of the interest rate, causing increase of financing interest rate. As a result, the construction and development industry originally suffering the shortage labor and materials needs to further face the tough challenge of increase of construction cost. In addition, it also causes the house price to continue to reach new highs, such that groups expecting the increase of the house price to purchase real property based on the consideration of value preservation and measures against inflation.

As the house price continues to surge in Taiwan, the government has implemented numerous tough real estate hype prevention policies and actions, including the Integrated Housing and Land Tax and Land Value 2.0, increase of land tax and land value increment tax, construction financing control, the e Equalization of Land Rights Act to prevent exchange of pre-sale house contracts, construction commencement within 18 months after acquisition of land, etc., causing postponement of project release, shift of seller's market to buyer's market and the overall exception for decrease of future house prices. In view of the above, next year (2023) is expected to be a year for destocking and slow market growth. Since construction cost cannot be predicted, a lot of constructors have adopted the "build first and sale after" policy to ensure the stability of cash flows.

To cope with the real estate development trend for next year, in terms of the development and operation policy, BES Engineering will still mainly focus on the urban renewal development business, and will engage in cooperating alliance or joint venture development with other constructors in the same industry. Accordingly, in addition to the combination of advantages of various business operators int the same industry, resources can be sought more effectively and professional complementation can be achieved, thereby diversifying the development risk and expanding the scope of development business.

2. Ongoing construction projects:

(1)"Tao Zhu Yin Yuan:"

In the third quarter of year 2018, the usage license and the registration of property rights were acquired. The project includes 40 households with 210 parking spaces.

(2)"BES Yuncui" construction project:

The construction started in the third quarter of 2017, and the pre-sale operation began in the fourth quarter. We have obtained the use permit on March 19, 2021 and completed the handover in the fourth quarter. Up to the end of 2022, there were still remaining house units for sale.

(3)"BES Biyenge" residential renewal project:

It completed the review process in the fourth quarter of 2018, and the residential renewal project is officially approved. We have obtained the building permit in the second quarter of 2019, completed the relocation in the first quarter of 2020, and

completed the demolition work in the third quarter. As of the end of 2021, the underground structure project was still in progress. In September 2022, beamraising ceremony was organized, and up to the end of 2022, the structure construction was still under process.

(4) "BES Mingsenyuan" residential renewal project:

It submitted a review of the rights change plan in the fourth quarter of 2018; Right transfer was approved in the second quarter of 2020. As of the end of 2021, 100% consent has been obtained, and the relocation was completed in June 2022. As of the end of 2022, demolition work is still in progress. In September 2022, beam-raising ceremony was organized, and up to the end of 2022, the structure construction was still under process.

(5) "Chongyang Road Project in Nangang" residential renewal project:

The business plan was submitted for review in December, 2015. In the fourth quarter of year 2018, the project team meeting of business plan was held. In the fourth quarter of 2019, the review of the business plan was passed. The business plan is expected to be approved and announced in the third quarter of year 2020. As of the end of 2021, the right transfer review is still in progress. Up to the end of 2022, right conversion plan was under review.

- (6) Urban renewal project of the BES Cloud Universe Industrial Park:
 - In the fourth quarter of 2016, the business plan was submitted for review, and it was submitted to the business plan team meeting in the third quarter of year 2018; the urban renewal process completed the review process in the fourth quarter of year 2019. Expected to acquire construction license in February, 2020, initiate the demolish project in Q2 and construction project in Q4. In March 2021, design change was submitted for review. In December 2021, second urban renewal team meeting review was convened. In April 2021, public hearing was held. In May 2022, the design change review was approved. Up to the end of 2022, new construction license was still under application.
- (7) "BES Shulin Office Building" Urban Renewal Project: In November 2021, the qualification of the most optimal investor was obtained. In December 2021, the Company completed the contract signing with the New Taipei City government. Up to the end of 2022, the urban renewal scope application has been reported to the Department of Finance.
- (8) "BES Xing'an Street' Urban Renewal Project:
 In December 2022, the project development operation was completed. In June 2022, the urban renewal unit planning scope was submitted for review. Up to the end of 2022, the urban renewal unit planning scope was still under review.

Development of industrial zone:

1. Current industrial status and development of the industry

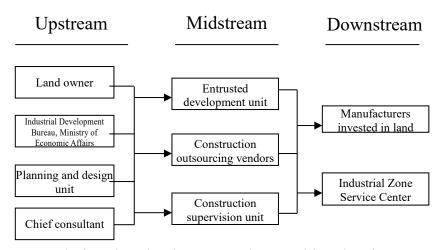
During the post-pandemic era, the global inflation, labor shortage and the numerous times of interest rate increase by the U.S. Fed have affected the significant increase of international raw materials, and the global economic growth slows down along with decreasing terminal demands, causing international cooperating manufacturers to face destocking pressure. In addition, as the post-pandemic restrictions are lifted, offices and schools are resuming back to physical operations, such that the demands for digital devices of tablets and computers decrease significantly. Consequently, as the electronic component and semiconductor industries are under the most severe impact, business operators are revising down their annual revenues. In 2022, due to the increase of interest rate by the central bank in Taiwan, and for the current year,

the accumulated increase of interest rate by the central bank was 0.6125, and the rediscount rate, accommodations against secured loans rate and short-term lending were increased to 1.75%, 2.125% and 4% respectively, and banks' loan lending criteria were also higher. Under the impact of numerous factors and political variable of the nine-in-one election held at the end of the year, business operators' willingness in factory expansion also changed from active purchase of land and investment in facility construction in 2021 to relatively conservative, and most of the investments in the factory expansion plans were also postponed.

With regard to the industrial real estate development, in comparison to the strong demands and transactions of industrial real estate throughout Taiwan during 2020~2021. According to the statistics of the foreign institution CBRE, the land and commercial real estate transaction amount for January~August 2022 was NT\$228.9 billion, a decline of 20.3% from the same period of 2021, and the total transaction amount also indicated an annual decrease of 28.5%. It was evident that the industrial real estate transaction activities in Taiwan indicated a decreasing trend gradually in 2022.

In view of the analysis of the above facts, the overall domestic industrial real estate was affected by the unfavorable factors of inflation, central bank's increase of interest rate and banks' tougher loan lending criteria, the overall industrial real estate transactions in 2023 will be slowed down, and as potential land purchase business operators have changed to adopt the conservative approach, the transaction period may also become longer, such that the future land transaction volume will be suppressed and the overall outlook is relatively conservative. Nevertheless, the buyers of the industrial real estate transactions in 2022 were mostly for self-use, and the purchase subject matters were industrial lands. Accordingly, the analysis indicates that the overall industrial land buyers are mainly self-use type of buyers planning for factory expansion, and there is rigid demand for self-use. Furthermore, as the land resources for industries in Taiwan are becoming scarce and more valuable, for the land sale at the Chung Hua Coastal Industrial Park, the overall project release and sales schedule and operation will need to adjusted, in order to continuously promote the land destocking for industrial zones.

2. Industrial upstream, midstream and downstream relations



3. Trend of product development and competition situation

According to the aforementioned industrial development and current status, the future economic and industrial outlook is relatively less optimistic, and business operators tend to be conservative when assessing their investments in factory constructions, such that the land demand may be affected. Nevertheless, some of the

business operators having the rigid demand for self-use, they are planning ahead and engage in investment action or seeking lands for purchase driven by the policies, such as the advantageous policies of the continuation of the industrial land policy white paper, active prevention of industrial zone land hype, guidance of illegal factories via legal improvements and action plan encouraging Taiwanese operators to return to Taiwan for investment with implementation extension of three years to the end of 2024. These policies are advantageous to the promotion of factory relocation of illegal factories, Taiwanese operators return to Taiwan and domestic operators' factory expansion, which can be served as the basis for the development of potential companies and customers.

In addition, to achieve the "Non-nuclear homes" policy by 2025 and net zero emissions by 2050, the government continues to actively develop renewable energies (offshore wind power, solar photovoltaic). Large offshore power farms are mostly centralized at Changhua region and other sea areas, such that the Chung Hua Coastal Industrial Park land sales has been driven to increase with greater diversity and better future outlook, which is beneficial to the Chung Hua Coastal Industrial Park land sales. However, to cope with the shortage industrial land, recently, the government has engaged in cooperation with Taiwan Sugar Corporation. As the Taiwan Sugar releases its farmland at the central and southern areas of Taiwan for the development of new industrial park, the number of competitors for the project in Chung Hua Coastal Industrial Park will be increased.

For overseas industries:

Take Vietnam and Myanmar as follows:

1.Vietnam

Vietnam has abundant of natural resources (gasoline, natural gas and coal). With its low labor cost, relatively high trade opening level and optimal geographical location as well as stable political situation, the country has attracted great foreign investments.

Vietnam's economy and infrastructure are relatively complete in comparison to other competing countries, and its one political party governance also achieves higher internal political stability. Under the trade war between the U.S. and China, Vietnam has benefited from corporates' supply chain moving out of China, such that the country's economic growth is optimistic.

According to the news announced by the Bureau of General Statistics in Vietnam on December 29, 2022, the GDP growth rate of Vietnam in 2022 reached 8.02%, a record high for the past 25 years.

The reason for Vietnam achieve such remarkable performance is mainly due to the benefits from the external (conflict between the U.S. and China) and internal (stable political and economic environments, sufficient labor force, abundant resources, optimal geographical location) great dynamics, making Vietnam the first choice for foreign investments.

2.Myanmar

Myanmar's industries mainly refer to gasoline, natural gas exploitation, small machine manufacturing, garment, wood processing, sugar manufacturing, basic foods, fishery products processing and plastic products. Its industry scale is still relatively low. Due to its long-term insularity and the impact of socialism, a lot of state owned factories cannot satisfy the modern needs. However, as the direct foreign investments increase, the importance of factories increases, accounting for approximately 35% of the its current GDP, and providing job employment for approximately 20% of its population.

Myanmar is a country gradually transforming from agricultural economy to industry and service for textile manufacturing export and tourism. However, due to its military coup in recent years, the economy of the country has been affected significantly.

Under the impacts of foreign investors leaving the country, travel and tourism industry slows down and internal political instability, Myanmar is still finding its way back to its original growth. Although the military government is fighting back the resistance and substantially controls the entire nation, Myanmar is expected to return to its development growth; however, the strength of such growth is far less than the past years.

In addition, due to the factor of global economic recession, the main export growth supporting the domestic economy is far less than its potential. As the internal political situation is still unstable, direct foreign investments become weak. Furthermore, the military government also imposes export restrictions (no issuance of export license), such that its economic growth potential will be significantly affected.

Nonetheless, Myanmar's demand for infrastructure is great, and the real estate market potential is also remarkable. Despite that the greater environment is relatively poor, business operators may gain outstanding lands at cheap price during such timing, such that when during the later development period, business operators will be able to create opportunities with low investment costs and high profits.

(III) Technology and R&D overview

Other than undertaking the public engineering projects, the company has been dedicated to the development of its own construction technology. The cost of construction can be effectively controlled and it actively integrates the existing technologies and resources to create higher value-added products with its innovation and R&D. Furthermore, the Company's R&D in the construction management of information technology system not only effectively improves the project timeline, cost, quantity control, it also simplifies the operation interface and related functions; it also expands the maintenance manpower, thus saving huge production costs; in addition, it has created the knowledge management and research system to retain the valuable experience and works for future learning.

The company is mainly dedicated to the construction business. The content of research and development is mainly to shorten the construction period, improve the construction method, reduce pollution and enhance efficiency. There is no patent right involved, and the improvement of production technology or the research and development department is founded by the Technology R&D Department to conduct research and the introduction of technology.

1. Research and development expenses for the most recent year, as of the printed out date of the annual report:

-			Unit: NT NTD in thousands
Year	Year 2022	Year 2021	Year 2020
Amount	30,838	27,113	24,849

2. Research and development results in the recent three years:

Serial numbe r	Research project	Research results
	Optimize construction	1. The functions and processes of the existing battalion management system are reviewed and planned, and a more

Serial numbe r	Research project	Research results
	management system functions and processes	comprehensive management and control mechanism is incorporated to produce useful information for management practices and provide reliable operational decision information for management reference. 2. Through optimized user experience, improve system operation efficiency, and ensure information input integrity and preservation.
2	Introduce the electronic signature system and enhance the effectiveness in the APP application of Google Enterprise Edition	 Introduce the electronic process signature system, and complete the online electronic signing process of procurement requisition and payment request. Promote the simplification procedures of platform, to provide convenience to the employees of the company. Create education and training platforms for mutual communication, coordination and fast learning of new knowledge, to significantly save costs of the company.
3		 Establish an audio and video instant command center to instantly grasp the on-site operation of each site. Create an instant command system of audio and video for interactive confirmation and information return. The system can be used to instantly video call to the supervisors of the company during the on-site operation via the system, to save traffic time and improve the work efficiency.
4	Establishment of a high-availability integrated private cloud architecture	 Plan a multi-circuit core network framework to build a high-availability integrated network framework to enhance the performance of the Company's IT system network and ensure the continuity of the Company's network despite a dysfunctional single switch node. Construct a high-availability private cloud architecture and establish a multi-host backup private cloud to improve the application of the Company's internal cloud services and provide system services that are not affected by anomaly in a single host with a high-availability system architecture.
5	Establishment of the smart site management mechanism	 For the purpose of accident prevention, the construction of electronic fences, guardrail detection, AR pre-service system, five AI identifications, etc., to help prevent on-site accidents. As for the quality of the project, portable photography equipment as well as fixed and movable cameras are introduced, to instantly communicate with the command center with the synchronous recording function, in order to instantly monitor the quality of construction.
6	Establish Intelligence Decision Making Platform	 With a highly visualized graphic interface, the information including the annual total revenue target of the Company, revenue of each site, health and safety, completed works without billing, procurement schedule management, among other things, are presented. KPIs are defined for the system logic to determine and send alerts, so that the real-time information management is done in the regards of project management in sites and the Company's operation. With GPS and maps, the real-time weather information in

Serial numbe r	Research project		Research results
			each site is presented, including temperature, wind speed, heat hazard index, among other things, as the reference for working conditions.
7	Setup of electronic bulletin board at construction sites	2.	Obtain the real-time climate information, such as temperature, humidity, and wind speed detected by the weather stations near the construction sites through the global positioning system (GPS), calculate the Heat Hazard Index, and present it on the electronic bulletin board. Arrange short videos on safety and health and construction guidelines to be played during the rest session, to strengthen safety education at the construction sites. Display the construction tasks of the day for the crew and supervisors and provide construction suggestions reminders after the construction tasks are analyzed through keywords.
8	Construction of overseas real estate information search system	2.	Use the web crawler program to collect information on overseas large land development projects and general construction projects to support the development of overseas land development business. Integrate Google Maps, Google Translate, and crawler programs and collect market information of real estates surrounding the key cities in the overseas developing countries for cost evaluation on land development.

3. The goals of research development plans and research condition in year 2023:

Project items	Actual research condition
-	
The function	1. Continuously optimize the functions and workflow of the existing
and process to	management system to generate practical information and provide
optimize the	reliable information of business decision-making for the reference of
construction	management.
management	2. Provide an integrated platform of engineering specifications and
system	documents via the applications of information technology, so to ensure
	that construction version is instantly updated and notified.
	1. To ensure the continuation of site management and gradual expansion to
	participation by all workers, the command center is expanded. The size
	of the video/audio display is enlarged, the central-control seats are added,
Expansion of	and a learning zone is set.
the command	2. By verifying multi sites through the large-sized display, with the
center	dashboard data for cross-verification, the progress is ensured.
	The verification center may conduct real-time verifications with multiple
	sites, and present data on the dashboard, to audit the progress, health,
	safety, and receivable status.
	1.On the basis of existing statistical analysis information of all departments
Optimize	on the intelligence decision making platform, the company continues to
Intelligence	improve and integrate cross-department information, stipulate warning
Decision	KPI, and presents abnormal information with different colors.
Making	2. Use the visualized presentation mode to present the SOP of departments
Platform	and the comprehensive corresponding actions and pros and cons and
	make timely adjustment in accordance with the current situation for the

Project items	Actual research condition
	judgment of providing decision making interconnection.
Optimization of overseas real estate information search system	 Optimize and improve the web crawler program to collect information on overseas large land development projects and general construction projects to support the development of overseas land development business. Establish an account and password mechanism and a back-end settings and permissions mechanism in response to the commercialization on the website to prepared for the development of relevant mechanisms with business models in the future.
Integration of AI information platform	 Through single entrance platform website, existing AI device identification, real estate information web crawler, job site access control systems are integrated. With the integrated platform, smart job site related management mechanism is provided, in order to achieve centralized platform management mechanism and to ensure job site labor safety. In the future, the Company will use this platform as the development basis in order to continuously develop greater smart job site, smart web crawler related Big Data applications. In addition, it will also be used as the integration of corporate internal AI applications, thereby in order increase management quality and to achieve greater corporate operational performance.

Plan review:

Project items	The current progress of the unfinished plans, the estimated launch time, the major factors affecting the research and development, expenses that need to be invested in the research and development
Building of a construction equipment rental module	 Re-develop the equipment rental business in response to the external operational needs of the new construction equipment rental unit, conduct systematic analysis, and include the results in the construction management system to replace the old rental system. Adopt a new control mechanism to manage the newly developed equipment rental module, to control the entire process, from equipment rental orders, rented equipment return, pricing to accounting voucher transfer, thereby managing equipment, pricing, and sign-off throughout the process, to ensure accurate control over equipment rental revenue. Appoint two additional system development talent and budget an amount of NT\$2 million as required.
Optimization of the smart site management mechanism	 Consider and research the new AI&IoT construction monitoring mechanism in the aspects of eliminating industrial accidents, monitoring the construction quality and speed up the construction process. Provide the instant update and feedback to ensure that all conditions in progress can be immediately responded and controlled. To cope with the labor policy of the government, the company plans to introduce labor health management platform. Apart from the general sobriety test, the blood pressure testing for aloft work to ensure the proper safety and health of construction site. It is estimated that one more integrated manpower and a budget of NT\$8 million are required.
_	1. To cope with the Company's real estate development strategy, it is
of customer	necessary to collect relevant information before, during and after sale from

relationship	customers based on the customer perspective; therefore, it is necessary to
management	implement customer relationship management system.
system	2. The main information to be collected refers to real-estate related
	information of potential customers, customer contracts, customer changes
	real estate sales, warranty and repair, such that through comprehensive
	customer information analysis, customer demands can be understood
	thereby increasing product and service quality, establishing reputation and
	achieving the outstanding real estate brand for the Company.
	3. It is expected that one more system development manpower and a budge
	of NT\$3 million are required.
	1. Integrate construction progress management related forms, BIM model,
	and achieve drawing and model as a whole for construction progress
Establishment	presentation via information integration.
of construction	2. Through the digital twin BIM model system architecture, it is able to linl
project	the construction project progress, safety and quality control, in order to
management	ensure that construction project can be completed timely with quality and
system	within budget.
	3. It is expected that one more system development manpower and a budge
	of NT\$5 million are required.
	1. Enterprise Information Portal (EIP) is the entrance of each system of the
	Company, capable of providing single sign-in mechanism for each
	system, electronic approval progress, and office staff contact
	information, etc.
	2. With the EIP revision, the enterprise office information can be improved
Enterprise	enterprise internal system information search and announcement/notice
Information	presentation can optimized, such that new employees are able to become
Portal (EIP)	familiar with their jobs swiftly, and the communication obstacles among
revision	existing staff can be reduced with transparent information.
icvision	3. The new version of EIP will use the latest technology module, such that
	the website user experience can be optimized and the operation
	performance can be improved while further increasing the website
	information security mechanism through the new technology.
	4. It is expected that two more system development manpower is required
	to perform the system development revision.

- 4. Future plan of research and development and the estimated investment in R&D:
 - Establishment of leasing modules for construction equipment.
 - Establishment of the smart site management mechanism.
 - Implementation of customer relationship management system
 - Establishment of construction project management system
 - Enterprise Information Portal (EIP) revision

The expected investment of R&D for the next year is NT\$18 million.

(IV) The long-term and short-term business development plan

- 1. The long-term business development plan
 - (1) Continue to develop the large and medium scale engineering projects.
 - (2) The Company plans to be continuously dedicated to our core business of construction business projects and external construction projects, and we are looking toward to be more professional and exquisite, with higher quality and innovation.
 - (3) The ratio of public engineering projects will be gradually adjusted, and we will continue to put effect in the urban renewal, civil construction and land development

- projects, so to expand the company's business domain and increase profits.
- (4) Reinforce the customer service team and enhance the concept, practices and scopes of after-sales service.
- (5) Based on the consideration of overall domestic manufacturing industries being affected by the factors of inflation, central bank's increase of interest rate and tougher criteria for bank loan lending, the overall industrial real estate transactions are expected to slow down and potential land purchasing business operators will postpone their purchase and evaluation in recent years. The Company holds 213 hectares of semi-developed lands at the Chung Hua Coastal Industrial Park, and will properly use the pre-registration system to provide relatively flexible factory construction schedule to land purchasing business operators, and will also continue to perform the three-integrated development mode of construction investment invitation, development and finance, thereby stabilizing the industrial zone land payment collection.
- (6) We will adopt new intelligent technologies and new construction methods to create intelligent construction sites and take zero accident and zero defect as the ultimate construction quality requirement, to improve the construction image by strengthening our construction team
- (7) We will establish a customer relationship management (CRM) system and adopt the customer-oriented service philosophy to reduce customer complaints and improve customers' satisfaction.
- (8) We will strive to achieve product differentiation with smart products (community platform systems, smart building, and facility management) and the unique of customization for each housing unit (interior design).
- (9) We will establish a new corporate brand image that features innovation (thoughtful product planning), professionalism (smart product design), quality (digitalization of construction quality data), and services (services provided on systems and platforms).
- (10) We will localize members of overseas subsidiaries to shorten the evaluation time for the feasibility of property development.

 We will integrate into the overseas local society and promote the development of the region, while strengthening our team's capabilities, building a quality brand image, and enhancing the concept, practice, and scope of one-stop service from development, design, engineering to sales.
- (11)We will help our subsidiaries to be financially independent and implement projects in Myanmar and Vietnam with the local funds (and initial earnings).
- (12)We aim to develop large industrial parks and plan to execute such projects in the course of 5 to 10 years.
 - a. Diversify the sources for obtaining lands or develop various "joint construction" and "joint venture" model to facilitate our development business.
 - b. Aim at medium- and large-sized land development projects.
- 2. The short-term business development plan
 - (1) The construction management effectiveness can be gradually discovered, and the practical management performance is recognized by business owners.
 - (2) With the priority of safety and environmental protection, as well as the quality of the construction project, to obtain business owner's recognition and increase the visibility of the BES brand by the comprehensive construction management methods.
 - (3) As for the short-term construction cases (the peer construction companies), we will implement them in a project-based manner and combine with the team's

- extensive experience in the construction industry to actively expand the services with peer construction companies.
- (4) Work with the architects and electromechanical manufacturers to integrate and expand the business in new plants of various industries.
- (5) In terms of internal management, we implement business operation reforms, reinforce the operation management, reduce construction costs, and undertake the public construction projects and maintain the growth in the construction industry with the Company's excellent reputation and advantage of large-scale engineering construction technology and professional engineering talents.
- (6) As for the short-term plan, we will continue to accelerate the announcement of our leasing and sale operations in the new districts, including the third and fourth phases of Lunwei West District 1. We will formulate sales strategies as per the situation of each district and adjust them flexibly in alignment with businesses' needs. We will adopt a tailor-made approach in line with the potential large land clients' needs. As for small- and medium-sized enterprises, we will launch small areas for different businesses to set up factories flexibly, diversify their product lines, and attract them to purchase land and invest.
- (7) We will expand the scope of products to be developed. In addition to the development of the existing residential housing project, we will actively participate in the bidding for the public office renovation projects and the development of the old factories around the BES Cloud Universe Industrial Park, thereby increase our visibility and business opportunities.
- (8) For overseas business development, the Company will actively engage in the establishment of relationships with the government and landlords, and will also seek cooperation with the local developers for joint project development. Furthermore, the Company will continue to adjust strategies for the existing deeply cultivated project sources, and to engage in negotiation with the landlords for projects with the most completely prepared regulatory documents, in order to obtain the project development.
- (9) We will aim at small development or construction projects in the course of five years on an annual basis

A. Vietnam

- (a) For the acquisition of Vietnam pre-plan company "Fu An Real Estate Co., Ltd." in December 2021, due to the landlord privately withdrew the equity purchase contract review from the Department of Investment and Planning, the Company has retained attorney to file litigation in order to force the landlord to perform contract obligations.
- (b) The Company participated in the "Danang Hejin Industrial Zone Phase 2" tender initiation in September 2022, and qualified for the phase 1 qualification review tender. There are two-thirds of tenderers qualified the qualification review, and further announcement from the Danang Industrial Bureau is yet to be made.
- (c) The project of Quan Nam Tu Liem Meiting Erfeng of 0.45 hectare in West Lake, Hanoi, Vietnam is under continuous negotiation, and we will develop the optimal development plan as per the overall progress and the business owner's progress.
- B. As for Myanmar, we will continue to monitor the development of the political situation and seek opportunities to buy cheap and well-located land as a stepping stone for subsequent development.

II. The market and production and sales overview:

(I) Market analysis:

1. The sales area of the company's main products:

The company's main products are construction projects for public construction contract projects. In 2022, the private construction projects accounted for about 7.80% of the total contract amount of the Company. The area of project contracts is shown as follows:

Year	The construction area (%)									
	Northern	Central	Southern	Eastern						
2022	83.52%	8.75%	7.73%	-						
2021	86.52%	8.18%	5.3%	-						
2020	84.17%	9.49%	6.34%	-						
2019	78.15%	9.79%	12.06%	-						
2018	90.25%	-	9.75%	-						
2017	69.93%	3.26%	26.81%	-						
2016	82.7%	10.7%	7.3%	-						

2. Current market share:

The company's current share of public construction projects (over 500 million) is as follows:

Year	Government project released (NTD in thousands)	The company's contracts (NTD in thousands)	Market share
2022	459,600,000	15,554,538	3.38%
2021	436,600,000	14,924,705	3.42%
2020	467,000,000	12,517,171	2.68%
2019	392,700,000	23,589,251	6.01%
2018	338,300,000	22,195,977	6.56%
2017	301,200,000	16,162,400	5.37%
2016	177,241,000	9,747,698	5.50%

3. The supply and demand conditions and growth of the market in the future:

The total budget for 2023 includes NT\$172.5 billion for public construction and design, an increase of NT\$34.5 billion yuan or about 25% over 2022, mainly due to the addition of NT\$3.4 billion for the provincial road improvement plan and NT\$1.8 billion for the sixth phase of sewage sewer construction NT\$1.8 billion for the development plan of the sea patrol ship, NT\$1.6 billion for the Da'an Dajia River Unicom Pipeline Project, and NT\$12 billion for the construction plan of the third terminal area for the Taoyuan International Airport Company. The total budget listed above is NT\$172.5 billion, plus the 83.2 billion yuan special budget for the fourth phase of the forward-looking infrastructure construction plan, a total of NT\$255.7 billion, an increase of NT\$32 billion from the same basis in 2022, an increase of about 14.3%. Together with operating and non-operating special funds of NT\$341.5 billion, the total is NT\$597.2 billion, an increase of NT\$145.7 billion or about 32.3% over the same basis in 2022. In summary, the overall public construction quota in 2022 is expected to remain stable.

4. Advantages and disadvantages for the future development

Item	Favorable factor	Unfavorable factors
Item	large-scale construction groups to enter the international engineering market in the future. 2. By contracting with foreign companies, we will have the opportunity to learn the advanced	level has not been enhanced. 2. Most of the domestic construction companies do not have sufficient management capabilities.
	foreign construction methods and techniques.	

5. Analysis of the overall strengths and weaknesses of the company

Item	Advantage	Disadvantage
Manpower	manpower in the group.	High employee turnover rates and increase the learning costs. The basic level professional manpower and basic level labors are insufficient.
Financial ability	 The problem of advance payment of funds in the industrial zone has been valued by the government. The increase in rental income in the industrial zone will help in the fund recovery. Interest rates are decreasing year by year and it lower the burden of interest. 	 The banking industry is still very conserved in its policy for the construction industry. The issue of advance payment of funds in the industrial zone has not been resolved, which impacts the usage of funds.
Operation management	 Implementation of management reforms to be in the construction industry. Introduction of information technology system to the company to improve the efficiency of business management. 	The cost still cannot be significantly reduced and operating costs are still high. Cooperate with suppliers to share risks and reduce operating costs.
Technology R & D	Experience in large-scale engineering projects and	Lack of patented construction technique. Lack of factory and high-rise hotel building experience.
Competitiveness	and technique, and recognizedby the proprietor.3. Good reputation in the	 The foreign companies are taking over the construction market with their advanced engineering methods. Some local construction vendors actively participate in large-scale public construction projects with their advantage of management costs. Winning less Golden Safety Awards and Golden Quality Awards is the

the public and private sectors.	disadvantage for tendering the projects
4. The company has a solid	adopting most advantageous tender.
financial status.	

6. Analysis of peer companies:

the statistics table of construction manufacturers

Year	Class A	Class B	Class C	Total
2016	2,580	1,196	6,679	10,455
2017	2,670	1,227	6,873	10,770
2018	2,765	1,232	6,936	10,933
2019	2,845	1,243	7,057	11,145
2020	2,956	1,228	7,192	11,376
2021	3,051	1,228	7,303	11,582
2022	3,122	1,231	7,433	11,768

Source: Construction Agency, Ministry of the Interior http://www.cpami.gov.tw

7. Future perspective

- (1)Be persistent in the industry, reinforce project management and increase construction competitiveness and operational performance.
- (2) Actively invest in projects such as urban renewal, industrial zone, real estate development, etc., to enhance the company's profit.
- (3) Integrate the reinvested business to enhance the efficiency of investment.
- (4) Actively expand the Southeast Asian market to be in line with the Group's comprehensive strategy.

(II) Important usage of the main products and production process

- 1.Main products and usages
 - (1) Civil engineering projects: all civil engineering projects include roads, bridges, tunnels, dams, airports, harbors, railway engineering, MRT engineering projects, environmental protection engineering projects, etc.
 - (2) Construction projects: all construction projects include national residence construction, commercial buildings, technology factories, recreational and entertainment industry, hospitals, etc.
 - (3) Electromechanical engineering: water supply, electrical appliances, lighting, air conditioning, electricity (support) ladders, fire safety equipment and other projects.
 - (4) Development of industrial zone.
 - (5) Urban renewal projects.
 - (6) Joint development projects of the MRT station.
- 2. Process of product production:
 - (1)Undertake engineering contracts:

Business Development \rightarrow Valuation process \rightarrow Bidding (price negotiation) \rightarrow Budget of construction \rightarrow Construction Plan \rightarrow Manpower allocation, purchase of machine tools and materials (Implementation of budget) \rightarrow Construction Management \rightarrow Completion and settlement \rightarrow Review upon completion.

(2) Urban renewal projects:

The initiation and integration of business case \rightarrow update of the unit \rightarrow urban renewal summary \rightarrow urban renewal \rightarrow business plan \rightarrow plan for change of rights in urban renewal \rightarrow announcement and implementation of urban renewal \rightarrow engineering construction \rightarrow registration of property rights \rightarrow house handover \rightarrow update the renewal business plan upon the completion of the project.

3. Supply condition of the main raw materials:

Other than some of the requirements in the contracts, the company has cooperated with the long-term suppliers for the following: steel, concrete, structural steel, cement,

sand, floor tiles, aluminum curtains, products of stainless steel, pre-set systems, cement products, plastic pipes, paints, cables and wires, etc., hence the cost of these material supply is relatively stable.

4. Industrial upstream, midstream and downstream relations

Construction enterprise is part of the Construction Industry. The main business sources are public engineering, civil construction investment companies, and construction projects from public and private sectors, so the downstream of this industry includes government, public and private sectors, and civil construction companies while the upstream includes iron and steel industry, cement industry, sand and gravel industry, electrical industry, and engineering design companies.

5. Development trend of the product of the industry

The government continues to promote significant public constructions. Since they require higher technology threshold and financial capacity, they have become the battlefield for large construction companies. The construction industry has entered the era of larger companies grow larger. The large construction companies bring the operation efficiency into play by strictly controlling costs during the construction process, enhancing construction site management, and developing new construction methods.

The important development trends for the construction industry in the future are as follows:

- (1) Introduction of the turnkey model:
 - The traditional item-sub-contracting structure can no longer satisfy the needs of the clients. The comprehensive engineering service company's capabilities and characteristics can provide the comprehensive and holistic professional engineering services responding to market demands. With increasing disputes and time pressures of new construction projects, the engineering industry actively thinks about introducing the new "outsourcing strategy" to resolve these issues. Therefore, the "turn-key" model that has been adopted in foreign countries for many years is introduced to Taiwan, aiming to mitigate the impacts from the streamlining of governmental staff to the public construction projects, to proceed on time with quality.
- (2) Contracted Constructions become internationalized and larger:

 After Taiwan joined the World Trade Organization, the domestic market has been opened to the foreign construction companies to enter for fair competition. To respond to this trend, the domestic players will also strengthen the company by cooperating with foreign companies in Taiwan or exploring international markets and foreign local players in response to this trend. Competitiveness. In response to the increase in global demand, the supply volume needs to be relatively increased. In view of the economies of scale, various engineering companies are also vying to upgrade their technology for large-scale projects. In response to the increase in global demand, the supply volume needs to be relatively increased. In view of the economies of scale, various engineering companies are also vying to upgrade their technology for large-scale projects.
- (3) Emphasis on research and development
 As the construction industry develops toward to the large scale, under the fierce
 market competition, technology research and development work is bound to be
 gradually valued. The Company develops new work methods, new materials, and
 provide customers with multiple added value, while providing design ideas to reduce
 costs, in order to improve their competitiveness in the market, and establish the
 differentiated direction of efforts for each engineering company.
- (4) Establish an exclusive construction brand

Establishing dialogues between people, art and the environment, as well as the brand value of the Company is not only the demands of purchasers for quality improvements regarding the living environment including the building design, internal layout, building materials, equipment and public facilities, but also the safety demands of consumers for their home. The Company stays true to the concept of human-oriented and the environmental, while upgrading the demands of consumers, for the product planning, the new products are launched according to "artistic," "innovative," "practical" and "humanity" to meet market demands; the after-sales service is also strengthened to stablish the brand awareness in the minds of consumers.

(5) Global position for the international market

With the boundary-less internet, the international global village era comes; the planning and design of architectural product follow the trend of the world, and is no longer confined to specific regions. The cross-border real estate transactions have become more convenient, and the Taiwanese real estate market will also step forward to the international open market, and thus further promotes the formation of a common circulation platform for the real estate market in the Asia-Pacific region and four markets crossed the straight. Therefore, the company will be globally deployed to the international market and launch real estate products.

6. Product competition

The main business of the company is contracting and building public constructions, and the company is taking the leading role in the domestic Contracting Construction industry. The corporate image and construction quality have been recognized by the industry and government, which makes the company competitive in the industry. The scale of public engineering expands, it is expected that the company's growth will continue to increase with a great momentum. Among the top 20 construction companies, our main competitors include the TWSE listed Continental Engineering, CTCI, DACIN Construction, KSECO, and Newasia Construction and TPEx listed Te Chang Construction.

(III) Availability of the main raw materials:

		Year 2018			Year 2019			Year 2020			Year 2021		O.	11t: New Taiwan L Year 2022	Jonai
Main ingredient	Total purchase amount	The average of unit price	Main supplier	Total purchase amount	The average of unit price	Main supplier	Total purchase amount	The average of unit price	Main supplier	Total purchase amount	The average of unit price	Main supplier	Total purchase amount	The average of unit price	Main supplier
High tension (420)		18,505 NTD/T	Donghe Fengxing Higuan Luodong	643,730,600	16,925 NTD/T	Donghe Fengxing Higuan Luodong	873,258,750	15,431 NTD/T	Donghe Fengxing Higuan Luodong	1,102,269,250	20,852 NTD/T	Tung Ho Fengxing Higuan Luodong Shyeh Sheng Fuat	358,344,650	22,318 NTD/T	Tung Ho Fengxing
Medium tension (280)	145,675,100	17,705 NTD/T		10,114,900	16,184 NTD/T		63,554,500	14,661 NTD/T		106,966,300	20,367 NTD/T		57,534,100	20,929 NTD/T	Chihi Weichih
Others															
Total	2,006,503,900			653,845,500			936,813,250			1,209,235,550			415,878,750		
Type I cement Type II cement	1,355,990 1,161,000	152 NTD/Bag 180 NTD/Bag		1,043,716 1,161,000	157 NTD/Bag 180 NTD/Bag	Youni, Shunchen	3,924,800	163 NTD/Bag		1,195,934	171 NTD/Bag		5,634,735	194 NTD/Bag	
Others (high-early-strength concrete)	367,500	1,050 NTD/Bag	Youni Chengzhou Yiqing	1,161,000	160 N1D/Dag	Songchi, Sengli			Songchi, Shuncheng			Songchi Jinyuanxin			Songchi Chengzho
Total	2,884,490		Taiwan PonJi	2,204,716		Lianxin, Heshun Jueyao Jinyuanxi n	3,924,800		Jueyao	1,195,934		Chengzhou	5,634,735		u
Ingredients ≥ rocks, pebbles	252,150,475														
Fine aggregate			YongLi Chengzhou									Jinsa	0.4.000	4.500.33000.4.0	Jinsa, Chesheng,
Thick aggregate Construction sand	254,400		Jinsa						1	536,580	660 NTD/m3		84,000 785,400	1,500 NTD/m3 1,050 NTD/m3	Tshsiang
Total	252,404,875									536,580		Tshsiang,	869,400		
Pre-mixed concrete	1,230,509,748		Shintadin WuXiong, Gouchen Ronggong, Tshsiang Xinyi, Guoshun Guopu, Hexing GinCheng	2,560,854,468	280 kgf/cm2 Northern: 2,057 NTD/m3 Central: 1,720 NTD/m3	WuXiong, Gouchen Ronggong, Tshsiang Xinyi, Guoshun Guopu, Hexing Yichang, GinCheng Lihung, Yungchen	2,233,230,720	280kgf/cm2 (1) Northern 2.129 NTD/m3 (2) Southern: 2,100 NTD/m3	Changlu and Guopu Tshsiang, Gouchen GinCheng, Hexing Ronggong, Guoshun YuNan, Xinyi Wushung Xinsanya	2,234,346,830	280kgf/cm2 Northern 2,396 NTD/m3	Yon Shai Yungchu, YuNan Mork, Jiangfeng Songda, Wushung Hsin I, Xutian Yichang, Gouchen Guopu, Guoshun Ronggong, Qinghuang GinCheng	2,104,098,862	280kgf/cm2 (1) Northern 3,364 NTD/m3 (2) Central: 1.889 NTD/m3 (3) Southern: 2,652 NTD/m3	Tshsiang, Yungchu, YuNan Mork, Songda, Wushung Hsin I, Yichang, Gouchen Guopu, Guoshun Ronggong GinCheng Xinsanya, Hongrong.
Asphalt concrete	90,716,566		ChengHon g, YongLi Guowui, Liron Zhonglu	243,756,154	any includes RS and	YongLi Shengkun g Kanghung	336,613,612	(1) Dense-graded asphalt concrete: 4,230 NTD/m3 (2) Renewed asphalt concrete (Dense-graded asphalt concrete with 30% of renewable materials): 3,449 NTD/m3	Liron, Longshin Changyu, Sanhsia ShiXun, Jingfeng Shengkung , Linruei Jiangfeng, YongLi Wancheng, Hsinyu Jifeng, Changchen g Changmao, Chouyi	326,439,690	Dense-graded asphalt concrete: 6,661 NTD/m3 ·	Sanhsia, YongLi Jiangfeng, Jifeng Wancheng, Limming Hsinyu, Xinshu Changchen g, Weixin Goumei, Shengyang Luhe, Jingfeng Changmao, Liron	100,047,522	asphalt concrete with 30% of renewable materials): 3,461 NTD/m3 °	Sanhsia, Jiangfeng Jiding, Hsinyu, Songwan, Liron, Yuwei, Changmac, , Longshir

Description: 1. The major procurement of the bulk materials of the Company includes RS and concrete. The regional and local vendors bid their quotes, and the HQ procures via tenders, to supply materials to the contractors.

2. The pre-mixed concrete has different compression strength; the 280kgf/cm2 is taken as the benchmark for the unit price reference. For the asphalt concrete, the unit price is unable to be calculated as the conditions in each region and nature are different.

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(IV) A list of any suppliers and clients accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

Information of the main suppliers in the recent two years

Unit: NT\$ thousands

	Year 2021				Year 2022				2023 up to March 31			
Item	Name	Amount	Percentage of the net amount for the full year procurement (%)	Relationship with the issuer	Name	Amount	Percentage of the net amount for the full year procurement (%)	Relationshin	Name	Amount	Percentage of the net amount for the full year procurement (%)	Relationship with the issuer
1					JIANG-FENG Constuction CO., LTD.	2,224,966	16.22					
	Others	16,856,799	100.00		Others		83.78		Not applicable			
	Net amount of procurement	16,856,799	100.00		Net amount of procurement	13,715,550	100.00					

Note: More than 10% of the total purchases of individual suppliers.

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Information of the main clients for sale in the recent two years

Unit: NT\$ thousands

	Year 2021			Year 2022				2023 up to March 31			
Item	Name		Percentage of the net amount for the full year sales (%)		Name	Amount	Percentage of the net amount for the full year sales (%)	Relationship	Name	Amount	Percentage of the net amount for the full year sales (%) Relationship with the issuer
1	Water Resources Agency, Ministry of Economic Affairs	4,106,857	23.88	None	Water Resources Agency, Ministry of Economic Affairs	4, 341,587	23.76	None			
2				None	Department of Rapid Transit Systems, Taoyuan City Government	2,756,542	18.26	None		Not applicable	
	Others	13,089,828	76.12		Others	7,995,243	52.98				
	Net Sales	17,196,685	100.00		Net Sales	15,093,372	100.00				

Reason of increase/decrease: the Company engages contracted construction, and the operating revenues are recognized with the completion proportion method for each project. As the invested cost and progress differs for each project in the year, the recognized operating revenues vary as well.

(V) Volume and value of production for the recent two years

Volume and value of production for the recent two years

Unit: NTD in thousands

Itama	Year 20)22	Year 2021			
Item	Amount	%	Amount	%		
Civil engineering	7,060,912	51.48	9,304,433	55.20		
Construction engineering	2,608,434	19.02	4,339,283	25.74		
Electromechanical engineering	1,540,954	11.24	232,664	1.38		
Development engineering project	1,010,640	7.37	594,706	3.53		
Real estate sales	197,957	1.44	1,002,976	5.94		
Other operating costs	1,296,653	9.45	1,382,737	8.21		
Total	13,715,550	100.00	16,856,799	100.00		

Note: The items and standards of each contracted project vary depending on the different requirements of the clients; therefore other than the production value, the capacity and volume are unable to be expressed.

(VI) Volume and value of sales for the recent two years

Volume and value of sales for the recent two years

Unit: NTD in thousands

T4	Year 2022		Year 2021		
Item	Amount	%	Amount	%	
Civil engineering	7,994,776	52.96	9,073,093	52.76	
Construction engineering	2,772,070	18.37	4,609,507	26.80	
Electromechanical engineering	1,648,036	10.92	261,509	1.52	
Development engineering project	1,106,321	7.33	615,940	3.59	
Real estate sales	250,194	1.66	1,237,815	7.20	
Other operating costs	1,321,975	8.76	1,398,821	8.13	
Total	15,093,372	100.00	17,196,685	100.00	

Note: The items and standards of each contracted project vary depending on the different requirements of the clients; therefore other than the production value, the capacity and volume are unable to be expressed.

III. The number of employees, average of service years, average age and academic background of employees in the recent two years and as of the printed out date of the annual report.

Year		Year 2021 Year 2022		As of the date March.31.2023 (Note)
The	General staff	206	215	218
	Technical staff	648	736	798
employees	Total	854	951	1016
Avei	rage age	41.86	41.99	42.04
Average of	f service years	6.65	6.2	6.21
Ratio of	PHD.	0.47%	0.32%	0.30%
	Master	17.33%	16.93%	15.94%
academic background	College	74.82%	74.76%	74.51%
background	High school	5.97%	6.31%	7.78%

of	Under high	1.41%	1 600%	1 /100/
employees	school	1.41/0	1.08%	1.48%

Note: The annual information shall be filled out, as of the printed out date of the annual report:

IV. The expenditure of environmental protection

(I) The total lost and disposal amount due to the environmental pollution in the most recent year:

	ш.			
Period Content	Year 2023 (as of the end of March)	Year 2022	Year 2021	Total
Pollution status - type -level	Violation of road cleanness, air, water and noise pollution Mild	Violation of road cleanness, air, water and noise pollution Mild	Violation of road cleanness, air, water and noise pollution Mild	-
Subject of compensation Or the disciplinary unit	Engineering Office Local environmental protection agency	Engineering Office Local environmental protection agency	Engineering Office Local environmental protection agency	-
Compensation	total of 1 instance	total of 12 instances	total of 8 instances	21 instances
amount or disposition status	Fine 37,500 dollars	Fine 415,400 dollars	Fine 826,000 dollars	1,278,900 dollars
Other losses	None	None	None	-

- (II) The response measures and possible expenditures in the future:
 - 1. It is expected to adopt the improvement measures
 - (1)Improvement plan
 - A.Reinforce the promotion of environmental awareness and manage the contractors for the pollution prevention and control at various construction sites, as well as implementation of low-pollution methods and purchase low-pollution construction tools.
 - B. Conduct regular and irregular site assessments of environmental protection and reward the site to improve the environmental protection.
 - C. Before the work is operated, the risk assessment shall be conducted according to the requirements of the company's management system ISO14001, so that the various environmental protection regulations can be implemented to reduce the risk and impact on the environment.
 - D.Use the low-pollution and low-noise construction facility and equipment.
 - E. Found a special unit to supervise the results of implementation on each site.
 - F. The head office conducts the 6S environment cleaning assessment of each Engineering construction office, so that the engineers will be aware of the environment, manage and maintain the environment at workplace. As the company is facing the challenges in the operating environment, it is expected that all employees to work hard to break through the bottlenecks, so to create a highly efficient working environment and enhance the competitiveness as well as the safety of personnel and work quality and efficiency.
 - G. In response to the Company's ESG policy, the Company promotes carbon footprint inspection and is committed to the reduction of carbon. After data analysis, the Company has established carbon reduction strategy and efficiency improvement, in order to achieve the goal of sustainable operation and net zero carbon emissions.

(2) Estimated environmental capital expenditure for the next three years

	<u> </u>		
Year Content	Year 2023	Year 2024	Year 2025
The proposed purchase of pollution prevention equipment or expenditure	 A. Include a budget for safety, health and environmental maintenance for each project. B. It is mainly used for vehicle washes, water pools, rental sprinklers, purchasing car wash equipment, sewage treatment equipment, environmental measuring instruments and reducing noise, measures of sound insulation and ecological conservation monitoring, etc. 	Same as the left	Same as the left
Expected improvement	Reduce environmental pollution	Same as the left	Same as the left
Amount	10,000 NTD in thousands	10,000 NTD in thousands	10,000 NTD in thousands

(3) Impact after the improvement

	±		
Year Content	Year 2023	Year 2024	Year 2025
Impact on the net profit	Reduce the general public's complaints, fines, and increase the depreciation fee of equipment.	Same as the left	Same as the left
Expected improvement	Enhance the corporate image which is beneficial to the progress of the project.		Same as the left

(III) Maintenance measures of the work environment:

- 1. Comply with the relevant laws and regulations.
- 2.Each project shall be subject to stipulate applicable plan for the environmental maintenance, waste cleaning, and wastewater handing at the construction site.
- 3.Request the contractors to comply with relevant environmental regulations and pay attention to the cleanness of the construction environment.
- 4.In order to reduce air pollution at the construction site, the vendors are requested to install a filter or a smoke evacuator to reduce the generation of pollution sources and reduce the sound sources to create a good working environment.
- 5.To reduce the noise pollution from the construction machines, the vendors are required to apply the low-noise machine, or low-noise methods. Because the machines tend to create noise and vibrations, the buffers are added at the bases or change the working period, to reduce the generation of noise source and create a good operating environment.
- 6. Conduct environmental measurements and record the data.
- 7. The exhumed soils in the open air digging operation are covered by canvas or straws and the passage roads are sprinkled with water to avoid dusts from being blown in the air.
- 8.In the ecology protection zone, ecology monitoring is conducted pursuant to environmental protection project.
- 9. We stick with our environmental impact assessment commitments and pay attention to the breeding season of animals and plants, while setting up artificial nest boxes in the trees at the construction sites for birds to inhabit.
- 10. We set up monitoring devices for air pollution control facilities (PM2.5, PM10, and temperature and humidity meters).

11. During construction, the life cycle method is considered to select the operation technique, and the greenhouse gas emissions generated by Categories 1 and 2 of each engineering office are included in the carbon inspection calculation.

V. Labor relations:

- (I) The company's various employee welfare, advanced studies, training, retirement system and the implementation, and the agreement between labor and the company regarding to the employee rights are as follows:
 - 1. We set up "Employee welfare committee BES foundation" along with "Employee welfare committee BES foundation donation code", "Employee welfare committee BES foundation operation bylaws", "Employee welfare committee encouraging construction material scrap collection and sorting precautions", "Employee welfare committee BES foundation scholarship guidelines" and "Employee welfare committee BES foundation employee entertainment program promotion guidelines" according to the "Employee welfare guidelines" for the committee's conducting individual welfare and entertainment measures, such as the employee rewards of NT\$3,000 to NT\$15,000 on the Spring Festival and the Dragon Boat Festival each year. The Staff Welfare Committee awarded a total of scholarships NT\$859,500 in 2022. In addition, in order to take care of the employees' safety at the work site, the company has insured all employees with group insurance of life insurance for 2 million dollars per person and 2 million dollars of accident insurance.
 - 2. The Company has stipulated the "Employee bonus and offers". The 2022 shareholders' meeting approved the amount of NT\$51,604,954 for employees' remuneration in the 2021 earnings distribution proposal. Based on the estimation as per employees' rankings and performance, the amount of 2021 employees' remuneration is between NT\$1,700 and NT\$496,000 per person. The top ten employees receiving the most employees' remuneration are Manager Wang,Guo-Xi; Manager Chiu, Yung-Tsai; Vice President Yang, Mei-Yuan; Vice President Wang, Ting-Tze; Associate Manager Liao, Shu-Liang; Associate Manager Cheng, An-Tzu; Associate Manager Huang, Ting-Chien; Manager Li, Chen-Ming; Manager Kuo, Hung-Cheng; Manager Chang, Ta-Chun; Manager Chi, Yun-Chong; Manager Yu, Chen-Er the total amount of NT\$3,004,113.
 - 3. The company has stipulated the "Employees Training Method" to conduct the training of employees. The main specifications are as follows:
 - (1) Training category
 - A.New employees training:

Introduce the company's history, organization, business operation philosophy, future development and the rights of employees, so that the new employees have basic knowledge of the company.

B. General training for the employees:

Provide general education courses for employees according to their duties, so that they can have knowledge and basic work ability, which is beneficial to their future career planning.

C. Professional training for the employees:

Provide a variety of courses in professional knowledge, technical or practical experience for employees to improve their professional competence and enhance their job performance.

D. Supervisor training:

Offer courses of leadership theory, management knowledge and company policies to supervisors of all levels or someone who has the potential, so to enhance their management capabilities and reserve excellent management talents for the company.

E. Internal lecturer training:

For outstanding employees who have practical experience and are willing to teach; provide related courses that are necessary for becoming lecturers to cultivate internal lecturers for passing on the professional skills and experience.

F. Foreign language training:

For those employees who are interested or have the business needs to study the language and provide them with the relevant language courses, so that they can improve their language ability for the company's business development.

(2) Training methods

It refers to the training course that considers the conditions of the subjects, number of people and the conduct methods. Its categories are as the following: ① Self-held: the internal organizers of the company will focus on the training of the related employees. ② Outsourced for training: for the courses that are more economical or more effective to use external training courses according to the goals of the company or the laws and regulations ③ Training assignment: Assign individuals from various units to participate in training provided by external professional institutions, schools or training units.

- 4. In 2022 the Company had 116 training sessions held by ourselves or third parties and 404 external training sessions, in the total amount of NT\$3,756,400.
- 5. The Company's main self-organized and outsourced general knowledge and professional training courses in 2022 are as follows:
 - (1) In December 2022, to enhance the management functions of management job positions, the Company self-organized 5 courses for a total of 10 sessions of the "Management Function Training Series" courses, and the topics included "teamwork and leadership", "PDCA management cycle with improvement of work execution power", "tips to project management", "high performance team establishment" and "logical thinking and decision making".
 - (2) In October 2022, the Company self-organized the "Project Management Decision Making Chapter" course to enhance the employees' project management ability.
 - (3) In July and August 2022, the Company self-organized the courses of 1st session of "Your lunch date with a nutritionist", 1st session of "Exercise at home, healthy diet", 1st session of "Recommendation and introduction to exercise for different ages", "Secret to eating out", and 1st session of "COVID-19 confirmed case post-COVID-19 symptoms and prevention" to increase the Company employees' health awareness.
 - (4) In November, and December of 2022, we offered the Occupational Safety Card class 12 times to increase employees' awareness of labor safety.
 - (5) In April~December 2022, in response to the global carbon emission trend and energy transformation, the Company introduced carbon emission related courses and organized the courses "2030/2050 net zero emissions_global enterprises' sustainability challenges and opportunities", "Global response strategy under net carbon emissions", "Industrial energy transformation demands under global carbon reduction trend", "Hydrogenic energy application trend under net zero transformation", "Introduction to ESG".
- 6. The main external professional training courses participated by the company's professionals in 2022 include the following:
 - (1) "220 hours training of site supervisor in the construction industry " for 11 training person counts, the professional training institutions include the following: the ROC National Construction Industry Site Association, Contractors

- Development Foundation, Chung Yuan Christian University, Taipei City Constructor Interest Promotion Foundation, Feng Chia University, and ROC Productivity Center, etc.
- (2) The "quality management personnel training for the public construction projects" for 77 training person counts, the training institutions include the following: National Central University, ROC Productivity Center, Taipei University of Science and Technology, Promotion and Education Division of Chung Yuan Christian University, Adult Education Department of Tamkang University, National Chung Hsing University and Kaohsiung Professional Civil Engineers Association, etc.
- (3) The "labor safety and health management training courses" for 222 training person counts, the training institutions include the following: China Institute of Occupational Skills Development, ROC Safety and Health Development Association, ROC National Occupational Safety and Health Association, ROC Labor Safety and Health Management Association, Taiwan Industry and Commerce Safety and Health Association, the Republic of China Labor Education Association, and Industrial Safety and Health Association, China Productivity Center, etc.
- 7. The Company is a publicly listed company. To particularly enhance the professional quality of auditors, the Company assigns personnel to participate in various training organized by relevant institutions. In 2022, the Company assigned internal auditors to participate in the following professional trainings: Auditor Chih-Hsun Su was assigned to participate in the courses of "Analysis of latest domestic corporate governance trend and implementation of control environment execution" and "Commercial contract management and audit practice" organized by the Institute of Internal Auditors, ROC; Auditor Hsu-Ying Hsieh was assigned to participate in the courses of "Corporate fraud detection and prevention practice: legal liability, identification and Big Data analysis" organized by the Accounting Research and Development Foundation, and "Discussion on impact on corporate internal control and response measure from ESG risk aspect under the climate change and sustainable development trend" organized by the Institute of Internal Auditors, ROC; Auditor Yun Chou was assigned to participate in the courses of "Practice and analysis of "financial report" review common deficiency and important internal control regulations" organized by the Accounting Research and Development Foundation, and the "Analysis and audit focus for regulations of board of directors and functional committees (audit, remuneration)" organized by the Institute of Internal Auditors, ROC.
- 8. The training courses of corporate governance participated by the company's supervisors are as follows:

 On November 24, 2022, Yu-Ming Su, the manager of the accounting department, participated in the "Training Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges" organized by the ROC Accounting Research and Development Foundation, with a total of 12 hours.
- 9. The Company has stipulated the "Organization Rules of the Labor Retirement Subsidy Supervision Committee "and "Employees Retirement and Remuneration and the Severance Measures" and create the "Labor Retirement Reserves Supervisory Committee," in accordance with the "Labor Act" and the "Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds," to supervise the provision and manage the retirement reserve of the employees. The company also conduct the retirement, severance pay and pension matters of the employees in accordance with the law. In 2022, there are 7 people retired and 11

people at the retirement age from the company.

- 10. According to the "Labor Union Act" and the "Implementation Rules of Labor Union Act," the company's employees stipulated the "Work Rules of the Employees' Welfare Committee of BES Engineering Corporation" and founded the Labor Union. The representative of Labor Union was selected according to the "Member Representative Organization Rules of the BES Engineering Corporation" and the attending representatives selected the directors, backup directors, supervisors and backup supervisors according to the "Labor Union Supervisor Election Method of BES Engineering Corporation" by the anonymous method. The Labor Union regularly hold board and members' meetings. The company assigns relevant business executives to attend the meetings so that the labor and the company will have an open communication to maintain the employees' rights and interests.
- (II) The losses caused by the labor disputes in recent years and the corresponding measures that may be adopted due to the losses in labor disputes at present and in the future:

The company has not suffered losses due to the labor disputes in recent years. In order to establish a harmonious relationship between labor and the company, any company's policies and regulations will be communicated with employees or labor union before announcement, so that the employees can closely work together with the company to create surpluses for the company.

(III) Employee Code of Conduct and Ethics

- 1. The company has stipulated the "Employee Code of Conduct" as the guidelines for the company's directors, supervisors, managers and all employees to follow, and its main contents are as follows:
 - (1) All employees' behaviors should be honest and ethical, especially when there is a conflict of interest with their duties.
 - (2) The company's confidential business operations and information should be kept confidential.
 - (3) The periodic report should be disclosed and presented in a comprehensive, fair, proper, timely and easy-to-understand manner.
 - (4) Treat customers, suppliers and competitors in a fair manner.
 - (5) Protect the company's assets for effective usage.
 - (6) Comply with the government's laws and regulations, including laws and regulations related to insider trading.
 - (7) When there is a violation of this Code of Conduct or a doubt of violation, one should respond to the appropriate personnel listed in this Code of Conduct.
- 2. In order to specify the behavior and ethics for all employees, the company has stipulated the "Work Rules for Staffs of BES Engineering Corporation," "employee's reward and punishment method" and "the main points of damage compensation for employees," "the "leaves and attendance management measures," etc.; they are all announced on the company's internal website for all employees to review and follow.
- 3. In order to protect all employees from occupational injuries or deaths, the company has stipulated the "Safety and Environmental Protection Policy," "Safety and Health, Environmental Protection and Safety Protection Management Main Points," "Industrial Safety and Health Education and Training Points," "Precautions for natural disasters," "Physical Examination and Health Inspection Methods for employees" and "Administrative Measures for Safety Protection" are also announced in the company's internal website under the company's rules and regulations.

VI. Information security management

(I) Datacom safety risk management framework, datacom security policy, specific management plan and resources invested in datacom security management, etc.:

- 1. Cyber security risk management architecture:
 - The Company has established the Information Security Office during the end of 2022, and the Information Security Office is responsible for the planning of information operation security management planning, establishment and maintenance of information security management system, and coordination of the establishment, execution of information security and protection related policies as well as risk management and compliance verification. In addition, the Company has established the promotion task force with the President to concurrently act as the Chief Information Security Officer, the Head of Command Center to act as the Supervisor and Information Security Officer, two full-time information security managers are assigned, and the heads of all internal units (including legal, audit, information and engineering) of the Company act as the task force members, in order to be responsible for the promotion of information security and relevant audits of the Company.
- 2. Information security policy: The Company's information security management policy makes reference to the framework of ISO 27001 in order to comply with the requirements of each control field of the international standards, which is also used as the Company[s daily maintenance basic control measure for protecting the data of the Company.
- 3. Invested resources:
 - The information security is listed as the ESG promotion item, and short/medium-term goals are established. In addition, progress review meetings are convened periodically, in order to implement information security awareness in the corporate management process.
- 4. Specific management plan:
 - (1) Personnel management: Through continuous training, the awareness of information security of colleagues is improved and internalized in various operations, so as to implement the core of the most people-oriented information security.
 - (2) Information security monitoring: Regularly update the firewall device firmware and blocking specification settings, and jointly monitor internal and external abnormal activities through the information security monitoring center to establish a strict information security barrier.
 - (3) Process management: The rights and responsibilities of software developers and program modification process, system document management, program and data access control are divided by the information system cycle to ensure data preservation and proper management of information security.
 - (4) Internal control management: The internal audit unit regularly conducts information circulation and information security audits every year to ensure the implementation of internal information security management measures to achieve continuous improvement of control measures.
- (II) List the losses, possible impacts and countermeasures of major information security incidents in the most recent year and up to the date of publication of the annual report. If it is impossible to estimate reasonably, the facts that cannot be reasonably estimated shall be stated.
 - The company has not suffered any major information security incidents resulting in business damage. In the future, it will continue to strengthen its information security management and defense capabilities, enhance employees' information security awareness, and implement recovery plan drills to protect the company's important systems and data security.

VII. Important contracts

Nature of the Business owner Starting date Project contents and contract amount Restrictions contract Second District Contract of **Engineering Office** CR580C Eastward Section Project of the October, 2016of Taipei City Xinyi Section in the Taipei MRT System: None engineering October 2023 Government MRT NT\$4,001,432 in thousands construction Engineering Bureau Contract of The construction of parking apron, Taoyuan the taxiway and apron facilities in terminal May, 2017-International Airport None engineering III of Taiwan Taoyuan International January 2024 Corporation construction Airport: NT\$3,284,635 in thousands Contract of North District Water Shimen Reservoir Anti-silt Tunnel Project November, 2017the Resources Bureau, (Phase 1) – Amuping Anti-silt Tunnel None engineering Ministry of February 2023 Project: NT\$3,397,457 in thousands construction **Economic Affairs** Northern Contract of Construction Office The new construction project of the pumping machine room #7, 8 and 9 and October, 2018the of Nuclear Thermal None engineering **Power Engineering** water inlet/outlet underdrain in Taitan May 2023 construction Office of Taiwan Power Plant: NT\$3,587,695 in thousands Power Company. Contract of The new construction project of the the National Taiwan Health Building in National Taiwan October, 2018-None June 2023 engineering University Hospital University Hospital: NT\$2,065,474 in construction thousands The basic design, detail design, procurement and construction engineering for the China Petrochemical Contract of China Petrochemical Development Corporation's liquid the January, 2019-Development None ammonia and phenol storage and June 2023 engineering Corporation transportation project in the construction intercontinental phase II wharf of Kaohsiung Harbor: NT\$1,446,690 in thousands Contract of GM01 electromechanical system turnkey MRT Engineering the January, 2019-Bureau of Taoyuan engineering project of the Taoyuan MRT None June 2031 engineering Government Green Line: NT\$14,181,039 in thousands construction GC02 civil engineering and construction Contract of turnkey project of the underground MRT Engineering July 2019section between the daylighting section to the Bureau of Taoyuan None November 2026 engineering G07 Station (exclusive) of the Taoyuan Government construction MRT Green Line: NT\$11,293,000 in thousands Contract of Central District Niaozueitan Artificial Lake Project, Wu Water Resources August 2019the River- Construction of Lake Area -None September 2023 engineering Bureau, Ministry of NT\$8,380,538 in thousands construction **Economic Affairs** ME06A The electromechanical system Contract of engineering of the project of the addition Taiwan Railways the of Station of Terminal Three, Taoyuan October 2019-Administration, None engineering Airport (A14 Station) and the extension September 2028 MOTC construction to Chungli Railway Station: NT\$640,594 in thousands Southern District Tseng Wen Nan Hua Leveling Pipe January 2020-None Contract of

Unit: NTD in thousands

Nature of the contract	Business owner	Project contents and contract amount	Starting date	Restrictions
the engineering construction	Water Resources Bureau, Ministry of Economic Affairs	Turnkey Project A1 - NT\$4,053,500 in thousands	June 2024	
Contract of the engineering construction	New Construction Office of New Taipei City Government	Turnkey project for renovation of the First Vegetable and Fruit Market (inembankment relay) and Wan-Da Wholesale Market: NT\$13,048,653 in thousands	February 2020– August 2028	None
Contract of the engineering construction	Land Administration Department, New Taipei City Government	Hsing Tai Wen Zai Jun Zone 2 land replotting project in New Taipei City: NT\$4,548,116 in thousands	September 2021– July 2025	None
Contract of the engineering construction	the North Temporary Engineering Office of Coastal Highway, General Administration of Highways, Ministry of Transportation and Communications	Tai No.15 and Tai No. 4 pipeline rerouting project (including pipeline burial) in cooperation with the expansion of Taiwan Taoyuan International Airport: NT\$2,748,256 in thousands	October 2021– June 2024	None
Contract of the engineering construction	Sun Ba Power Corp.	General building turnkey project of Sun Ba's phase II administrative district: NT\$672,000 in thousands	January 2022– December 2024	None
Contract of the engineering construction	National Taiwan University Hospital	The new construction project of the Health Building in National Taiwan University Hospital (the first bid for electrical, plumbing, and air conditioning engineering): NT\$2,471,000 in thousands	February 2022– April 2024	None
Contract of the engineering construction	Office of Aerotropolis Public Construction, Taoyuan City Government	Taoyuan Aerotropolis Zone Expropriation Project A2 Section Turnkey Project: NT\$5,940,000 in thousands	February 2022– February 2027	None
Contract of the engineering construction	Northern District Water Resources Bureau, Ministry of Economic Affairs	Zengwen Reservoir water release channel and mud pumping expansion project: NT\$1,810,000 in thousands	April, 2022– October, 2025	None
Contract of the engineering construction	Hsinchu Science Park Bureau, NSTC	Hsinchu Science Park (Baoshan Land) Phase 2 expansion - The first bid project: NT\$4,488,000 in thousands	August, 2022~ November, 2025	None
Contract of the engineering construction	Taiwan Water Corporation	Niaozueitan new turnkey project of water purification plant (continued): NT\$ 2,041,667 in thousands	December, 2022~ February, 2026	None
Contract of the engineering construction	Construction and Planning Agency, MOI	Expropriation of public works in the second phase of the Kaohsiung new town development zone (cooperated with Science Park) development project: NT\$ 1,082,430 in thousands	January, 2022~ July, 2025	None
Contract of the engineering	SUNBA Power Corporation	SUNBA second phase photovoltaic equipment and flood detention pond EPC project: NT\$ 150,990 in thousands	February, 2023~ Devember, 2024	None

Nature of the contract	Business owner	Project contents and contract amount	Starting date	Restrictions
construction Contract of the engineering construction	Hsinchu Science Park Bureau, NSTC	Hsinchu Science Park (Baoshan Land) Phase 2 expansion - The second bid project: NT\$6,132,442 in thousands	February, 2023~ June, 2026	None
Contract of the engineering construction	Taipei Twin Towers Co., Ltd.	Taipei City West Gateway Taipei Main Station Specialized Zone D1 (East Block) land development new construction project: NT\$306,736 thousand	April, 2023~ Devember, 2027	None
Contract of the engineering construction	Taipei Twin Towers Co., Ltd.	Taipei City West Gateway Taipei Main Station Specialized Zone C1 land development new construction project: NT\$186,110 thousand	April,2023~ Devember,2026	None
Contract of the engineering construction	Southern District Water Resources Bureau, Ministry of Economic Affairs	2023 New emergency temporary pipeline construction from Pingtung Technology Industrial Park to Gaoping River weir project: NT\$156,500 thousand	March, 2023~ April, 2023	None
Contract of the engineering construction	Central Construction Office of Nuclear Thermal Power Engineering Office of Taiwan Power Company.	Tongxiao Power Plant Phase 2 renewal and renovation project for cooling circular water system pump facility room and retarded flow basin project: NT\$4,498,000 thousand	April, 2023~l February, 2029	None

Unit: NTD

Nature of contract	Vendor Name	Contract name	Contract amount	Date of bid	Limitations Terms
Subcontracted projects	Lu He Construction Co., Ltd.	Energy dissipation facility section project	65,000,000	2022/1/7	None
Subcontracted projects	Fujitec Taiwan Co., Ltd.	Elevator and escalator project	68,000,000	2022/1/7	None
Design service	T.Y.Lin Taiwan Consulting Engineers, Inc.	Detailed design technical service contract	121,744,923	2022/1/10	None
Materials procurement	Delta Electronics, Inc.	Battery, charger, UPS and related auxiliary equipment procurement	210,000,000	2022/1/10	None
Subcontracted projects	Yong Ju Construction Co., Ltd.	Sewage pipeline jacking pipe project (I)	119,000,000	2022/1/25	None
Materials procurement	Feng Hsin Steel Co., Ltd.	Reinforcing steel procurement (X)	54,390,000	2022/1/27	None
Subcontracted projects	Dechi Enterprise Co.	G04 station and pocket track temporary excavation support and covering system assembly and removal project	238,344,686	2022/1/28	None
Subcontracted projects	Cheau Da Co., Ltd.	Light steel frame partition project	105,000,000	2022/1/28	None
Materials procurement	Tseng Lung Cement	Sewage pipe	55,114,511	2022/1/28	None

Nature of contract	Vendor Name	Contract name	Contract amount	Date of bid	Limitations Terms
	Products Co., Ltd.	material			
Materials procurement	Koupu Concrete Industrial Co., Ltd.	Apron, taxiway and apron facility project - ready-mixed concrete procurement (3rd supplementary contract)	52,398,308	2022/2/21	None
Subcontracted projects	Hong Tai Engineering Co., Ltd.	K main line drainage culvert and drainage project	138,200,000	2022/2/23	None
Subcontracted projects	Yung Chen Electrical and Mechanical Engineering Co., Ltd.	Electrical, plumbing and air conditioning project	448,893,693	2022/3/3	None
Materials procurement	Yung Long Electric Equipment Enterprise Co., Ltd.	Electrical, plumbing and air conditioning equipment	1,008,606,307	2022/3/3	None
Materials procurement	Tung Ho Steel Enterprise Corp.	Reinforcing steel procurement (IX) (including processing and molding)	50,820,000	2022/3/16	None
Subcontracted projects	Tung Feng Construction Co., Ltd.	Continuous wall project (Zones A and B) (3rd supplementary contract)	52,364,939	2022/3/18	None
Subcontracted projects	Hong Chin Engineering Co., Ltd.	Agricultural phase 1 main body reinforcing steel binding and assembly project (I)	59,782,149	2022/3/21	None
Subcontracted projects	Yung Shun Electrical and Mechanical Engineering Co., Ltd.	Electromechanical engineering	142,500,000	2022/4/21	None
Subcontracted projects	Zhi Shun Engineering Co., Ltd.	Agricultural phase 1 main body formwork assembly project	131,847,450	2022/4/21	None
Subcontracted projects	Guangji Construction Co., Ltd.	Sewage pipeline jacking pipe project (II)	116,000,000	2022/4/28	None
Subcontracted projects	San Sia Asphalt Co., Ltd.	Asphalt concrete project (I)	122,499,741	2022/5/4	None
Materials procurement	Ta Chang Tsuo Industrials Co., Ltd.	Ramp bridge steel structure materials	51,733,927	2022/5/5	None
Subcontracted projects	Ta Chang Tsuo Industrials Co., Ltd.	Ramp bridge steel structure project	60,266,073	2022/5/5	None
Subcontracted projects	Yi Xin Engineering Co., Ltd.	Formwork project	218,993,880	2022/5/9	None
Subcontracted projects	Quan Jiang	Tap water project	72,500,000	2022/5/10	None

Nature of contract	Vendor Name	Contract name	Contract amount	Date of bid	Limitations Terms
	Engineering Co., Ltd.	(I)			
Subcontracted projects	Su-Chen-Shin Construction Co., Ltd.	Tunnel geological special section treatment project (drilling and grouting)	51,499,991	2022/5/11	None
Subcontracted projects	Alumi International Co., Ltd.	Landscape fence project	61,492,829	2022/5/12	None
Materials procurement	Yu Nan Concrete Industrial Co., Ltd.	Ready-mixed concrete procurement	51,053,415	2022/5/23	None
Subcontracted projects	Zhenli Construction Co., Ltd.	Discharge channel project	390,000,000	2022/5/30	None
Subcontracted projects	Xin Xin Engineering Co., Ltd.	Drainage and irrigation facility project (I)	67,000,000	2022/5/30	None
Subcontracted projects	De Ji Chang Engineering Co., Ltd.	Common channel project (I)	222,000,000	2022/6/7	None
Subcontracted projects	Wei Xin Enterprise Co., Ltd.	Taoyuan International Airport expansion pipeline relocation and new construction phase 1 project	71,999,989	2022/6/8	None
Subcontracted projects	Jiangfeng Construction Co., Ltd.	Earthwork and retaining support project (11th supplementary contract)	118,775,786	2022/6/14	None
Subcontracted projects	Sheng Zhan Construction Co., Ltd.	Common channel project and commissioned flight equipment pipeline embedment project	172,000,916	2022/6/23	None
Subcontracted projects	Yixing Development Engineering Co., Ltd.	Job site removal and embankment excavation and filling project (1st supplementary contract)	117,405,824	2022/7/14	None
Materials procurement	Goldsun Building Materials Co., Ltd.	Main body project concrete material procurement (I)	261,935,961	2022/7/15	None
Materials procurement	Taiwan Cement Corporation Taipei Cement Manufacturing Factory	Main body project concrete material procurement (II)	261,921,618	2022/7/15	None
Materials procurement	Yung Hung International Enterprise Company Limited	Sludge pumping steel pipe procurement	98,607,159	2022/7/15	None

Nature of contract	Vendor Name	Contract name	Contract amount	Date of bid	Limitations Terms
Subcontracted projects	Jhong Yi Engineering Co., Ltd.	Sewage pipeline project (I)	169,310,000	2022/7/18	None
Subcontracted projects	Yixing Development Engineering Co., Ltd.	Earthwork and land preparation project (I)	127,000,000	2022/7/21	None
Subcontracted projects	Chia Teh Construction Material Co., Ltd.	Agricultural phase 1 main body steel carrying plate project	74,897,947	2022/7/26	None
Subcontracted projects	Jiu Yuan Engineering Co., Ltd.	Reinforcing steel binding project	182,670,495	2022/8/5	None
Materials procurement	Hard Deck Enterprises Co., Ltd.	Steel carrying plate procurement (Zones A and B)	103,320,000	2022/8/5	None
Subcontracted projects	Kai Rong Engineering Co., Ltd.	Reinforcing steel binding project (II)	119,273,595	2022/8/5	None
Subcontracted projects	Hong Han Construction Co., Ltd.	Drainage and irrigation facility project (II)	65,999,981	2022/8/12	None
Materials procurement	Yuan Shan Hardware Co., Ltd.	Welded wire fabric mesh procurement	53,042,744	2022/8/15	None
Materials procurement	Shun-Tung Cement Products Co., Ltd.	Joint channel project precast product procurement (I)	80,000,000	2022/8/29	None
Subcontracted projects	Jiangfeng Construction Co., Ltd.	Earthwork and retaining support project (12th supplementary contract)	407,224,347	2022/8/31	None
Subcontracted projects	Fu Yue Construction Co., Ltd.	Expansion of sludge pumping pipe project	106,000,000	2022/9/7	None
Subcontracted projects	Hong Xun Telecommunication and Electric Co., Ltd.	Common channel project (I)	126,000,000	2022/9/12	None
Subcontracted projects	Li Xin International Enterprise Co., Ltd.	Common channel project (II)	153,272,935	2022/9/12	None
Materials procurement	Hsin I Ready Mixed Concrete Co., Ltd.	North depot ready- mixed concrete procurement (I)	99,460,200	2022/9/16	None
Subcontracted projects	Pentens Ind. Corp.	Agricultural phase 1 main body floor project	77,999,752	2022/9/16	None
Subcontracted projects	Okumura Corporation Taiwan Branch (JP)	Tunnel boring project	2,121,000,000	2022/9/27	None
Subcontracted projects	Tung Feng Construction Co., Ltd.	Continuous wall project	223,000,000	2022/10/19	None
Materials procurement	Mork Inc.	Ready-mixed concrete procurement (II) (2nd supplementary contract)	168,207,386	2022/10/19	None

Nature of contract	Vendor Name	Contract name	Contract amount	Date of bid	Limitations Terms
Materials procurement	Tucheng Branch of Kuoshun – Ready- mixed Concrete Co., Ltd.	Ready-mixed concrete procurement (I) (2nd supplementary contract)	123,190,473	2022/10/19	None
Materials procurement	RG Concrete Industrial Corporation	Ready-mixed concrete procurement (III) (2nd supplementary contract)	111,929,097	2022/10/19	None
Labor service	Chung Kung Safeguarding and Security Corp.	Job site patrol personnel service contract (1st supplementary contract)	51,438,744	2022/10/20	None
Subcontracted projects	Berlin Co., Ltd.	Fire-resistive covering project	54,799,964	2022/10/21	None
Materials procurement	Tai-I Electric Wire & Cable Co., Ltd.	750V DC power cable procurement	204,220,082	2022/11/3	None
Materials procurement	Tai-I Electric Wire & Cable Co., Ltd.	22kV power cable procurement	206,602,206	2022/11/3	None
Materials procurement	New San Yea Ready Mixed Concrete Co., Ltd.	Ready-mixed concrete procurement (II)	98,602,875	2022/11/4	None
Subcontracted projects	Jiangfeng Construction Co., Ltd.	Embankment and inlet cofferdam earthwork project	77,800,000	2022/11/9	None
Subcontracted projects	Mao Sheng Construction Co., Ltd.	Earthwork project	294,000,000	2022/11/14	None
Subcontracted projects	Wo He Landscape Design Co., Ltd.	Planting and maintenance project	50,400,000	2022/11/16	None
Subcontracted projects	Yu Feng Engineering Co., Ltd.	Agricultural phase 1 main body construction exterior wall metal plate project	87,599,955	2022/11/16	None
Subcontracted projects	Cai Chen Machinery and Engineering Co., Ltd.	Retaining support project - general technique	202,000,000	2022/11/18	None
Subcontracted projects	Yichang Engineering Co., Ltd.	Air conditioning project	1,063,000,000	2022/12/2	None
Subcontracted projects	Yu Wei Construction Co., Ltd.	Changhua Coastal Industrial Park Lunwei West District 2 environmental protection land public facility construction - road construction project	97,500,000	2022/12/2	None
Subcontracted projects	Longxin Construction Co., Ltd.	Changhua Coastal Industrial Park Lunwei West District 2 environmental	79,000,000	2022/12/2	None

Nature of contract	Vendor Name	Contract name	Contract amount	Date of bid	Limitations Terms
		protection land public facility construction - drainage project			
Subcontracted projects	Chun Yuan Steel Industry Co., Ltd.	Agricultural phase 1 main body steel structure buckling restrained braces (BRB) project	56,729,442	2022/12/2	None
Subcontracted projects	GFC Ltd. Taipei Branch	Main body construction (phases 1 and 2) elevator and escalator project	100,000,000	2022/12/7	None
Subcontracted projects	Jiangfeng Construction Co., Ltd.	Earthwork and retaining support project (13th supplementary contract)	188,480,876	2022/12/12	None
Subcontracted projects	Ji Diing Engineering Company Limited	Changhua Coastal Industrial Park Lunwei West District 2 environmental protection land public facility construction - drainage trunk, pipeline and illumination project	250,000,000	2022/12/14	None
Subcontracted projects	Li Do Scaffold Ltd.	Scaffold project (Zone A)	115,500,000	2022/12/15	None
Subcontracted projects	Yu Sheng Scaffold Enterprise Co., Ltd.	Scaffold project (Zone B)	115,500,000	2022/12/16	None
Subcontracted projects	Joyce International Tech Group Inc	G03 station structure project	91,000,000	2022/12/21	None
Subcontracted projects	Su-Chen-Shin Construction Co., Ltd.	Tunnel and work shaft project	387,999,999	2022/12/23	None
Materials procurement	Tung Ho Steel Enterprise Corp.	Reinforcing steel procurement (XI) (including processing and molding)	67,725,000	2022/12/23	None
Subcontracted projects	Hungtian Development Engineering Co., Ltd.	Phase 3 temporary water the electricity project	97,428,000	2022/12/26	None
Subcontracted projects	Wanyuan System Technology Co., Ltd.	Agricultural phase 1 main body fire- resistant coating and fireproof paint and fireproof covering project	140,903,364	2022/12/26	None
Materials procurement	Goldsun Building Materials Co., Ltd.	Ready-mixed concrete	177,461,970	2022/12/26	None

Nature of contract	Vendor Name	Contract name	Contract amount	Date of bid	Limitations Terms
		procurement (I)			
Materials procurement		Ready-mixed concrete procurement (II)	177,454,725	2022/12/26	None

Unit: NTD in thousands

Nature of the contract	Party	Start date of the contract	Main content	Restrictions
Agreement	Ministry of Economic Affairs The Industrial Bureau	March, 1994~(Project progress is adjusted according to the market demand)	Public Facilities Project in Yilan Lize Industrial Park: The estimated amount of direct construction fee is 4,264,140 NTD in thousands (by actual settlement)	None
Agreement	Ministry of Economic Affairs The Industrial Bureau	December, 1990~(Project progress is adjusted according to the market demand)	Public facilities project in Changhua Coastal Industrial Park (Xianxi, Lunwei District) The estimated amount of direct construction fee is 53,608,071 NTD in thousands (by actual settlement)	None
Agreement	Ministry of Economic Affairs The Industrial Bureau	August, 1995~(Project progress is adjusted according to the market demand)	Public Facilities Project Yunlin Science and Technology Industrial Park (Dabeixi Area): The estimated amount of direct construction fee is 4,024,820 NTD in thousands (by actual settlement)	None

Remarks: The estimated direct construction costs are based on the results of the 2013 development costs of Industrial Bureau, Ministry of Economic Affairs.

Nature of the contract	Party	Main content	Starting date	Restrictions
Urban renewal	92 people including Liu	New residential construction in BES Yuncui	From the signing date on March 3, 2011 to the settlement date after the completion and handover of the house	None
Urban renewal	221 people including Tsai	New residential construction in BES Biyenge	From the signing date on April 7, 2012 to the settlement date after the completion and handover of the house	None
Urban renewal	417 people including Ding	New residential construction in Yanshou Zone J	From the signing date on October 17, 2012 to the settlement date after the completion and handover of the house	None
Urban renewal	62 people including Lee	New residential construction in Nangang District	From the signing date on May 16, 2015 to the settlement date after the completion and handover of the house	None
Urban renewal	BES ENGINEERING CORPORATION	BES Cloud Universe Industrial Park - factories	From the Plan for review date on May 8, 2015 to the settlement date after the completion and handover of the house	None

Nature of the contract	Party	Main content	Starting date	Restrictions
Urban renewal of public office buildings	New Taipei City Government	Public office building urban renewal project in Shulin New residential housing Construction projects	From the signing date on December 28, 2021 to the settlement date after the completion and handover of the property	None
Urban renewal	60 people, including Huang, Li-Hsiang	Xing'an Street New residential construction	From the signing date on March 9, 2022 to the settlement date after the completion and handover of the house units	None
Jointly-constructed and sold in partitions	Asia Pacific Commerce Co., Ltd.	"Tao Zhu Yin Yuan"	From the signing date on March 08, 2010 to the settlement date after the completion and handover of the house	None

Six. Financial overview

I. The Condensed Balance Sheet and Comprehensive Income Statement for the Recent Five Years

(I) The Condensed Balance Sheet and Comprehensive Income Statement applied IFRS

Condensed Balance Sheet

Unit: NT NTD in thousands

	Year	F	Financial Information for the Recent Five Years					
Item		Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	March 31, 2023 Financial Information (Note 3)	
Cu	irrent Assets	38,416,617	35,382,398	33,789,293	38,754,641	35,989,828		
Property, P	lant, and Equipment	3,419,533	3,312,312	3,220,082	3,210,072	3,089,497		
Inta	ngible Assets	101,673	43,997	0	0	0		
О	ther Assets	5,852,961	4,485,467	5,099,342	6,123,450	6,060,571		
То	tal Assets	39,790,804	43,224,174	42,108,717	48,088,163	45,139,896		
Current	Before Distribution	14,126,037	16,565,080	16,243,125	17,472,075	14,451,715		
Liabilities	After Distribution	14,427,624	16,872,791	16,599,825	18,289,575	(Note1)		
Non-cu	urrent Liabilities	5,670,448	6,634,536	5,450,050	7,687,342	8,011,957		
Total	Before Distribution	19,796,485	23,199,616	21,693,175	25,159,417	22,463,672		
Liabilities	After Distribution	20,098,072	23,507,327	22,049,875	25,976,917	(Note1)		
	outed to the Owners of ent Company	19,854,375	19,897,187	20,307,824	22,835,523	22,604,813	Not applicable	
Ca	apital Share	15,308,998	15,308,998	15,308,998	15,308,998	15,308,998		
Cap	oital Reserves	69,688	73,782	73,833	73,884	74,648		
Retained	Before Distribution	5,034,451	5,080,690	5,387,899	7,676,432	7,698,310		
Earnings	After Distribution	4,732,864	4,772,979	5,031,199	6,858,932	(Note1)		
О	ther Equity	(558,762)	(566,283)	(462,906)	(223,791)	(477,143)		
Tre	Treasury Shares		-	-	-	-		
Non-co	ontrolling Equity	139,944	127,371	107,718	93,223	71,411223		
Total	Before Distribution	19,994,319	20,024,558	20,415,542	22,928,746	22,676,224		
Equity	After Distribution	19,692,732	19,716,847	20,058,842	22,111,246	(Note1)		

Note1: The 2022 profit distribution plan is yet to be distributed through the resolution of the shareholders' meeting.

Condensed Consolidated Comprehensive Income Statement

Unit: NT NTD in thousands

Year		Financial Inforr	nation for the Re	cent Five Years		The current year
Item	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	up to March 31, 2023 Financial Information (Note 2)
Operating Revenue	11,062,421	12,590,753	13,470,962	17,196,685	15,093,372	
Gross Operating Profit	1,054,299	1,208,930	946,047	339,886	1,377,822	
Net Operating Profit	352,537	512,266	375,047	(358,619)	776,015	
Non-operating Revenue and Expenses	(127,658)	(94,583)	418,185	2,837,088	225,093	
Net Profit Before Tax	224,879	417,683	793,232	2,478,469	1,001,108	
Net Profit of the Period for the Continuing Operations	356,435	307,844	598,847	2,662,176	805,156	
Losses from the Discontinued Operations	-	-	-	-	1	
Net Income (Loss) of the Period	356,435	307,844	598,847	2,662,176	805,156	
Other Comprehensive Income of the Period (Net Amount after Tax)	(79,225)	38,630	100,314	239,037	(234,121)	Not applicable
Total Comprehensive Incomes and Losses	277,210	346,474	699,161	2,901,213	571,035	
Net Profit Attributed to the Owners of Parent Company	363,334	312,886	618,959	2,676,758	821,315	
Net Profit Attributed to the Non- Controlling Equity	(6,899)	(5,042)	(20,112)	(14,582)	(16,159)	
Comprehensive Income Attributed to the Owners of Parent Company	287,853	352,340	718,327	2,915,641	586,580	
Comprehensive Income Attributed to the Non-Controlling Equity	(10,643)	(5,866)	(19,166)	(14,428)	(15,545)	
EPS	0.24	0.20	0.40	1.75	0.54	

Condensed Balance Sheet of Parent Company Only

Unit: NT NTD in thousands

	1						I NID III ulousalius
	Year	I	Financial Inform	nation for the Re	ecent Five Years		The current year up
Item		Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	to March 31, 2023 Financial Information (Note 1)
Cui	rrent Assets	29,466,032	33,161,121	32,277,718	35,815,439	33,641,206	
	perty, Plant, Equipment	2,559,056	2,518,085	2,433,886	2,416,388	3,035,216	
Intar	ngible Assets	-	-	-	-	-	
Ot	ther Assets	6,453,107	6,093,544	6,102,200	8,602,794	7,839,523	
Tot	tal Assets	38,478,195	41,772,750	40,813,804	46,834,621	44,515,945	
Current	Before Distribution	13,282,769	15,703,068	15,549,129	16,681,171	14,075,057	
Liabilities	After Distribution	13,584,356	16,010,779	15,905,829	17,498,671	(Note 2)	
Non-cu	rrent Liabilities	5,341,051	6,172,495	4,956,851	7,317,927	7,836,075	
Total	Before Distribution	18,623,820	21,875,563	20,505,980	23,999,098	21,911,132	
Liabilities	After Distribution	18,925,407	22,183,274	20,862,680	24,816,598	(Note 2)	N-41:1-1-
	uted to the Owners of ent Company	19,854,375	19,897,187	20,307,824	22,835,523	22,604,813	Not applicable
Ca	pital Share	15,308,998	15,308,998	15,308,998	15,308,998	15,308,998	
Capi	ital Reserves	69,688	73,782	73,833	73,884	74,648	
Retained	Before Distribution	5,034,451	5,080,690	5,387,899	7,676,432	7,698,310	
Earnings	After Distribution	4,732,864	4,772,979	5,031,199	6,858,932	(Note 2)	
Ot	her Equity	(558,762)	(566,283)	(462,906)	(223,791)	(447,143)	
Trea	asury Shares	-	-	-	-	-	
Non-co	Non-controlling Equity		-	-	-	-	
Total	Before Distribution	19,854,375	19,897,187	20,307,824	22,835,523	22,604,813	
Equity	After Distribution	19,552,788	19,679,476	19,951,124	22,018,023	(Note 2)	

Note 1: No individual financial report was prepared in the first quarter of 2023, so it is not applicable.

Note 2: The 2022 profit distribution plan is yet to be distributed through the resolution of the shareholders' meeting.

Condensed Comprehensive Income Statement of Parent Company Only

Unit: NT NTD in thousands

Year	The current year up to					
Item	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	March 31, 2023 Financial Information (Note 1)
Operating Revenue	8,813,523	10,538,452	11,996,627	15,823,745	13,883,437	
Gross Operating Profit	630,450	799,248	701,469	71,941	1,216,295	
Net Operating Profit	344,320	476,365	372,383	(378,716)	819,838	
Non-operating Revenue and Expenses	(110,388)	(71,199)	410,101	2,855,755	186,170	
Net Profit Before Tax	233,932	405,166	782,484	2,477,039	1,006,008	
Net Profit of the Period for the Continuing Operations	363,334	312,886	618,959	2,676,758	821,315	
Losses from the Discontinued Operations	-	-	-	1	-	
Net Income (Loss) of the Period	363,334	312,886	618,959	2,676,758	821,315	
Other Comprehensive Income of the Period (Net Amount after Tax)	(75,481)	39,454	99,368	238,883	(234,735)	Not applicable
Total Comprehensive Incomes and Losses	287,853	352,340	718,327	2,915,641	586,580	
Net Profit Attributed to the Owners of Parent Company	-	-	-	-	-	
Net Profit Attributed to the Non- Controlling Equity	-	-	-	-	-	
Comprehensive Income Attributed to the Owners of Parent Company	-	-	-	-	-	
Comprehensive Income Attributed to the Non-Controlling Equity	-	-	-	-	-	
EPS	0.24	0.20	0.40	1.75	0.54	

Note 1: No individual financial report was prepared in the first quarter of 2023, so it is not applicable.

(II) Name of the CPAs and the Opinions for the Recent Five Years

	Name of CPAs	Audit Opinions of CPAs
Year 2018	Tung-Feng Lee and Ching-Cheng Yang	Unqualified opinion
Year 2019	Tung-Feng Lee and Ching-Cheng Yang	Unqualified opinion
Year 2020	Tung-Feng Lee and Yao-Lin. Huang	Unqualified opinion
Year 2021	Tung-Feng Lee and Yao-Lin. Huang	Unqualified opinion
Year 2022	Yao-Lin. Huang and Shih-Chieh. Chou	Unqualified opinion

II. Financial Analysis for the Recent Five Years

(I) Application of IFRS

Consolidated Financial Analysis - Application of IFRS

	Year	Fina	ancial Analy	sis for the	Recent Five	Years	The
Analysis Items	Analysis Items (Note 2)		Year 2019	Year 2020	Year 2021	Year 2022	current year up to March 31, 2023 (Note 1)
Financial	Ratio of Liabilities to Assets	49.75	53.67	51.52	52.31	49.76	
Structure (%)	Long-term Capital to Property, Plant, & Equipment	750.53	804.85	803.26	953.75	993.30	
	Current Ratio	215.32	213.60	208.02	221.80	249.03	
Solvency %	Quick Ratio	143.90	119.03	105.31	124.83	119.23	
	Interest Protection Multiples	1.43	2.93	5.07	14.91	5.01	
	Turnover Rate of Receivables (Times)	3.57	3.72	4.08	4.67	3.53	
	Average Days of Receiving Cash	74.48	98.12	89.46	78.15	103.39	
	Turnover Rate of Inventory (Times)	1.11	0.92	0.81	1.06	0.81	81
Operating	Turnover Rate of Payables (Times)	4.28	3.48	2.92	3.75	3.07	
Capability	Average Days of Sales	328.83	396.74	450.62	344.33	450.61	
	Turnover Rate of Property, Plant, and Equipment (Times)	3.24	3.80	4.18	5.35	4.88	Not
	Total Turnover Rate of Assets (Times)	0.28	0.29	0.32	0.35	0.33	applicable
	Return on Assets (%)	1.04	1.04	1.73	6.16	2.01	
	Return on Equity (%)	1.78	1.54	2.96	12.28	3.53	
Profitability	Ratio of Pre-Tax Net Income to Paid-up Capital %	1.47	2.73	5.18	16.18	6.53	
	Net Margin (%)	3.22	2.45	4.45	15.48	5.33	
	Earnings Per Share (NT\$)	0.24	0.20	0.40	1.75	0.54	
	Cash flow ratio (%)	-	0.57	3.37	1.12	-	
Cash Flow	Cash flow adequacy ratio (%)	38.04	4.22	7.45	10.23	8.65	
	Cash re-investment ratio (%)	-	-	0.89	-	-	
Leverage	Operating Leverage	1.36	1.35	1.44	0.55	1.20	
Levelage	Financial Leverage	1.2	1.66	1.84	0.70	1.31	

The increase and decrease of each financial ratio in the recent two years for more than 50%. The reasons are described as the

^{1.} The decrease of interest protection multiples resulted from the reduction of pre-tax income of 2022.

^{2.} The decrease of the ratio of pre-tax net income to paid-up capital resulted from the decrease of pre-tax income of 2022. So, Return on Assets, Return on Equity, Ratio of Pre-Tax Net Income to Paid-up Capital, Net Margin and Earnings Per Share to the decrease.

^{3.} The decrease of Cash flow ratio and Cash flow adequacy ratio from the decrease of the operating actives Cash flow of 2022.

^{4.} The increase in operating leverage and financial leverage was due to the increase in net operating profit in 2022.

5. The ratios related to cash flows are not calculated when the net cash flows from the operating actives are negative.

Parent Company Only Financial Analysis- IFRS applied

	Financ	Financial Analysis for the Recent Five Years (Note 1)					
							current year up
Analysis Items (Note 2)		Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	to March 31, 2023 (Note 1)
Financial Structure (%)	Ratio of Liabilities to Assets	48.40	52.37	50.24	51.24	49.22	(Not Appl
	Long-term Capital to Property, Plant, & Equipment	984.56		1,038.04	1,247.87	1,002.92	
Solvency %	Current Ratio	221.84	211.18	207.59	214.70	239.01	
	Quick Ratio	146.37	111.96	100.78	113.90	105.83	
	Interest Protection Multiples	1.52	3.08	5.44	16.38	5.17	
	Turnover Rate of Receivables (Times)	4.16	6.59	8.60	8.93	5.67	
	Average Days of Receiving Cash	87.74	55.39	42.44	40.87	64.37	
	Turnover Rate of Inventory (Times)	0.91	0.79	0.73	0.99	0.75	
Operating	Turnover Rate of Payables (Times)	3.57	3.01	2.65	3.56	2.86	
	Average Days of Sales	401.10	462.03	500.00	368.68	486.66	
	Turnover Rate of Property, Plant and Equipment (Times)	3.44	4.19	4.93	6.54	4.57	
	Total Turnover Rate of Assets (Times)	0.23	0.26	0.29	0.33	0.31	
Profitability	Return on Assets (%)	1.05	1.14	1.79	6.35	2.10	ble
	Return on Equity (%)	1.83	1.57	3.08	12.40	3.61	- 7 -
	Profit Before Tax to Paid-up Capital (%) (Note 7)	1.53	2.65	5.11	16.18	6.57	
	Net Margin (%)	4.12	2.97	5.16	16.91	5.91	
	Earnings Per Share (NT\$)	0.24	0.20	0.40	1.75	0.53	
Cash Flow	Cash flow ratio (%)	-	•	2.73	0.71	-	
	Cash flow adequacy ratio (%)	30.04	5.51	7.09	6.82	6.00	
	Cash re-investment ratio (%)	-	-	0.46	-	-	
Leverage	Operating Leverage	1.20	1.19	1.21	0.80	1.11	
	Financial Leverage	1.13	1.62	1.69	0.73	1.27	

The increase and decrease of each financial ratio in the recent two years for more than 50%. The reasons are described as the followings:

- 1. The decrease of interest protection multiples resulted from the decrease of pre-tax income of 2022.
- 2. The Increase of average days to cash from the decrease of turnover rate accounts receivable of 2022.
- 3. The decrease of the ratio of pre-tax net income to paid-up capital resulted from the decrease of pre-tax income of 2022. So, Return on Assets, Return on Equity, Ratio of Pre-Tax Net Income to Paid-up Capital, Net Margin and Earnings Per Share to the decrease.
- 4. The decrease of Cash flow ratio and Cash flow adequacy ratio from the decrease of the operating actives Cash flow of 2022.
- 5. The increase in operating leverage and financial leverage was due to the increase in net operating profit in 2022.
- 6. The ratios related to cash flows are not calculated when the net cash flows from the operating actives are negative.

Note 1: No financial statement for parent company only is prepared for Q1 2022, and thus not applicable.

Note 2: Formula for the Items in Financial Analysis

- 1. Financial Structure
- (1) Ratio of Liabilities to Assets = total liabilities / total assets
- (2) Long-term Capital to Property, Plant and Equipment = (total equity + non-current liabilities) / net amount of property, plant, & equipment
- 2. Solvency
- (1) Current ratio = current assets / current liabilities
- (2) Quick ratio = (current assets inventory pre-payment) / current liabilities
- (3) Interest Protection Multiples = net income before income tax and interest expenses / interest expenditures of the period.
- 3. Operating Capability
- (1) Turnover Rate of Receivables (including receivables and the bills receivables resulted from the operating activities) = net amount of sales / balance of the average receivables of each period (including receivables and the bills receivables resulted from the operating activities)
- (2) Average Days of Receiving Cash = 365 / Turnover Rate of Receivables
- (3) Turnover Rate of Inventory = sales costs / average amount of inventory
- (4) Turnover Rate of Payables (including payables and the bills payable resulted from the operating activities) = sales costs / balance of the average payables of each period (including payables and the bills payables resulted from the operating activities)
- (5) Average Days of Sales = 365/ Turnover Rate of Inventory
- (6) Turnover Rate of Property, Plant, and Equipment = net amount of sales/ average net amount of property, plant and equipment
- (7) Total Turnover Rate of Assets = net amount of sales/ average total assets.
- 4. Profitability

- (1) Return on Assets = [Income after tax + interest expenses x (1 tax rate)]/ average total assets.
- (2) Return on Equity = post-tax income / average total equity
- (3) Net Margin = post-tax income / net amount of sales
- (4) Earing Per Share = (income attributed to the owners of parent company dividends of preferred shares) / weighted average issued shares (Note 4)
- 5. Cash Flow
- (1) Cash Flow Ratio = net cash flow from operating activities/ current liabilities
- (2) Cash Flow Adequacy Rate = net cash flow from operating activities in the past five years / (capital expenditure + amount of increased inventory + cash dividends) in the past five years
- (3) Cash Re-investment Ratio = (net cash flow from operating activities cash dividends) / (gross property, plant, & equipment + long term investment + other non-current assets + operating funds) (Note 5)
- 6. Leverage:
- (1) Operating Leverage = (Net operating amount variant operating costs and expenses) / Operating income (Note 6)
- (2) Financial Leverage = Operating income / (Operating income interest expenses)
- Note 3: The followings shall be paid attention to when measuring with the abovementioned formula:
 - 1. The basis shall be the weighted average common shares but not the issued share at the end of the year
 - 2. When there is any capital increase by cash or treasury share transaction, the weighted average share shall be calculated based on their outstanding period.
 - 3. Whenever there is a capital increase by earnings or capital reserves, the EPS of the past years and six-month, the retrospective adjustment shall be made according to the proportion of the capital increase, but the issuance period of the capital increase is not the consideration.
 - 4. If the preferred shares are the cumulative preferred shares not for convertible, the dividend of the year (whether being paid or not) shall be deducted from the net profit after tax, or increase the net loss after profit. If the preferred shares are not cumulative, the dividends of preferred shares shall be deducted from the net profit after tax; in case of loss, no adjustment is needed.
- Note 4: When measuring the cash flow, the following shall be paid attention to:
 - 1. The net cash flow from the operating activities means the net cash inflows from the operating activities in the cash flow statement
 - 2. Increase of capital expense refers to the cash outflow of the capital investment.
 - 3. The increase of inventory only is accounted for when the balance at the end of period greater than the balance at the beginning of the period; if the inventory at the end of period decreased, it is accounted for as zero
 - 4. Cash dividends include the cash dividends of common shares and preferred shares.
 - 5. The gross property, plant and equipment refers to the gross property, plant, and equipment before accumulated depreciation.
- Note 5: The issuer shall divide each operating costs and expenses by their nature as fixed and variable. Should there be any estimation or subjective judgement, that shall be reasonable and consistent.
- Note 6: Should the share of the company have no face value or the face value per share is not NT\$10, the former one is calculated by the proportions in the paid-up capital; the latter is calculated by the proportion in the equity attributed to the owners of the parent company in the balance sheet.

III.Audit Committee's audit report of the most recent annual financial report

BES ENGINEERING CORPORATION Audit Report by Audit Committee

The business report, parent company only financial statements, consolidated financial statements, and the proposal of profit distribution prepared by the Board of Directors have been delegated to CPAs from Deloitte Taiwan, Mr. Yao-Lin. Huang and Mr. Shih-Chieh. Chou; the documents are reviewed with the audit report.

The abovementioned business report, parent company only financial statements, consolidated financial statements, and the proposal of profit distribution have been audited by the Audit Committee, and found no inconsistency with Article 14 of the Securities Exchange Act and Article 219 of the Company Act.

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to

the AGM of BES Engineering Corporation

Audit Committee, BES Engineering Corporation

Independent Directors: Ge, Shu-Ren

Independent Directors: Lu, He-Yi

Independent Directors: Chang, Pan

March 13, 2023

IV. The latest annual financial report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders BES Engineering Corporation

Opinion

We have audited the accompanying consolidated financial statements of BES Engineering Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters for the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Accuracy of Construction Revenue Recognized

The Group operates in the construction industry and is mainly engaged in the construction of roads, bridges, wharfs and multi-story residential buildings and office complexes. The Group calculates construction revenue based on the estimated percentage of completion and the total price of the construction project. As estimates are required to be made with reference to internal and external documents during the calculation of the percentage of completion of construction, the calculation of the percentage of completion is considered complex. In addition, the Group's construction revenue amount for the year ended December 31, 2022 is material, hence, the accuracy of recognition of construction revenue was deemed as a key audit matter for the year ended December 31, 2022. Refer to Note 4 to the accompanying consolidated financial statements for the relevant accounting policies and Table 1 following the notes to the consolidated financial statements for the financial information of the construction projects.

The main audit procedures performed with respect to the above-mentioned key audit matter are as follows:

- 1. We obtained an understanding of and tested the design and operating effectiveness of the internal controls related to the estimation of the percentage of completion and the accuracy of construction revenue recognized.
- 2. We evaluated and confirmed that the accounting policies on the estimation of the percentage of completion were consistently applied.
- 3. We performed tests of the details of incomplete construction projects at the end of the year and confirmed the accuracy of construction revenue recognized.
- 4. We obtained confirmations of approval from the owners after the reporting period and confirmed that no material adjustments were made after the reporting period.

Net Realizable Value of Real Estate Inventory

The Group is mainly engaged in the construction of buildings and transacting of real estate. As stated in Note 12, the carrying amount of buildings and land held for sale in the consolidated balance sheets as of December 31, 2022 is material. Since real estate inventory is stated at the lower of cost and net realizable value, and the net realizable value of real estate inventory may be affected by changes in the market price of real estate and its assessment involves management's subjective judgment and accounting estimates, we identified the net realizable value of real estate inventory as a key audit matter for the year ended December 31, 2022. Refer to Note 5 to the accompanying consolidated financial statements for the relevant accounting judgments and key sources of estimation uncertainty.

The main audit procedures performed with respect to the above-mentioned key audit matter are as follows:

- 1. We evaluated and confirmed the accounting policies on the valuation of real estate inventory were consistently applied.
- 2. We obtained the information on the calculation of the net realizable value and impairment assessment of the above-mentioned real estate inventory, and we reviewed and confirmed the assessment results were reasonable.

Other Matter

We have also audited the parent company only financial statements of BES Engineering Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- 5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yao-Lin Huang and Shih-Chieh Chou.

Deloitte & Touche Taipei, Taiwan Republic of China

March 13, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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 consolidated financial statements are those generally applied in the Republic of China.

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

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022 Amount	%	2021 Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 15)	\$ 4,189,543	9	\$ 2,995,422	6
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 34)	4,142	- 2	2,380,206	5 2
Financial assets at fair value through other comprehensive income - current (Notes 4, 8, and 35) Financial assets at amortized cost - current (Notes 4, 9, 24 and 35)	1,214,472 3,941,197	3 9	1,081,055 4,692,740	10
Contract assets - current (Notes 15, 24, 26 and Table 1)	2,498,541	6	2,459,043	5
Notes receivable and trade receivables, net (Notes 4, 10, 26 and 34) Construction receivables (Notes 4, 10, 15, 24, 26 and 34)	95,484 2,603,165	- 6	97,661 2,286,738	5
Accounts receivable on the development of industrial districts (Notes 4, 11, 24 and 35)	2,898,047	6	6,077,203	13
Inventories (Notes 4 and 24)	255,222	1	188,496	-
Buildings and land held for sale, net (Notes 4, 5, 12, 24 and 35) Construction in progress (Notes 4, 12, 24 and 35)	11,831,311 4,962,958	26 11	11,850,421 3,113,718	25 7
Refundable deposits on construction contracts (Note 24)	142,162	-	158,801	-
Other current assets (Notes 15 and 34)	1,353,584	3	1,373,137	3
Total current assets	35,989,828	80	38,754,641	81
NON-CURRENT ASSETS Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8, 34 and 35)	1,913,173	4	1,734,715	4
Financial assets at amortized cost - non-current (Notes 4, 9 and 35)	631,962	1	4,291	-
Investments accounted for using the equity method (Notes 4 and 14) Property, plant and equipment, net (Notes 4, 16 and 35)	1,591,585	4	1,638,812	3 7
Right-of-use assets (Notes 4, 17 and 34)	3,089,497 234,288	7 1	3,210,072 227,925	-
Investment properties, net (Notes 4, 18 and 35)	1,113,221	2	1,029,029	2
Deferred tax assets (Notes 4 and 28) Refundable deposits (Notes 15 and 34)	470,398 42,984	1	597,279 70,215	1
Prepayments for investments	-	-	770,870	2
Net defined benefit assets (Notes 4 and 23) Other non-current assets	5,260 <u>57,700</u>	- 	50,314	
Total non-current assets	9,150,068	20	9,333,522	<u>19</u>
TOTAL	<u>\$ 45,139,896</u>	_100	<u>\$ 48,088,163</u>	<u>100</u>
A LA DIA MONTO AND FOLLOW				
LIABILITIES AND EQUITY				
CURRENT LIABILITIES Short town howevings (Notes 10 and 25)	\$ 4,714,000	11	\$ 3,045,113	6
Short-term borrowings (Notes 19 and 35) Short-term bills payable (Notes 19 and 35)	1,050,051	11 2	\$ 3,045,113 2,531,971	6 5
Contract liabilities - current (Notes 15, 24, 26, 34 and Table 1)	2,181,474	5	2,764,252	6
Notes payable (Note 24) Trade payables (Notes 15, 20 and 24)	3,354 4,292,669	10	8,343 4,613,161	10
Accrued expenses (Notes 15, 20 and 24)	631,633	1	461,736	1
Accounts payable for the development of industrial districts (Notes 4, 21 and 24)	18,363	-	1,981,683	4
Current tax liabilities (Note 4) Provisions - current (Notes 4, 22 and 24)	80,492 492,541	1	20,778 461,341	1
Lease liabilities - current (Notes 4, 17 and 34)	71,090	-	66,025	-
Current portion of long-term borrowings (Notes 19 and 35) Guarantee deposits on construction contracts (Note 24)	57,057 575,472	- 1	746,870 477,569	1 1
Other current liabilities (Notes 15 and 34)	283,519	<u>1</u>	293,233	1
Total current liabilities	14,451,715	32	17,472,075	36
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 19 and 35) Provisions - non-current (Notes 4 and 22)	5,744,160 971,846	13 2	5,313,000 984,074	11 2
Deferred tax liabilities (Notes 4 and 28)	1,090,365	3	1,115,149	2
Lease liabilities - non-current (Notes 4, 17 and 34)	174,117	-	172,469	1
Net defined benefit liabilities - non-current (Notes 4 and 23) Guarantee deposits received (Note 34)	31,469		73,822 28,828	
Total non-current liabilities	8,011,957	<u>18</u>	7,687,342	<u>16</u>
Total liabilities	22,463,672	50	25,159,417	52
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Ordinary shares	<u>15,308,998</u>	<u>34</u>	15,308,998	32
Capital surplus Retained earnings	74,648		73,884	
Legal reserve	1,116,990	2	821,206	2
Special reserve Unappropriated earnings	2,475,958 4,105,362	6 <u>9</u>	2,475,958 4,379,268	5
Total retained earnings	7,698,310	<u> </u>	7,676,432	<u>9</u> <u>16</u>
Other equity	(477,143)	<u>(1</u>)	(223,791)	<u> </u>
Total equity attributable to owners of the Corporation	22,604,813	50	22,835,523	48
NON-CONTROLLING INTERESTS	71,411	_	93,223	
Total equity	22,676,224	50	22,928,746	48
TOTAL	<u>\$ 45,139,896</u>	<u>100</u>	<u>\$ 48,088,163</u>	<u>100</u>

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021		
	Amount	%	Amount	%	
ODED ATING DEVENIUE (Notes 4, 15, 26 and 24)					
OPERATING REVENUE (Notes 4, 15, 26 and 34) Construction revenue	\$ 13,473,803	89	\$ 14,560,049	85	
Other operating revenue	1,619,569	89 11	2,636,636	15	
Other operating revenue	1,017,507		2,030,030		
Total operating revenue	15,093,372	100	17,196,685	100	
OPERATING COSTS (Notes 4, 15, 23, 27 and 34)					
Construction costs	12,218,854	81	14,471,086	84	
Other operating costs	1,496,696	_10	2,385,713	14	
Total operating costs	<u>13,715,550</u>	91	16,856,799	98	
GROSS PROFIT	1,377,822	9	339,886	2	
ODED A FIDAGE EXPENSES OF A 22 OF A 10 O					
OPERATING EXPENSES (Notes 23, 27 and 34)	00.005	1	122.026	1	
Selling and marketing expenses	99,005	1	133,836	1	
General and administrative expenses	471,805	3	537,719	3	
Research and development expenses	30,838	-	27,113	-	
Expected credit losses (gains) (Note 10)	159		(163)		
Total operating expenses	601,807	4	698,505	4	
PROFIT (LOSS) FROM OPERATIONS	776,015	5	(358,619)	<u>(2</u>)	
NON-OPERATING INCOME AND EXPENSES					
Interest income (Notes 4, 15, 27 and 34)	444,073	3	71,703	_	
Other income (Notes 4, 23, 27, 30 and 34)	2,546,351	17	76,926	1	
Other gains and losses (Notes 7, 27, 34 and 37)	(2,538,818)	(17)	2,842,260	17	
Finance costs (Notes 4, 12, 27 and 34)	(183,839)	(2)	(150,282)	(1)	
Expected credit losses (Note 34)	(22,628)	-	(150,202)	-	
Share of loss of associates (Notes 4 and 14)	(20,046)	_	(3,519)	_	
Total non-operating income and expenses	225,093	1	2,837,088	<u>17</u>	
PROFIT BEFORE INCOME TAX	1,001,108	6	2,478,469	15	
INCOME TAX EXPENSE (BENEFIT) (Notes 4					
and 28)	195,952	1	(183,707)	(1)	
			(103,707)	//	
NET PROFIT FOR THE YEAR	805,156	5	2,662,176	<u>16</u>	
				ntinued)	

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022			2021		
	Ar	nount	%	,	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 23, 25 and 28) Items that will not be reclassified subsequently to profit or loss:						
Remeasurement of defined benefit plans Unrealized gain (loss) on investments in equity instruments at fair value through other	\$	17,285	-	\$	(241)	-
comprehensive income Share of the other comprehensive income (loss) of associates accounted for using the equity		(368,753)	(2)		257,778	1
method Income tax related to items that will not be		(35,092)	-		14,095	-
reclassified subsequently to profit or loss Items that may be reclassified subsequently to profit		<u>(3,457)</u> (390,017)	<u>-</u> (2)		48 271,680	<u>-</u> 1
or loss: Exchange differences on translation of the financial statements of foreign operations Share of the other comprehensive income (loss) of associates accounted for using the equity		147,985	1		(12,698)	-
method		7,911 155,896	<u> </u>		(19,945) (32,643)	-
Other comprehensive income (loss) for the year, net of income tax		(234,121)	(1)		239,037	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$</u>	571,035	4	<u>\$</u>	2,901,213	<u>17</u>
NET PROFIT ATTRIBUTABLE TO: Owners of the Corporation	\$	821,315	5	\$	2,676,758	15
Non-controlling interests	Ψ ———	(16,159)	_ _	<u>Ψ</u>	(14,582)	
	\$	805,156	5	\$	2,662,176	<u>15</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:						
Owners of the Corporation Non-controlling interests	\$	586,580 (15,545)	4	\$	2,915,641 (14,428)	17
	\$	571,035	4	\$	2,901,213 (Con	<u>17</u> ntinued)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022	2022		
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 29)				
Basic	<u>\$0.54</u>		<u>\$1.75</u>	
Diluted	<u>\$0.54</u>		<u>\$1.74</u>	

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

(Concluded)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation (Notes 4 and 25)												
		al Issued and anding				•		Exchange Differences on	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value				
	Number of Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Retained Special Reserve	Earnings Unappropriated Earnings	Total	Translation of Foreign Operations	Through Other Comprehensive Income	Total	Total	Non-controlling Interests (Notes 25 and 31)	Total Equity
BALANCE, JANUARY 1, 2021	1,530,899	\$ 15,308,998	\$ 73,833	\$ 759,714	\$ 2,788,570	\$ 1,839,615	\$ 5,387,899	\$ (303,569)	<u>\$ (159,337)</u>	<u>\$ (462,906)</u>	\$ 20,307,824	\$ 107,718	\$ 20,415,542
Special reserve under Rule No. 1030006415 issued by the FSC			<u>-</u> _		(312,612)	312,612	<u>-</u> _	=		<u>-</u>		<u>-</u> _	<u>=</u>
Appropriation of the 2020 earnings Legal reserve Cash dividends distributed by the Corporation	<u>-</u>	<u> </u>	<u>-</u>	61,492	- -	(61,492) (356,700)	(356,700)	<u> </u>	<u> </u>	<u> </u>	(356,700)	<u>-</u>	(356,700)
Total			-	61,492		(418,192)	(356,700)		-	_	(356,700)	-	(356,700)
Donations from shareholders			38						-		38	-	38
Changes from investments in associates accounted for using the equity method		<u>-</u>	_	<u>-</u>		(31,293)	(31,293)			_	(31,293)		(31,293)
Actual acquisition of interests in subsidiaries			13							-	13	(67)	(54)
Net profit (loss) for the year ended December 31, 2021	-	-	-	-	-	2,676,758	2,676,758	-	-	-	2,676,758	(14,582)	2,662,176
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	_	_	-	_	_	(232)	(232)	(32,483)	271,598	239,115	238,883	154	239,037
Total comprehensive income (loss) for the year ended December 31, 2021	_	-	-		_	2,676,526	2,676,526	(32,483)	271,598	239,115	2,915,641	(14,428)	2,901,213
BALANCE, DECEMBER 31, 2021	1,530,899	15,308,998	73,884	821,206	2,475,958	4,379,268	7,676,432	(336,052)	112,261	(223,791)	22,835,523	93,223	22,928,746
Appropriation of the 2021 earnings Legal reserve Cash dividends distributed by the Corporation	<u>-</u>			295,784	<u>-</u>	(295,784) (817,500)	(817,500)	-	- 	<u>-</u>	(817,500)	<u>-</u>	(817,500)
Total			<u>-</u> _	295,784	=	(1,113,284)	(817,500)	=		=	(817,500)	_	(817,500)
Actual acquisition of interests in subsidiaries		_	745	-	_	_	_	(285)	(269)	(554)	191	(4,754)	(4,563)
Changes in percentage of ownership interests in subsidiaries		-	19	-	_	_	-	_	-	_	19	(983)	(964)
Cash dividends distributed by the subsidiaries		-	-	-	_	_	-	_	-	_		(530)	(530)
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	-	821,315	821,315	-	-	-	821,315	(16,159)	805,156
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax						13,434	13,434	155,544	(403,713)	(248,169)	(234,735)	614	(234,121)
Total comprehensive income (loss) for the year ended December 31, 2022						834,749	834,749	155,544	(403,713)	(248,169)	586,580	(15,545)	571,035
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-				4,629	4,629		(4,629)	(4,629)			
BALANCE, DECEMBER 31, 2022	1,530,899	\$ 15,308,998	\$ 74,648	\$ 1,116,990	<u>\$ 2,475,958</u>	<u>\$ 4,105,362</u>	\$ 7,698,310	<u>\$ (180,793)</u>	\$ (296,350)	<u>\$ (477,143)</u>	\$ 22,604,813	\$ 71,411	\$ 22,676,224

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,001,108	\$ 2,478,469
Adjustments for:		
Depreciation expense	160,142	160,707
Expected credit loss (reversal)	22,787	(163)
Net loss on fair value changes of financial assets at fair value		
through profit or loss	2,348,504	8,350
Finance costs	183,839	150,282
Interest income	(444,073)	(71,703)
Dividend income	(2,454,916)	(12,533)
Share of profit or loss of associates	20,046	3,519
Loss on disposal of property, plant and equipment	2,839	458
Gain on disposal of associates	-	(2,849,350)
Reversal of impairment losses on financial assets	-	(775,507)
Loss (gain) on lease modification	8	(2,903)
Compensation loss (reversal)	(13,844)	665,623
Changes in operating assets and liabilities		
Notes receivable and trade receivables	2,018	(12,863)
Contract assets	(39,498)	814,847
Construction receivables	(316,427)	(1,031,921)
Accounts receivable on the development of industrial districts	3,179,156	917,839
Inventories	(66,726)	(174,425)
Construction in progress	(1,975,449)	(1,398,319)
Buildings and land held for sale	197,957	951,654
Other current assets	(3,782)	(248,058)
Notes payable	(4,989)	6,066
Contract liabilities	(582,778)	515,331
Trade payables	(320,492)	265,346
Accrued expenses	169,897	74,941
Accounts payable for the development of industrial districts	(1,963,320)	38,656
Provisions	32,816	(54,133)
Net defined benefit liabilities	(61,797)	(36,865)
Other current liabilities	(16,274)	(36,467)
Cash generated from (used in) operations	(943,248)	346,878
Interest received	444,048	70,781
Interest paid	(229,735)	(174,594)
Income tax paid	(36,866)	(46,055)
Net cash generated from (used in) operating activities	(765,801)	197,010
		(Continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive		
income	\$ -	\$ (868,218)
Proceeds from disposal of financial assets at fair value through other		
comprehensive income	8,506	1,937
Cash returns from capital reduction of financial assets at fair value		
through other comprehensive income	81,736	(1.060.157)
Proceeds from disposal (purchase) of financial assets at amortized cost	123,872	(1,060,157)
Purchase of financial assets at fair value through profit and loss Proceeds from disposal of financial assets at fair value through profit	-	(582,172)
and loss	27,560	592,909
Cash returns from capital reduction of financial assets at fair value	27,300	372,707
through profit and loss	_	1,532,692
Payments for property, plant and equipment	(44,189)	(63,104)
Proceeds from disposal of property, plant and equipment	758	204
Decrease (increase) in refundable deposits	43,870	(44,517)
Increase in other assets	(7,386)	(30,571)
Decrease in prepayments for equipment	-	3,133
Increase in prepayments for investments	-	(770,870)
Dividends received	2,454,916	12,533
Net cash generated from (used in) investing activities	2,689,643	(1,276,201)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,668,887	214,930
Proceeds from (repayment of) short-term bills payable	(1,481,920)	200,726
Proceeds from (repayment of) long-term borrowings	(258,653)	1,322,061
Increase in guarantee deposits received	100,544	36,303
Repayment of the principal portion of lease liabilities	(78,872)	(69,882)
Cash dividends distributed	(817,500)	(356,700)
Acquisition of additional interests in subsidiaries	(5,527)	(54)
Dividends paid to non-controlling interests	(530)	-
Donations from shareholders	_	38
Net cash generated from (used in) financing activities	(873,571)	1,347,422
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE		
OF CASH HELD IN FOREIGN CURRENCIES	143,850	(10,539)
or engirings har one or entitle contractions	113,030	(10,55)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,194,121	257,692
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE	• • • • • • •	
YEAR	2,995,422	<u>2,447,681</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,189,543</u>	\$ 2,705,373
		(Continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of December 31, 2022 and 2021:

	December 31		
	2022	2021	
Cash and cash equivalents in the consolidated balance sheets Bank overdrafts	\$ 4,189,543	\$ 2,995,422 (290,049)	
Cash and cash equivalents in the consolidated statements of cash flows	\$ 4,189,543	\$ 2,705,373	

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

BES Engineering Corporation (the "Corporation"), which was a state-owned enterprise until June 22, 1994, engages mainly in civil engineering, building construction, real estate transaction and the development of industrial districts for the government.

The Corporation's shares have been trading on the Taiwan Stock Exchange since March 1993.

The consolidated financial statements of the Corporation and its subsidiaries, collectively referred to as the "Group", are presented in the Corporation's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors on March 13, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies:

Amendments to IAS37 "Onerous Contracts - Cost of Fulfilling a Contract"

The Group applied the amendments to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022. The amendments specify that when assessing whether a contract is onerous, the "cost of fulfilling a contract" includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

There was no significant effect when the Group applies the amendments.

b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and	January 1, 2023 (Note 3)
Liabilities arising from a Single Transaction"	

- Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.
- Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.
- 1) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed:
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgments or assumptions in applying an accounting policy, and the Group discloses those judgments or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.
- 2) Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and the Group shall recognize the cumulative effect of initial application in retained earnings at that date. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

Effective Date

c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

	Effective Date
New, Amended and Revised Standards and Interpretations	Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets	To be determined by IASB
between an Investor and its Associate or Joint Venture"	
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 -	January 1, 2023
Comparative Information"	
Amendments to IAS 1 "Classification of Liabilities as Current or Non-	January 1, 2024
current"	
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
	•

- Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.
- Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.
- 1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated.

2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (referred to as the "2020 amendments") and "Non-current Liabilities with Covenants" (referred to as the "2022 amendments")

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

3) Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. Seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.
- c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

The Group is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

See Note 13, Tables 6 and 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) is recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the Corporation's foreign operations (including subsidiaries and associates) that are prepared using functional currencies which are different from the currency of the Corporation are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income. (attributed to the owners of the Corporation and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Corporation's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Corporation are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

For a contract where a landowner provides land for construction of buildings by a property developer in exchange for a certain percentage of the buildings, no exchange gain or loss is recognized if the buildings acquired are classified as properties held for sale. Revenue is recognized when the properties held for sale are sold to third parties.

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Corporation subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Joint operations

A joint operation is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement.

Any acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business should be treated as a business combination, except when the parties sharing joint control are under the common control of the same ultimate controlling party or parties both before and after the acquisition and that control is not transitory.

The Group recognizes the following items in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output of the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenue and expenses.

When the Group sells or contributes assets to its joint operation, it recognizes gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation. When the Group purchases assets from its joint operation, it does not recognize its share of the gain or loss until it resells those assets to a third party.

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the declining balance method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the declining balance method and straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

1. Impairment of property, plant and equipment, right-of-use assets, investment properties, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation. Otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 33.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), as well as contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

n. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

1) Onerous contracts

Onerous contracts are those in which the Group's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions. In assessing whether a contract is onerous, the cost of fulfilling a contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that are related directly to fulfilling contracts.

2) Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreedupon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Group of the expenditures required to settle the Group's obligations.

o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

For contracts to sell properties in the ordinary course of business, the fixed transaction price is received in instalments and recognized as a contract liability. The transaction price, after adjusting for the effect of the significant financing component, is recognized as revenue when the construction is completed, and the property is transferred to the buyer.

2) Revenue from the rendering of services

Revenue from the rendering of services is recognized when services are provided.

Revenue from a contract to provide services is recognized with reference to the stage of completion of the contract.

3) Construction contract revenue

The Group recognizes revenue from real estate construction contracts which are in the progress of construction over time. The Group measures the progress of completion of the construction contracts based on the satisfaction of performance obligations as stated in the contracts. Contract assets are recognized during the construction and are reclassified to trade receivable at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Group recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligations.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in satisfying the performance obligation for which recovery is expected.

4) Business on the development of industrial districts

The Group is authorized to develop and sell the development of industrial districts, whose accounting affairs are processed individually. Input costs of each industrial zone debit accounts receivable on the development of industrial districts; the price of land was paid by the purchaser, and the cost of development credits accounts payable for the development of industrial districts. When vendors pay off the price, accounts receivable on the development of industrial districts will be charged off. If the balance remains, the committee of industrial zone development and administration fund will be remitted.

Business on the development of industrial districts is charged by appointment contracts and related laws, which recognized in agency fee revenue included in other operating revenue of current year.

p. Buildings and land held for sale, net

Buildings and land held for sale, net is stated at the lower of cost or net realizable value. Comparing costs with net realizable value is based on individual item. The net realizable value is the estimated selling price less the selling expense. The cost is calculated by the specific identification method when selling.

q. Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized with reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred to date relative to the estimated total contract costs, expect for the stage of completion which isn't representative. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably, and its receipt is considered probable.

When the outcome of a construction contract can be estimated reliably, revenue from cost-plus contracts is recognized with reference to the recoverable costs incurred during the period plus the fees earned, measured according to the proportion of the costs incurred to date to the estimated total costs of the contract.

When it is probable that total contract costs will exceed the total contract revenue, the expected loss is recognized as an expense immediately.

When contract costs incurred to date plus the recognized profit less the recognized deficits exceed progress billings, the surplus is shown as the gross amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus the recognized profit less the recognized deficits, the surplus is shown as the gross amount due to customers for contract work. Amounts received before the related work is performed are included in the consolidated balance sheets as a liability under contract liabilities. Amounts billed for work performed but not yet paid by customers are included in the consolidated balance sheets under trade receivables.

r. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessor, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than, the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions for lease contracts and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

s. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

t. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

u. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

v. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Construction contracts

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The degree of completion of a contract is measured based on the satisfaction of performance obligations stated in the contract.

The estimated total contract costs and contractual items are assessed and determined by management, based on the nature of the work, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profit and loss from the construction contracts.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31				
		2022		2021	
Cash on hand Checking accounts and demand deposits Cash equivalents (investments with original maturities of 3 months	\$ 3	7,361 ,764,376	\$	9,214 2,919,696	
or less) Time deposits		417,806		66,512	
	<u>\$ 4</u>	,189,543	<u>\$</u>	2,995,422	

The market rate intervals of bank deposits at the end of the reporting period was as follows:

	Decem	iber 31
	2022	2021
Bank deposits	0.005%-0.455%	0.005%-0.200%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

		December 31		
	20	22	2	2021
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL Non-derivative financial assets Domestic listed shares Domestic unlisted shares Mutual funds	\$	- - 4,142	\$ 2,	6,060 ,369,559 4,587
wittua Tunus	\$	4,142	\$ 2	,380,206

The board of directors of the Group's equity-method investee Core Pacific City Co., Ltd. ("Core Pacific City") resolved to repurchase 10,591 thousand shares of its common stock, resulting in an increase in the Group's shareholding from 23.51% to 23.76% on August 13, 2021. In addition, Core Pacific City's preference shares were converted into ordinary shares, the Group held less from 23.76% to 15.34% of its voting rights and consequently ceased to have significant influence over the change to financial assets at FVTPL on October 22, 2021. The fair value of the remaining 15.34% of the shares at the date of disposal was \$3,908,303 thousand, and the amount of profit or loss recognized in 2021 for this transaction was calculated as follows:

	For the Year Ended December 31, 2021
Proceeds from disposal	\$ -
Add: Fair value of retained investment (15.34%)	3,908,303
Less: Carrying amount of investment on the date of loss of significant influence	(1,058,953)
Gain recognized (other gains and losses)	\$ 2,849,350

In order to activate shareholders' funds and adjust the capital structure, Core Pacific City resolved to apply a capital reduction to offset deficit and capital reduction by cash to return investments in the extraordinary general meeting on November 8, 2021. The record date for capital reduction was also November 8, 2021. Following the resolution of the meeting, shares of Core Pacific City held by the Group and Core Pacific World Co., Ltd. were converted into ordinary shares, and \$1,532,692 thousand of cash returns from capital reduction of investments had been fully collected on November 11, 2021.

The appropriations of earnings for 2021 were approved by Core Pacific City's shareholders in their meeting on February 23, 2022. The Corporation and Core Pacific World Co., Ltd. received cash dividends of \$2,350,388 thousand in accordance with the above resolution of the shareholders' meeting, which was received in full on February 25, 2022.

On May 24, 2022, the Group disposed of all the shares of a subsidiary of the Corporation, Core Pacific City to Glory Construction Co., Ltd. The amount of proceeds from the disposal was \$21,455 thousand and the fair value was \$21,520 thousand at the date of disposal, and the amount of profit or loss recognized in 2022 for this transaction was calculated as follows:

	For the Year Ended December 31, 2022
Proceeds from disposal Less: Fair value of retained investment (15.34%)	\$ 21,455 (21,520)
Lose recognized (other gains and losses)	<u>\$ (65)</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments At FVTOCI

	December 31		
	2022	2021	
Current			
Domestic investments			
Listed shares	<u>\$ 1,214,472</u>	<u>\$ 1,081,055</u>	
Non-current			
Domestic investments			
Listed shares	\$ 1,808,411	\$ 1,635,700	
Unlisted shares	104,762	99,015	
The investment case of movie - The M Riders		-	
	<u>\$ 1,913,173</u>	\$ 1,734,715	

These investments in Taiwan Business Bank, China Petrochemical Development Corporation (the "China Petrochemical Development"), Century Development Corporation, and Overseas Investment & Development Corporation are not held for trading. Instead, they are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

The Group participated in cash capital increase of China Petrochemical Development by subscribing for the shares as specific person was \$770,870 thousand on December 17, 2021, and refunded of subscription amount of \$81,736 thousand on January 26, 2022, and the related registration of the aforementioned transactions has been completed.

Refer to Note 35 for information relating to investments in equity instruments at FVTOCI pledged as security.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
Current	2022	2021
Domestic investments Time deposits with original maturities of more than 3 months (a) Others (b)	\$ 1,515,466	\$ 2,721,243
Non-current		
Domestic investments Time deposits with original maturities of more than 3 months (a) Others (b)	\$ 142 631,820	\$ 2,301 1,990
	<u>\$ 631,962</u>	<u>\$ 4,291</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.002%-2.750% and 0.002%-2.800% per annum as of December 31, 2022 and 2021, respectively.
- b. Restricted deposits and reserve account for trusts.

Refer to Note 35 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND CONSTRUCTION RECEIVABLES

	December 31		
	2022	2021	
Notes receivable			
Notes receivable	<u>\$ 61</u>	\$ 1,154	
<u>Trade receivables</u>			
At amortized cost Gross carrying amount Less: Allowance for impairment loss	95,823 (400) 95,423	109,173 (12,666) 96,507	
Notes receivable and trade receivables	<u>\$ 95,484</u>	<u>\$ 97,661</u>	
Construction receivables	\$ 2,603,165	\$ 2,286,738	

Trade Receivables and Construction Receivables

The average credit period granted by the Group for sales of its products is 90 days; assessment of impairment of accounts receivable is based on aging analysis, past experience and the client's current financial condition on an individual basis to estimate the uncollectible amounts.

When deciding the collectability of trade receivables, the Group takes the change of credit quality from the grant date of trade receivables to the balance sheet date in consideration. Past experience shows that, unless the traders are government entities which have good credit quality and are evaluated not to recognize allowance for doubtful accounts, the Group evaluates the uncollectible amounts in the future and recognizes appropriate allowance for doubtful accounts in principle.

Expect for individually recognizing appropriate allowance for doubtful accounts, which is based on objective evidence showing that trade receivables of specific trader is uncollectible, recognizing allowance for doubtful accounts is based on past experience of collective evaluation. The Group then distinguishes customers into different risk groups and recognizes allowance loss by expected loss rate.

At the balance sheet date, no allowance for doubtful accounts was recognized for some past-due trade receivables and construction receivables because there were no significant changes in credit quality, the amounts outstanding were still considered recoverable, and there was no indication of impairment of these receivables.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The aging of receivables, net was as follows:

	December 31	
	2022	2021
Not past due	\$ 2,697,808	\$ 2,382,255
Less than 60 days	644	870
61-90 days	-	-
90-120 days	3	-
Past due over 120 days	133	120
	<u>\$ 2,698,588</u>	\$ 2,383,245

The movements of the loss allowance of trade receivables were as follows:

	December 31		
	2022	2021	
Balance at January 1	\$ 12,666	\$ 12,829	
Add: Net remeasurement of loss allowance	159	-	
Less: Amounts written off	(12,425)	-	
Less: Net remeasurement of loss allowance	_	(163)	
Balance at December 31	<u>\$ 400</u>	<u>\$ 12,666</u>	

11. ACCOUNTS RECEIVABLE ON THE DEVELOPMENT OF INDUSTRIAL DISTRICTS

	December 31		
	2022	2021	
Chung Hua Coastal Industrial Park Yunlin Technology-based Industrial Park Other industrial districts	\$ 971,231 147 	\$ 4,130,336 - - 1,946,867	
	<u>\$ 2,898,047</u>	\$ 6,077,203	

The Group's development costs (including interest) amounted to \$3,500,381 thousand in 2022 and \$899,934 thousand in 2021, and the amounts collected were \$6,679,537 thousand in 2022 and \$1,817,773 thousand in 2021.

The Group's receivables on the development of industrial districts are mainly funded by advanced cash and interest from the Industrial Bureau of the Ministry of Economic Affairs. After assessing the following factors, there is no need to provide an allowance for bad debts:

a. The price of land in an industrial zone is based on the estimated total development costs. All the interest generated from the development costs after the settlement base date are in response to the price adjustment mechanism used for adding the interest month by month and are a basis for reflecting the accurate price of an industrial zone at various points in time. The price paid by the vendors are included in the interest generated from the development costs after the settlement base date. The Development Bureau of the Ministry of Economic Affairs implements a land lease plan in an industrial zone, and the development costs of the entrusted development unit is also calculated based on the price in the month in which the manufacturers sign the lease. Land rental income is simply one of the advanced repayments of the development costs and can still be returned through other relevant alternative measures.

- b. As industrial zone development contracts are civil law appointment contracts, all the authorized development units are not subject to the risk of profit and loss. This is because the fees paid by the appointed firms are legally required and reimbursed from the appointing party which is a government agency and such an agent's credit is unquestionable.
- c. Development contracts only stipulate that development units may use advanced prepayments to process the development costs of the land sale price. Additionally, rental income from the land is not required to be the only repayment source. Industrial zone development is the government's method of promoting the industrial development policy. Thus, the government shall adopt countermeasures to solve problems such as sluggish sale of land in industrial zones or higher than market rental or selling prices leading to unsaleable land in industrial zones. The recovery funds that are entrusted to development units do not necessarily directly correlate with whether the land can be sold successfully.
- d. The Group's receivables on the development of industrial districts have no bad debt history. Also, the Industrial Bureau of the Ministry of Economic Affairs has not stated or shown that it will not repay the development costs to the Group. Moreover, the funds will be recovered successively, and some of the cases have been fully recovered.

In summary, there is no major doubt or uncertainty regarding the recovery of advanced development repayments for industrial zone development, and thus, allowance for bad debts is not required.

Accounts receivable on the development of industrial districts as collateral for borrowings are set out in Note 35.

12. BUILDINGS AND LAND HELD FOR SALE, NET AND CONSTRUCTION IN PROGRESS

	Buildings and	Construction in Progress		S
	Land Held for		Cost of	T
	Sale	Cost of Land	Construction	Total
<u>December 31, 2022</u>				
Self-construction on self-possessed				
land	\$ 411,905	\$ 1,244,634	\$ 1,510,060 \$	2,754,694
Joint construction	11,419,406	115,830	2,067,198	2,183,028
Undefined use	_	25,236		25,236
	\$ 11,831,311	<u>\$ 1,385,700</u>	<u>\$ 3,577,258</u> <u>\$</u>	4,962,958
<u>December 31, 2021</u>				
Self-construction on self-possessed				
land	\$ 411,723	\$ 1,244,634	\$ 598,625 \$	1,843,259
Joint construction	11,438,698	79,481	1,165,742	1,245,223
Undefined use		25,236		25,236
	<u>\$ 11,850,421</u>	<u>\$ 1,349,351</u>	<u>\$ 1,764,367</u> <u>\$</u>	3,113,718

The Group's investments in the above buildings and land are specifically held for sales purposes, and the allowance for decline in value were both \$39,245 thousand as of December 31, 2022 and 2021.

In November 2009, the Group acquired lots in the Zhengyi Section, Taipei City, and are in the process of contacting the landlords to discuss a new integrated development plan after the completion of the cooperative housing or urban renewal procedures.

In February 2011, the Group started to process an urban renewal plan for Yan Shou Public Housing located on land numbers 57-2, 57-13 and 57 in the Baoqing Section, Taipei City.

- a. The Group acquired the joint-construction agreements for land number 57-2 from the majority of the landlords. The Group completed an urban renewal plan in accordance with the laws and regulations and applied for registration of property rights in September 2021. The construction for this land was reclassified as buildings and land held for sale.
- b. The Group acquired the joint-construction agreements for land number 57-13 from the majority of the landlords. The application of the urban renewal business plan was completed in October 2013, and the approval was received in December 2015; the transfer of ownership rights was approved in December 2018; the approval letter was received on January 23, 2019; the construction license was approved on June 13, 2019; the first public coordination meeting was held on September 26, 2019; the demolition review meeting was passed on December 10, 2019; the relocation was completed in March 2020; the demolition of the buildings was completed in July 2020. On September 6, 2022, the beam erection ceremony was held, and the structural work was still in progress on December 31, 2022.
- c. The Group acquired the joint-construction agreements for land number 57 from the majority of the landlords. The application of the urban renewal business plan was completed in December 2014, and the approval was received in June 2017; the transfer of ownership rights was submitted for approval in October 2018; the public hearing was held in February 2019; the hearing meeting was convened on December 23, 2019; the approval letter was received on April 22, 2020; the construction license was approved on June 21, 2021; the first public coordination meeting was held on August 31, 2021; the negotiated integration with tenants was completed on December 29, 2021; the relocation was completed in June 2022; the demolition of the buildings was still in progress on December 31, 2022.

In 2015, the Group started to process three urban renewal plans located on the land, plot number 316, in the Nangang Section, Taipei City. The urban renewal business plans were submitted to the authorities for approval in December 2015. The second hearing meeting was in December 2017, and the plan review meeting was held on December 9, 2019; the public hearing of the transfer of ownership rights was held on November 28, 2020; the house selection was completed in January 2021; the public hearing was held on May 20, 2022. As of December 31, 2022, the transfer of ownership rights was approved after being reviewed.

The land development plan of Peibo Section in Tucheng District was approved by the Corporation's board of directors and authorized for issue on May 13, 2020, and the demolition of the buildings was completed in June 2020; the public hearing was held on April 27, 2021. On May 27, 2022, the change of design was reviewed and completed, and the application for a new construction license was still pending as of December 31, 2022.

The Group was awarded a tender for the urban renewal of public and private land in No. 290, Dongsheng Section, Shulin District, New Taipei City on October 13, 2021. The contract with New Taipei City Government was signed on December 24, 2021. As December 31, 2022, an application for the change of scope was submitted to the Bureau of Finance.

The board of directors approved the urban renewal project for the land in Section 135-1, Subsection 1, Dunhua Section, Songshan District, Taipei City on May 11, 2022, and as of December 31, 2022, the application was submitted for the urban renewal business plan.

As of December 31, 2022 and 2021, the interest expense before capitalization was \$236,295 thousand and \$176,192 thousand, respectively; the capitalized construction interest was \$52,456 thousand and \$25,910 thousand, respectively; the capitalization rates per annum were 2.053%-2.072% and 1.745%-2.347%, respectively.

Refer to Note 35 for information about buildings and land held for sale, net pledged as security.

13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

			% of Ov	vnership	
			Decen	iber 31	<u>-</u>
Investor	Investee	Main Business	2022	2021	Remark
BES Engineering Corporation	Core Pacific World Co., Ltd.	Makes investments	99.95	99.95	-
	BES Machinery Co., Ltd.	Leases engineering machinery and equipment, and wholesale construction materials and provides consulting service for designing and planning projects, except for certain architectural matters	-	99.35	Notes 3 and 4
	BES Investment Company Ltd.	Overseas construction and equipment sale	100.00	100.00	Note 2
	BES Logistics International Co., Ltd.	Makes investments	100.00	100.00	-
	Core Asia Human Resources Management Co., Ltd.	Consultancy on business administration and investments	100.00	100.00	-
	Chung Kung Safeguarding & Security Corp.	Security and related services	64.67	64.67	-
	Cinemark-Core Pacific, Ltd.	Movie broadcasting and related businesses	78.14	15.38	Notes 1 and 4
	BES Construction Corporation (U.S.A.)	Develops lands for investments	91.79	91.79	Note 1
	BES Global Investment Co.	Overseas construction and equipment sale	100.00	100.00	-
	BESM Holding Co., Ltd.	Holds investments	100.00	-	Note 4
Core Pacific World Co., Ltd.	Zhong Hua Cheng Development Co., Ltd.	Consulting	100.00	100.00	-
	Chinese City International Investment Co., Ltd.	Consulting	100.00	100.00	-
BES Machinery Co., Ltd.	BESM Holding Co., Ltd.	Holds investments	-	100.00	Note 4
•	Cinemark-Core Pacific, Ltd.	Movie broadcasting and related businesses	-	62.76	Notes 1 and 4
Cinemark-Core Pacific, Ltd.	Cinema 7 Theater Co., Ltd.	Movie broadcasting and retail sale of food products and groceries	100.00	100.00	-
Core Asia Human Resources Management Co., Ltd.	Elite Human Resources Management Co., Ltd.	Human resource consulting	100.00	100.00	-
Chung Kung Safeguarding & Security Corp.	Chung Kung Management Consultant Co., Ltd.	Business management consulting and running parking lots	100.00	100.00	-
	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Manages apartment maintenance and renders related services	37.00	37.00	Note 1
Chung Kung Management Consultant Co., Ltd.	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Manages apartment maintenance and renders related services	63.00	63.00	Note 1
BES Investment Company Ltd.	BES Construction Corporation (U.S.A.)	Develops lands for investments	8.21	8.21	Note 1
	Global BES Engineering (Myanmar) Co., Ltd.	Engineering and construction	100.00	100.00	-
	BES Engineering Vietnam Co., Ltd.	Engineering and construction	100.00	100.00	Note 2
Chinese City International Investment Co., Ltd.	Hua Cheng Consulting (Changshu) Co., Ltd.	Provides engineering consulting services.	100.00	100.00	-
Zhong Hua Cheng Development Co., Ltd.	Core Pacific Consulting (Changshu) Co., Ltd.	Provides engineering consulting services	100.00	100.00	-

Remark:

- Note 1: The Group holds more than 50% of the investee's shares; thus, this investee was included in the consolidated financial statements.
- Note 2: The board of directors of the Corporation resolved to increase its capital investment of BES Investment Company Ltd. by US\$27 million on June 10, 2021, and then invested US\$25 million in BES Engineering Vietnam Co., Ltd. The related procedures was completed in 2021.
- Note 3: BES Machinery Co., Ltd. purchased 86,850 treasury shares for \$964 thousand in March 2022, resulting in an increase in the Group's shareholding in BES Machinery Co., Ltd. from 99.35% to 99.46%. On December 29, 2021, the board of directors resolved to merge with BES Machinery Co., Ltd. in view of the Group's organizational adjustment. The record date of the merger was March 25, 2022. After the merger, the Corporation was the surviving Corporation and BES Machinery Co., Ltd. was the dissolved corporation.

On March 25, 2022, the Corporation acquired 0.54% of the shares of BES Machinery Co., Ltd. for \$4,563 thousand, increasing its shareholding from 99.46% to 100.00%. The Corporation also merged with BES Machinery Co., Ltd. in accordance with the Business Mergers and Acquisitions Act, refer to consolidated financial statements for the year ended December 31, 2022 in Note 31.

Note 4: On March 25, 2022, the Corporation acquired 62.76% of the ownership of Cinemark-Core Pacific,

Ltd. and 100% of the ownership of BESM Holding Co., Ltd, through a business merger with BES Machinery Co., Ltd. After the merger, the Corporation holds 78.14% and 100.00% of the above shares, respectively.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in associates

	December 31		
	2022		
Associates that are not individually material	<u>\$ 1,591,585</u>	\$ 1,638,812	

Aggregate information of joint ventures that are not individually material

	For the Year Ended December 31		
	2022	2021	
The Group's share of:			
Loss for the year	\$ (20,046)	\$ (3,519)	
Other comprehensive income (loss)	_(27,181)	(5,850)	
Total comprehensive income (loss) for the year	<u>\$ (47,227)</u>	<u>\$ (9,369)</u>	

15. JOINT OPERATIONS

Some of the Group's construction projects are joint construction projects, and the Group signed cooperation agreements with participating contractors to form a single operating unit and adopted the operating model of joint contracting and also independently set up accounting records. The joint contractor, construction assets and liabilities and details of the amounts the Group made in proportion to its interest in the joint agreements are as follows:

a. Yulon Town Joint Venture

The Group and Taiwan Kumagai Co., Ltd. jointly contracted the main construction of the Yulon Town Development Project in the commercial area (the "Yulon Town Joint Venture"), which was entrusted by Yulon Motor Co., Ltd. The Group and Taiwan Kumagai Co., Ltd. signed the joint venture contract in December 2018, and had 30% and 70% interest in the joint venture, respectively. The related assets, liabilities, revenue, and expenses relating to the joint venture operations in the consolidated financial statements are shown below:

	December 31			
	2022	2021		
<u>Assets</u>				
Cash and cash equivalents	\$ 67,162	\$ 91,651		
Construction receivables	10,997	14,421		
Contract assets - current	85,928	81,043		
Other current assets	2	192		
Refundable deposits		599		
	<u>\$ 164,089</u>	<u>\$ 187,906</u>		
		(Continued)		

	December 31			
		2022	202	21
<u>Liabilities</u>				
Trade payables	\$	702	\$ 1	,084
Accrued expenses		269	1	,308
Contract liabilities - current		77,110	104	1,100
Other current liabilities		3,535	3	<u>3,496</u>
	\$	<u>81,616</u>		9 <u>,988</u> icluded)
	For th	ne Year End	ded Decen	nber 31
	2	2022	202	21
Construction revenue	<u>\$</u>	60,042	<u>\$ 364</u>	<u> 1,550</u>

\$ 330,089

56,020

b. Twin Tower Joint Venture

Construction cost

Interest income

The Group, Taiwan Kumagai Co., Ltd. (Kumagai) and Jeou Nien Construction Co., Ltd. (Jeou Nien) jointly contracted the main construction of the Taipei City West District Gateway Project, Taipei Station Specific Dedicated Area C1/D1 (East Half Street Profile) Land Development Project, which was entrusted by Taipei Twin Towers Co., Ltd. In May 2022, the Group, Kumagai and Jeou Nien signed the joint venture contract and had 33%, 35% and 32% interest in the joint venture, respectively. The assets and liabilities relating to the joint venture operations in the assets and liabilities statements are shown below:

	December 31, 2022
Assets	
Cash and cash equivalents Construction receivables Other current assets Refundable deposits	\$ 3,179 14,672 2,747 65 \$ 20,663
<u>Liabilities</u>	
Trade payables Accrued expenses Contract liabilities - current Other current liabilities	\$ 35 4 3,144 <u>8</u>
	<u>\$ 3,191</u>

For the Year Ended December 31, 2022

Construction revenue	\$ 13,401
Construction cost	\$ 13,308
Interest income	\$ 9

c. Core Pacific Living City Yangzhou CBD business in A6 district

In June 2012, the subsidiaries of Core Pacific Consulting (Changshu) Co., Ltd. and Hua Cheng Consulting (Changshu) Co., Ltd. signed an agreement with Core Pacific Living City Yangzhou CBD regarding a joint operation development of Core Pacific Living City Yangzhou CBD business in A6 district and a residence hotel. Based on the agreement, Core Pacific Consulting (Changshu) Co., Ltd. and Hua Cheng Consulting (Changshu) Co., Ltd. each own 7.5% of the interest, and Core Pacific Living City Yangzhou CBD has an 85% interest. As well, the Group signed the joint control operation agreement which has an expected duration of 5 years. This contract may be terminated early only under mutual agreement. Any profit or loss on this project will be shared at a percentage based on the contribution of each party.

The agreement expired in July 2017, and the Group's capital contribution reached 22.5%. The principal and expected interest amounted to \$576,384 thousand and was paid in August 2017. Meanwhile, an asset valuation was performed and completed on September 30, 2017. As of December 31, 2022, the actual profit-sharing settlement is still underway due to calculation of the land value increment tax. The expected interest recognized in other liabilities - current is estimated at \$71,217 thousand.

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Property under Construction	Total
Cost						
Balance at January 1, 2021 Additions Disposals Transfers to inventories Reclassification Effect of foreign currency	\$ 2,766,404 1,680 (3,276)	\$ 642,748 - - -	\$ 814,421 54,182 (4,912) (13,596) 1,800	\$ 347,480 6,395 (460)	\$ 8,534 847 - (1,800)	\$ 4,579,587 63,104 (8,648) (13,596)
exchange differences			(16)			<u>(16</u>)
Balance at December 31, 2021	\$ 2,764,808	<u>\$ 642,748</u>	<u>\$ 851,879</u>	<u>\$ 353,415</u>	<u>\$ 7,581</u>	<u>\$ 4,620,431</u>
Accumulated depreciation						
Balance at January 1, 2021 Depreciation expense Disposals Transfers to inventories Effect of foreign currency exchange differences	\$ 3,004 231 (2,948)	\$ 390,305 15,611 -	\$ 668,585 49,004 (4,625) (11,670)	\$ 297,611 5,679 (413)	\$ - - - -	\$ 1,359,505 70,525 (7,986) (11,670)
Balance at December 31, 2021	\$ 287	\$ 405,916	\$ 701,279	\$ 302,877	\$ -	\$ 1,410,359
Balance at December 31, 2021, net	\$ 2,764,521	\$ 236,832	\$ 150,600	\$ 50,538	\$ 7,581	\$ 3,210,072 (Continued)

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Property under Construction	Total
Cost						
Balance at January 1, 2022 Additions Disposals Transfers to investment properties Reclassification	\$ 2,764,808	\$ 642,748 1,677 (42,995) (148,620)	\$ 851,879 29,834 (331,734)	\$ 353,415 4,091 (7,796)	\$ 7,581 8,587 - (7,781)	\$ 4,620,431 44,189 (382,525) (189,503)
Effect of foreign currency exchange differences	_		48	4		52
Balance at December 31, 2022	<u>\$ 2,723,925</u>	<u>\$ 452,810</u>	<u>\$ 558,688</u>	<u>\$ 348,834</u>	<u>\$ 8,387</u>	<u>\$ 4,092,644</u>
Accumulated depreciation						
Balance at January 1, 2022 Depreciation expense Disposals Transfers to investment properties Reclassification Effect of foreign currency exchange differences	\$ 287 299 - - -	\$ 405,916 15,343 (42,996) (93,519)	\$ 701,279 45,057 (328,818) 	\$ 302,877 4,484 (7,114) (668)	\$ - - - -	\$ 1,410,359 65,183 (378,928) (93,519)
Balance at December 31, 2022	<u>\$ 586</u>	<u>\$ 284,744</u>	<u>\$ 418,234</u>	\$ 299,583	<u>\$</u>	<u>\$ 1,003,147</u>
Balance at December 31, 2022, net	<u>\$ 2,723,339</u>	<u>\$ 168,066</u>	<u>\$ 140,454</u>	<u>\$ 49,251</u>	<u>\$ 8,387</u>	\$ 3,089,497 (Concluded)

No impairment assessment was performed for the years ended December 31, 2022 and 2021 since there was no indication of impairment.

Property, plant and equipment are depreciated using the fixed-percentage-on-declining-balance-method and on a straight-line basis over their estimated useful lives as follows:

Land improvements	8-40 years
Buildings	
Main buildings	60 years
Air-conditioning equipment	3 years
Machinery and equipment	2-13 years
Other equipment	2-20 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 35.

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31		
	2022	2021	
Carrying amount			
Land	\$ 38,498	\$ 44,184	
Buildings	167,769	157,203	
Machinery	-	34	
Transportation equipment	<u>28,021</u>	<u>26,504</u>	
	\$ 234,288	\$ 227,925	

	For the Year Ended December 31		
	2022	2021	
Additions to right-of-use assets Decrease in right-of-use assets	\$ 90,434 \$ 4,860	\$ 34,081 \$ 952	
Depreciation charge for right-of-use assets			
Land	\$ 7,121	\$ 9,225	
Buildings	54,203	48,805	
Machinery	34	414	
Transportation equipment	17,857	17,129	
	<u>\$ 79,215</u>	<u>\$ 75,573</u>	

b. Lease liabilities

	December 31		
	2022 2021		
Carrying amount			
Current	<u>\$ 71,090</u>	\$ 66,025	
Non-current	<u>\$ 174,117</u>	<u>\$ 172,469</u>	

Range of discount rates for lease liabilities was as follows:

	December 31		
	2022	2021	
Land	2.10%-2.80%	2.40%-2.80%	
Buildings	2.10%-4.75%	2.00%-4.75%	
Machinery	-	2.80%	
Transportation equipment	2.10%-2.90%	2.00%-2.90%	

c. Material leasing activities and terms

Because of the market conditions severely affected by COVID-19 in 2021, the Group negotiated with the lessor for rent concessions for its lease of land. The lessor agreed to provide unconditional rent reductions. The Group recognized in profit or loss the impact of rent concessions of \$3,336 thousand in 2021.

d. Subleases

The Group subleases its right-of-use assets for buildings under operating leases with lease terms of 1 to 3 years.

The maturity analysis of lease payments receivable under operating subleases was as follows:

	December 31			
	2022	2021		
Year 1	\$ 2,066	\$ 1,470		
Year 2	646	360		
Year 3	320	-		
	<u>\$ 3,032</u>	<u>\$ 1,830</u>		

e. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 18.

	For the Year Ended December 31			
	2022	2021		
Expenses relating to short-term leases Expenses relating to low-value asset leases Expenses relating to variable lease payments not included in the	\$ 6,047 \$ 477	\$ 7,089 \$ 572		
measurement of lease liabilities Total cash outflow for leases	\$\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	\$ 187,246 \$ (271,492)		

18. INVESTMENT PROPERTIES

	Completed Investment Properties
Cost	
Balance at January 1, 2021 Transfers from advance real estate payment Effect of foreign currency exchange differences	\$ 1,037,242 217,111 (2,386)
Balance at December 31, 2021	<u>\$ 1,251,967</u>
Accumulated depreciation	
Balance at January 1, 2021 Depreciation expense Effect of foreign currency exchange differences	\$ 208,605 14,609 (276)
Balance at December 31, 2021	\$ 222,938
Balance at December 31, 2021, net	\$ 1,029,029
Cost	
Balance at January 1, 2022 Disposals Transfers from property, plant and equipment Effect of foreign currency exchange differences Balance at December 31, 2022	\$ 1,251,967 (3,447) 189,503 4,627 \$ 1,442,650 (Continued)

	Completed Investment Properties		
Accumulated depreciation			
Balance at January 1, 2022 Disposals Transfers from property, plant and equipment Depreciation expense Effect of foreign currency exchange differences	\$ 222,938 (3,447) 93,519 15,744 675		
Balance at December 31, 2022	<u>\$ 329,429</u>		
Balance at December 31, 2022, net	\$ 1,113,221 (Concluded)		

No impairment assessment was performed for the years ended December 31, 2022 and 2021 as there was no indication of impairment.

Investment properties are depreciated using the fixed-percentage-on-declining-balance-method and on a straight-line basis over their estimated useful lives as follows:

Land improvements	8-40 years
Buildings	
Main buildings	60 years
Air-conditioning equipment	3 years

The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2022 and 2021, respectively, was as follows:

	December 31			
	2022	2021		
ot later than 1 year ter than 1 year and not later than 5 years	\$ 101,473 <u>77,038</u>	\$ 88,464 		
	<u>\$ 178,511</u>	<u>\$ 231,852</u>		

The fair values of investment properties were arrived at on the basis of valuations carried out as of December 2022 and 2021 by independent and qualified professional appraiser. The fair values are shown below:

	Decem	December 31		
	2022	2021		
Fair value	\$ 5,953,397	<u>\$ 5,645,456</u>		

The market for some investment properties of the Group is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment properties is not reliably measurable.

The Group held freehold interests in all of its investment properties. The carrying amounts of investment properties pledged by the Group to secure its borrowings are shown in Note 35.

19. BORROWINGS

a. Short-term borrowings

	December 31		
	2022	2021	
Secured borrowings			
Bank loans Bank overdrafts Unsecured borrowings	\$ 4,200,000 	\$ 2,255,064 <u>290,049</u> 2,545,113	
Line of credit borrowings	514,000	500,000	
	\$ 4,714,000	\$ 3.045,113	

The short-term borrowings were pledged by some of the Group's bank deposits, shares held by the Group, time deposits, buildings and land held for sale, freehold land, buildings. (Refer to Note 35).

The range of weighted average effective interest rate on bank loans was 1.540%-3.101% and 1.350%-2.750% per annum at December 31, 2022 and 2021, respectively.

b. Short-term bills payable

	December 31			
	2022			
Commercial paper Less: Unamortized discounts on bills payable	\$ 1,051,000 (949)	\$ 2,540,000 (8,029)		
	<u>\$ 1,050,051</u>	\$ 2,531,971		

Outstanding short-term bills payable were as follows:

December 31, 2022

Promissory Institution	Nominal Amount	count nount	Carı	rying Value	Interest Rate	Collateral	Carrying Value of Collateral
Commercial paper							
Mega Bills Finance Mega Bills Finance Taiwan Finance Corporation	\$ 500,000 237,000 314,000	\$ 305 264 380	\$	499,695 236,736 313,620	2.440% 2.500% 2.720%	Note 1 Note 1 Note 2	Note 1 Note 1 Note 2
	\$ 1,051,000	\$ 949	\$	1,050,051			

- Note 1: The loan is collateralized by land and buildings in Xinyi Section 3, Xinyi District, Taipei City with a total book value of \$1,828,647 thousand.
- Note 2: The loan is collateralized by land and buildings in Xinyi Section 3, Xinyi District, Taipei City and a total of 5,207 thousand shares of Taipei Business Bank with a total book value of \$942,379 thousand.

December 31, 2021

Promissory Institution	Nomi Amo		count nount	Carr	ying Value	Interest Rate	Collateral	rying Value Collateral
Commercial paper								
International Bills Finance Corporation	\$ 80	0,000	\$ 1,342	\$	798,658	2.230%	Note 1	Note 1
Mega Bills Finance	45	0,000	1,835		448,165	1.800%	Land and building	\$ 499,746
Shanghai Commercial & Savings Bank, Ltd Tien Mou Branch	45	0,000	2,666		447,334	1.910%	Land and building	815,731
Taiwan Finance Corporation	39	0,000	597		389,403	2.112%	Note 2	Note 2
Shanghai Commercial & Savings Bank, Ltd Tien Mou Branch	25	0,000	1,253		248,747	1.610%	Note 3	Note 3
Taiwan Finance Corporation	20	00,000	 336	_	199,664	2.230%	Note 1	Note 1
	\$ 2,54	0,000	\$ 8,029	\$	<u>2,531,971</u>			

- Note 1: The bills payable to International Bills Finance Corporation and Taiwan Finance Corporation were part of the same loan limit of the \$2 billion syndicated loan under Entie Commercial Bank, which were collateralized by receivables from the Xianxi and Lunwei Districts in Chung Hua Coastal Industrial Park with a total book value of \$4,130,336 thousand.
- Note 2: The loan is collateralized by land and buildings in Xinyi Section 3, Xinyi District, Taipei City and a total of 5,207 thousand shares of Taipei Business Bank with a total book value of \$913,013 thousand.
- Note 3: A total of 38,775 thousand shares of China Petrochemical Development Corporation with book value of \$509,891 thousand have been pledged as collateral.

The short-term bills payable were pledged by listed stocks, receivables (recognized as accounts receivable on the development of industrial districts), buildings and land held for sale, freehold land and buildings. (Refer to Note 35)

c. Long-term borrowings

	December 31		
	2022	2021	
Secured borrowings			
Bank loans	\$ 4,397,569	\$ 5,462,555	
<u>Unsecured borrowings</u>			
Bank loans	<u>1,403,648</u> 5,801,217	<u>597,315</u> 6,059,870	
Less: Current portion	(57,057)	(746,870)	
Long-term borrowings	\$ 5,744,160	\$ 5,313,000	

The long-term borrowings were pledged by some of the Group's bank deposits, receivables (recognized as accounts receivable on the development of industrial districts), buildings and land held for sale, freehold land and buildings and time deposits (refer to Note 35). As of December 31, 2022 and 2021, the effective annual interest rate ranges were 2.115%-4.000% and 1.490%-4.000%, respectively.

20. TRADE PAYABLES

	Decen	December 31		
	2022	2021		
<u>Trade payables</u>				
Operating	\$ 4,292,669	\$ 4,613,161		

Accounts payable classified as construction retainage received was \$1,979,280 thousand as of December 31, 2022 and \$1,769,279 thousand as of December 31, 2021. Construction retainage received, which is interest free, will be paid for each construction contract at the end of the construction retainage period. The warranty period is the Group's normal operating cycle, which normally exceeds one year. Related information on construction contracts is shown in Table 1 following the notes to consolidated financial statements.

21. ACCOUNTS PAYABLE FOR THE DEVELOPMENT OF INDUSTRIAL DISTRICTS

	December 31		
		2022	2021
Litzer Industrial District Yunlin Technology-based Industrial Park Other Industrial Districts	\$	2,400 - 15,963	\$ 1,088,001 877,719 15,963
	<u>\$</u>	18,363	\$ 1,981,683

The accounts payable (receivable) for the development of industrial districts amounted to \$37,598 thousand in 2022 and \$53,810 thousand in 2021. The input costs were \$5,589 thousand in 2022 and \$15,154 thousand in 2021. The amount balance paid in 2022 was \$1,995,329 thousand.

22. PROVISIONS

	December 31	
	2022	2021
Current		
Warranties	\$ 492,541	<u>\$ 461,341</u>
Non-current		
Long-term provision for the judgment of legal procedures	<u>\$ 971,846</u>	<u>\$ 984,074</u>

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under contracts for the sale of goods. The estimate has been made on the basis of historical warranty trends.

The long-term provision for the judgment of legal procedures was based on the litigation of the recognition of construction overdue between the management of the Group and the owner. To make provisions for contingent losses due to lawsuits which are likely to occur in the future.

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation and its domestic subsidiaries of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

For 2022 and 2021, two of the Corporation's subsidiaries - Core Pacific Consulting (Changshu) Co., Ltd., Hua Cheng Consulting (Changshu) Co., Ltd. - have defined contribution plans. In accordance with the pension which were contributed from employees' salaries, the Group contributed some of the relative proportion of pension funds which was deposited in a special account. The pension accounts are managed by the local statutory insurance institutions. Upon retirement, employees will receive funds and relative yield from the special account. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

BES Investment Company Ltd., BES Global Investment Co., Global BES Engineering (Myanmar) Co., Ltd., Global BES Engineering (Vietnam) Co., Ltd., BESM Holding Co., Ltd., BES Logistics International Co., Ltd., Core Pacific World Co., Ltd., Zhong Hua Cheng Development Co., Ltd., Chinese City International Investment Co., Ltd. and BES Construction Corporation (U.S.A.) do not have pension plans.

b. Defined benefit plans

The defined benefit plans adopted by the Corporation and subsidiaries (Core Asia Human Resources Management Co., Ltd., Chung Kung Safeguarding & Security Corp., Chung Kung Management Consultant Co., Ltd., and Chung Kung Management and Maintenance of Apartment Co., Ltd.) in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributed at specific rate of salaries (the rates of the Corporation and other subsidiaries were 7% and 2% for 2022 and 2021, respectively) and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31		
	2022	2021	
Present value of defined benefit obligation Fair value of plan assets	\$ 276,204 (281,464)	\$ 301,691 (227,869)	
Net defined benefit liabilities (assets)	<u>\$ (5,260)</u>	\$ 73,822	

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021 Service cost	\$ 352,692	\$ (242,246)	\$ 110,446
Current service cost	6,941	-	6,941
Net interest expense (income)	991	(677)	314
Recognized in profit or loss	7,932	(677)	7,255
Remeasurement			
Return on plan assets (excluding amounts			
included in net interest)	-	(3,749)	(3,749)
Actuarial (gain) loss			
Changes in demographic assumptions	340	-	340
Changes in financial assumptions	(9,346)	-	(9,346)
Experience adjustments	12,996		12,996
Recognized in other comprehensive income	3,990	(3,749)	241
Contributions from the employer		(43,631)	(43,631)
Benefits paid	(62,923)	<u>62,434</u>	(489)
Balance at December 31, 2021	\$ 301,691	<u>\$ (227,869</u>)	\$ 73,822
Balance at January 1, 2022	\$ 301,691	<u>\$ (227,869)</u>	\$ 73,822
Service cost			
Current service cost	5,819	-	5,819
Net interest expense (income)	2,054	<u>(1,476</u>)	578
Recognized in profit or loss	7,873	<u>(1,476</u>)	6,397
Remeasurement			
Return on plan assets (excluding amounts			
included in net interest)	-	(18,728)	(18,728)
Actuarial (gain) loss			
Changes in financial assumptions	(11,291)	-	(11,291)
Experience adjustments	12,734		12,734
Recognized in other comprehensive income	1,443	(18,728)	(17,285)
Contributions from the employer		<u>(67,907)</u>	<u>(67,907</u>)
Benefits paid	(34,803)	<u>34,516</u>	(287)
Balance at December 31, 2022	<u>\$ 276,204</u>	<u>\$ (281,464</u>)	<u>\$ (5,260)</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 3		
	2022	2021	
Operating costs General and administrative expenses Research and development expenses Other income	\$ 5,299 1,141 43 (86)	\$ 5,015 2,241 35 (36)	
	<u>\$ 6,397</u>	<u>\$ 7,255</u>	

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the Group return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	Decem	December 31		
	2022	2021		
Discount rate(s)	1.25%-1.30%	0.55%-0.70%		
Expected rate(s) of salary increase	2.00%	0.50%-2.00%		

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) 0.25% as follows:

	December 31		
	2022	2021	
Discount rate(s)			
0.25% increase	\$ (5,033)	\$ (5,709)	
0.25% decrease	\$ 5,179	\$ 5,883	
Expected rate(s) of salary increase			
0.25% increase	\$ 5,128	\$ 5,796	
0.25% decrease	\$ (5,009)	\$ (5,654)	

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31		
	2022	2021	
Expected contributions to the plans for the next year	<u>\$ 7,146</u>	\$ 7,124	
Average duration of the defined benefit obligation	7-8 years	4-9 years	

24. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The Group classified the assets and liabilities of its construction operations and industrial district development projects as current and noncurrent in accordance with the length of the operating cycle of these constructions and projects. The amounts expected to be recovered or settled within 1 year after the reporting period and more than 1 year after the reporting period for related assets and liabilities were as follows:

		December 31, 2022	
	Due Within	Due After	
	One Year	One Year	Total
<u>Assets</u>			
Financial assets at amortized cost - current	\$ 855,766	\$ 609,302	\$ 1,465,068
Construction receivables	2,459,401	143,764	2,603,165
Contract assets - current	457,875	2,040,666	2,498,541
Accounts receivable on the development of industrial districts	_	2,898,047	2,898,047
Inventories	254,843	2,838,047	254,843
Buildings and land held for sale, net	2,178,489	9,652,822	11,831,311
Construction in progress	-	4,962,958	4,962,958
Refundable deposits on construction contracts	117,939	24,223	142,162
	<u>\$ 6,324,313</u>	<u>\$ 20,331,782</u>	<u>\$ 26,656,095</u>
<u>Liabilities</u>			
Notes payable	\$ 3,008	\$ -	\$ 3,008
Trade payables	3,541,392	738,052	4,279,444
Contract liabilities - current	1,337,986	822,276	2,160,262
Accounts payable for the development of industrial districts		10 262	10 262
Provisions - current	68,431	18,363 424,110	18,363 492,541
Guarantee deposits on construction contracts	362,547	212,925	575,472
	\$ 5,313,364	\$ 2,215,726	\$ 7,529,090
		December 31, 2021	
	Due Within	Due After	
	One Year	One Year	Total
Assets			
Financial assets at amortized cost - current	\$ 1,635,470	\$ 512,795	\$ 2,148,265
Construction receivables	2,013,497	273,241	2,286,738
Contract assets - current Accounts receivable on the development of	965,714	1,493,329	2,459,043
industrial districts	<u>-</u>	6,077,203	6,077,203
Inventories	175,179	0.514.502	175,179
Buildings and land held for sale, net Construction in progress	2,335,838	9,514,583 3,113,718	11,850,421 3,113,718
Refundable deposits on construction contracts	85,490	73,311	158,801
•	\$ 7,211,188	\$ 21,058,180	\$ 28,269,368 (Continued)

	December 31, 2021					
	Du	ıe Within	I	Due After		_
	O	ne Year	(One Year		Total
<u>Liabilities</u>						
Notes payable	\$	7,167	\$	-	\$	7,167
Trade payables		3,285,721		1,201,711		4,487,432
Contract liabilities - current		1,531,304		1,203,074		2,734,378
Accounts payable for the development of						
industrial districts		-		1,981,683		1,981,683
Provisions - current		28,654		432,687		461,341
Guarantee deposits on construction contracts		152,822		324,747	_	477,569
	<u>\$</u>	5,005,668	<u>\$</u>	5,143,902	<u>\$</u>	10,149,570 (Concluded)

25. EQUITY

a. Share capital

Ordinary shares

		December 31		
		2022	2021	
	Shares authorized (in thousands of shares)	3,000,000	3,000,000	
	Shares authorized	<u>\$ 30,000,000</u>	\$ 30,000,000	
	Shares issued and fully paid (in thousands of shares)	1,530,899	1,530,899	
	Shares issued	<u>\$ 15,308,998</u>	\$ 15,308,998	
b.	Capital surplus			

	Decen	nber 31
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 11,501	\$ 11,501
Treasury share transactions	1,757	1,757
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during	750	12
actual disposal or acquisition Changes in net equity of associates accounted for using the	758	13
equity method	4,094	4,094
Donations	89	89
May only be used to offset a deficit (2)		
Changes in percentage of ownership interests in subsidiaries	19	-
Others	56,430	56,430
	\$ 74 , 648	\$ 73,884

- 1) Capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends, or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).
- 2) Capital surplus may be used to offset a deficit only.
- c. Retained earnings and dividend policy

According to the Corporation's Articles of Incorporation, the Corporation distributes share dividends and cash dividends after taking into account its future business needs, capital demand and long-term financial plan. Under the Corporation's Articles of Incorporation, the Corporation should make appropriations from its net income (less any deficit) in the following order:

- 1) Paying for taxes in accordance with the laws and regulations
- 2) Offsetting losses of previous years
- 3) 10% as legal reserve; unless legal reserve equals to the Corporation's paid-in capital.
- 4) Setting aside or reversing a special reserve equivalent to the net debit balance of the other components of stockholders' equity.
- 5) Of the remainder, together with any unappropriated earnings of prior years, over 20% should be appropriated as dividends
- 6) The appropriation of earnings to be allocated for distribution shall depend on the actual earnings and fund level. The board of directors shall propose a plan for the distribution of the remaining undistributed earnings and the shareholders shall resolve such plan in the shareholders' meeting for distribution of dividends and bonus to shareholders. Cash dividends shall not be lower than 10% of total dividends. If the amount of dividend is less than \$0.10 per share, it shall not be distributed as cash dividend but may be distributed as share dividends.

For policies on distribution of remuneration of employees, directors and supervisors before and after the amendment of the Articles, refer to Note 27 (h) employee benefits expense.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020, which had been approved in the Corporation's shareholders' meetings on May 31, 2022 and August 4, 2021, respectively, were as follows:

	Appropriation of Earnings		
	For the Year Ended December 31		
	2021	2020	
Legal reserve	\$ 295,784	\$ 61,492	
Cash dividends	\$ 817,500	\$ 356,700	
Cash dividends per share (NT\$)	\$ 0.534	\$ 0.233	

The appropriations of earnings for 2022, which had been proposed by the Corporation's board of directors on March 13, 2023, were as follows:

	For the Year Ended December 31, 2022
Legal reserve	<u>\$ 83,937</u>
Cash dividends	\$ 805,254
Cash dividends per share (NT\$)	\$ 0.526

The appropriations of earnings for 2022 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 7, 2023.

d. Special reserve

	For the Year Ended December 31		
	2022	2021	
Balance at January 1 Reversal:	\$ 2,475,958	\$ 2,788,570	
Disposal of associates	- _	(312,612)	
Balance at December 31	<u>\$ 2,475,958</u>	\$ 2,475,958	

On first-time adoption of IFRSs, the Corporation appropriated for special reserve, the amounts that were the same as the unrealized revaluation increment and cumulative translation differences transferred to retained earnings, which was \$2,466,834 thousand.

If the special reserve appropriated on the first-time adoption of IFRSs relates to investment property other than land, the special reserve may be reversed continuously over the period of use. The special reserve relating to land may be reversed on disposal or reclassification.

e. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31		
	2022	2021	
Balance at January 1	\$ (336,052)	\$ (303,569)	
Recognized for the year			
Exchange differences on the translation of the financial			
statements of foreign operations	147,633	(12,538)	
Share from associates accounted for using the equity			
method	7,911	(19,945)	
Acquisition of further interest in subsidiaries (Note 31)	(285)		
Balance at December 31	<u>\$ (180,793)</u>	<u>\$ (336,052</u>)	

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31		
	2022	2021	
Balance at January 1	\$ 112,261	\$ (159,337)	
Recognized for the year			
Unrealized gain (loss) - equity instruments	(368,621)	257,503	
Share from associates accounted for using the equity			
method	(35,092)	14,095	
Cumulative unrealized gain (loss) of equity instruments	, , ,		
transferred to retained earnings due to disposal	(4,629)	-	
Acquisition of further interest in subsidiaries (Note 31)	(269)		
Balance at December 31	\$ (296,35 <u>0</u>)	\$ 112,261	

f. Non-controlling interests

	For the Year Ended December 3:			ecember 31
		2022		2021
Balance at January 1	\$	93,223	\$	107,718
Share in loss for the year	Ψ	(16,159)	Ψ.	(14,582)
Other comprehensive income (loss) for the year				, , ,
Exchange differences on translating the financial statements of				
foreign entities		352		(160)
Remeasurement of defined benefit plans		492		49
Income tax related to actuarial gains (losses)		(98)		(10)
Unrealized gain (loss) on financial assets at FVTOCI		(132)		275
Acquisition of non-controlling interests in subsidiaries (Note 31)		(5,737)		(67)
Cash dividends to shareholders of subsidiaries		(530)	_	<u>-</u>
Balance at December 31	\$	71,411	\$	93,223

26. REVENUE

	For the Year Ended December 31		
	2022	2021	
Revenue from contracts with customers			
Construction contract revenue	\$ 13,473,803	\$ 14,560,049	
Revenue from the rendering of services	1,154,991	1,181,840	
Revenue from sell of properties	250,194	1,237,815	
Other operating revenue	214,384	216,981	
	<u>\$ 15,093,372</u>	<u>\$ 17,196,685</u>	

Contract Balances

	December 31, 2022	December 31, 2021	January 1, 2021
Trade receivables (Note 10)	<u>\$ 95,423</u>	\$ 96,507	<u>\$ 83,834</u>
Construction receivables (Note 10)	\$ 2,603,165	\$ 2,286,738	\$ 1,254,817
Contract assets Deposits under construction contracts for construction receivables Amounts due from customers for construction contracts	\$ 1,765,201	\$ 1,666,471	\$ 1,944,868 1,329,022 \$ 3,273,890
Contract liabilities Amounts due to customers for construction contracts Pre-construction sale Advance payment for the rendering of services	\$ 2,065,899 94,363 21,212 \$ 2,181,474	\$ 2,627,413 106,965 29,874 \$ 2,764,252	\$ 1,874,194 351,018 23,709 \$ 2,248,921

The credit risk management of contract assets is the same as trade receivables, related information is shown in Note 10.

27. NET PROFIT

a. Interest income

	2022	2021
Interest income from bond-type preferred stocks	\$ 374,807	\$ -
Bank deposits	10,877	3,638
Financial assets at amortized cost	27,690	21,817
Others	30,699	46,248
	<u>\$ 444,073</u>	<u>\$ 71,703</u>
b. Other income		
	For the Year End	ded December 31
	2022	2021
Rental income	\$ 76,252	\$ 60,328
Dividends	2,454,916	12,533
Others	15,183	4,065

For the Year Ended December 31

\$ 76,926

\$ 2,546,351

c. Other gains and losses

	For the Year Ended December 31			
	2022	2021		
Loan application fee Gain on disposal of associates	\$ (119,831)	\$ (144,062) 2,849,350		
Fair value changes of financial assets and financial liabilities Financial assets mandatorily classified as at FVTPL	(2,348,504)	(8,350)		
Reversal of impairment losses on financial assets	-	775,507		
Gain (loss) on lease modification	(8)	2,903		
Loss on disposal of property, plant and equipment	(2,839)	(458)		
Compensation reversal gain (loss)	13,844	(665,623)		
Others	(81,480)	32,993		
	<u>\$ (2,538,818)</u>	\$ 2,842,260		

d. Finance costs

	For the Year Ended December 31			
	2022	2021		
Interest on bank overdrafts and loans Interest on lease liabilities Interest expense incurred on contracts with customers	\$ 177,240 6,163 436	\$ 143,579 6,703		
	<u>\$ 183,839</u>	<u>\$ 150,282</u>		

Refer to Note 12 for information about capitalized interest.

e. Depreciation

	For the Year Ended December 31			
	2022	2021		
An analysis of amortization by function				
Operating costs	\$ 68,833	\$ 61,795		
Operating expenses	<u>75,565</u>	<u>84,303</u>		
	<u>\$ 144,398</u>	<u>\$ 146,098</u>		

The depreciation of investment properties, which was recognized in other income - rental income, was \$15,744 thousand and \$14,609 thousand in 2022 and 2021, respectively.

f. Operating expenses directly related to investment properties

	For the Year Ended December 31			
	2022	2021		
Direct operating expenses of investment properties generating				
rental income	<u>\$ 2,092</u>	<u>\$ 2,344</u>		

g. Employee benefits expense

	For the Year Ended December 31			
	2022	2021		
Short-term benefits	<u>\$ 1,917,861</u>	\$ 1,906,617		
Post-employment benefits				
Defined contribution plan	87,933	84,208		
Defined benefit plans	6,483	7,291		
•	94,416	91,499		
Other employee benefits	208,907	203,106		
Total employee benefits expense	\$ 2,221,184	\$ 2,201,222		
An analysis of employee benefits expense by function Operating costs Operating expenses	\$ 1,950,219 270,965	\$ 1,890,654 310,568		
	\$ 2,221,184	\$ 2,201,222		

h. Compensation of employees and remuneration of directors and supervisors

According to the Corporation's Articles, the Corporation accrues compensation of employees and remuneration of directors and supervisors at the rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, compensation of employees and remuneration of directors and supervisors. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2022 and 2021, which were approved by the Corporation's board of directors on March 13, 2023 and March 15, 2022, respectively, were as follows:

Accrual rate

	For the Year Ended December 31		
	2022	2021	
Compensation of employees	2%	2%	
Remuneration of directors and supervisors	2%	2%	
Amount			

	For the Year Ended December 31		
	2022	2021	
	Cash	Cash	
Compensation of employees Remuneration of directors and supervisors	\$ 20,959 \$ 20,959	\$ 51,605 \$ 51,605	

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Corporation's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

28. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) were as follows:

	For the Year Ended December 31			
	2022			2021
Current tax In respect of the current year Income tax on unappropriated earnings Land value increment tax Adjustments for prior year		15,925 78,883 3,872 (1,368) 97,312	\$	19,782 10,033 14,090 (351) 43,554
Deferred tax				
In respect of the current year Adjustments for prior year		94,335 4,305 98,640		(227,908) 647 (227,261)
Income tax expense (benefit) recognized in profit or loss	<u>\$</u>	195,952	\$ ((183,707)

A reconciliation of accounting profit and current income tax expense (benefit) is as follows:

	For the Year Ended December 31			
	2022	2021		
	Ф 071 170	Φ 402.714		
Income tax expense calculated at the statutory rate	\$ 271,178	\$ 493,714		
Nondeductible expenses in determining taxable income	477,702	(432,788)		
Tax-exempt income	(648,645)	(33,272)		
Unrecognized loss on impairment of assets	-	(252,141)		
Unrealized valuation gain on financial assets at FVTPL	-	(1,940)		
Income tax on unappropriated earnings	78,883	10,033		
Land value increment tax	3,872	14,090		
Unrecognized deductible temporary differences	14,330	19,422		
Unrecognized loss carryforwards	-	(474)		
Adjustments for prior years' tax	(1,368)	(351)		
Income tax expense (benefit) recognized in profit or loss	<u>\$ 195,952</u>	<u>\$ (183,707)</u>		

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31			
	2022	2021		
Deferred tax				
In respect of the current year - remeasurement of defined benefit plans	<u>\$ (3,457)</u>	\$ 48		

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

	On and the s	December 1 in	Recognized in Other	
		Recognized in Profit or Loss	Comprehensive Income	Closing Balance
Temporary differences				
Unrealized loss on construction	\$ 206,078	\$ (2,522)	\$ -	\$ 203,556
Provision for warranties	60,035	6,336	- (2.457)	66,371
Defined benefit plans Unrealized loss on doubtful	21,544	(11,591)	(3,457)	6,496
debts	-	4,526	=	4,526
Others	54,432	(4,096)	-	50,336
Loss carryforwards	255,190	(116,077)		139,113
	\$ 597,279	<u>\$ (123,424)</u>	<u>\$ (3,457)</u>	<u>\$ 470,398</u>
Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Provision for land value increment tax	\$ 991,342	\$ -	\$ -	\$ 991,342
Foreign investments accounted	106 425	(21,000)		04.505
for using the equity method Others	106,425 17,382	(21,900) (2,884)	-	84,525 14,498
Others	17,362	(2,004)		14,490
	<u>\$ 1,115,149</u>	<u>\$ (24,784)</u>	<u>\$ -</u>	<u>\$ 1,090,365</u>
For the year ended December 31,	2021			
			Recognized in	
			Other	

Deferred Tax Liabilities	Deferred Tax Liabilities Opening Recognized Balance Profit or Log			Ot Compre	nized in her ehensive ome	Closi	ing Balance	
Temporary differences								
Provision for land value								
increment tax	\$	991,342	\$	-	\$	-	\$	991,342
Foreign investments accounted								
for using the equity method		105,074		1,351		-		106,425
Others		13,639		3,743			_	17,382
	\$	1,110,055	\$	5,094	\$	-	\$	1,115,149

d. Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2022	2021
Deductible temporary differences		
Impairment of financial assets	\$ 38,979	\$ 38,979
Unrealized loss on lawsuits	71,082	83,310
Impairment of assets	58,118	58,118
	<u>\$ 168,179</u>	<u>\$ 180,407</u>

e. Information on unused investment credits, unused loss carryforwards and tax-exemptions

Loss carryforwards as of December 31, 2022 comprised:

Unused Amount	Expiry Year
\$ 235,827	2028 (approved)
4,690	2029 (approved)
8,724	2030 (approved)
445,930	2031 (unapproved)
<u>391</u>	2032 (unapproved)
<u>\$ 695,562</u>	

f. Income tax assessments

	Last Income Tax Approval Year
BES Engineering Corporation	2020
Core Pacific World Co., Ltd.	2020
Cinemark-Core Pacific, Ltd.	2020
Chung Kung Safeguarding & Security Corp.	2020
Chung Kung Management Consultant Co., Ltd.	2020
Chung Kung Management and Maintenance of Apartment Co., Ltd.	2020
Core Asia Human Resources Management Co., Ltd.	2020
Elite Human Resources Management Co., Ltd.	2020
Cinema 7 Theater Co., Ltd.	2020

29. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2022	2021
Earnings used in the computation of basic earnings per share	<u>\$ 821,315</u>	\$ 2,676,758

Weighted Average Number of Ordinary Shares Outstanding

(In Thousands of Shares)

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares outstanding used in the		
computation of basic earnings per share	1,530,899	1,530,899
Effect of potentially dilutive ordinary shares:		
Compensation of employees	3,732	6,069
Weighted average number of ordinary shares used in the		
computation of diluted earnings per share	<u>1,534,631</u>	<u>1,536,968</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

30. GOVERNMENT GRANTS

In 2022 and 2021, the Group's application for a government grant of \$612 thousand and \$3,699 thousand, respectively, in accordance with the Ministry of Culture's "Regulations Governing Relief and Revitalization for Industries and Businesses Experiencing Operational Difficulties due to the Impact of Covid-19 Pandemic" were approved, and the proceeds from the government grant was used to compensate for the expenses incurred and for working capital subsidies. As of December 31, 2022, the government grant revenue was recognized as other revenue. In addition, the Group applied for relief measures for outsourcing parking lot operators with operational difficulties due to the impact of the Covid-19 pandemic, and the royalties were reduced based on monthly revenue. As of December 31, 2022 and 2021, the amounts of the reduction in royalties were \$459 thousand and \$1,908 thousand, respectively.

31. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In April 2021, the Group acquired 0.005% of the shares of its subsidiary, Core Pacific World Co., Ltd., and the Group's continuing interest was 99.95%.

The above transaction was accounted for as equity transactions, since the Group did not cease to have control over the subsidiaries.

	0010	Pacific Co., Ltd.
Consideration paid The proportion at a share of the comprise amount of the not exacts of the subsidient.	\$	(54)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests		67
Differences recognized from equity transactions	<u>\$</u>	<u>13</u>
Line items adjusted for equity transactions		
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>\$</u>	13

BES Machinery Co., Ltd. purchased 86,850 treasury shares on March 2022, resulting in an increase in the Corporation's shareholding in BES Machinery Co., Ltd. from 99.35% to 99.46%.

The above transaction was accounted for as equity transaction since the Group did not cease to have control over the subsidiaries.

	BES Machinery Co., Ltd.
Consideration paid The proportionate share of the carrying amount of the net assets of the subsidiary	\$ (964)
transferred to non-controlling interests	983
Differences recognized from equity transactions	<u>\$ 19</u>
Line items adjusted for equity transactions	
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ 19</u>

In March 2022, the Corporation acquired 0.54% of the shares of its subsidiary, BES Machinery Co., Ltd., and increased its shareholding from 99.46% to 100.00%.

The above transaction was accounted for as equity transaction since the Group did not cease to have control over the subsidiaries.

	BES Machinery Co., Ltd.
Consideration paid	\$ (4,563)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests Reattribution of other equity to (from) non-controlling interests	4,754
Exchange differences on translating the financial statements of foreign operations Unrealized gain (loss) on financial assets at FVTOCI	285 269
Differences recognized from equity transactions	<u>\$ 745</u>
Line items adjusted for equity transactions	
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>\$ 745</u>

32. CAPITAL MANAGEMENT

The Group's capital management strategies, the Group plans for future working capital needs, research and development expenses and shareholder expenses based on the current overall economic environment, industry characteristics and future development, to ensure that the Group would be able to continue as going concerns with long-term shareholders' equity and stable operating performance as goal, and to maximize shareholders' equity.

Management regularly reviews the capital structure and considers the costs and risks involved in different capital structures. The Group adopts the conservative risk management strategy by consideration of the industry scale, industry growth and future product roadmaps.

33. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments measured at fair value on a recurring basis
 - 1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL Mutual funds	<u>\$ 4,142</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,142</u>
Financial assets at FVTOCI Investments in equity instruments				
Listed shares Unlisted shares	\$ 3,022,883	\$ - 104,762	\$ - -	\$ 3,022,883 104,762
	\$ 3,022,883	<u>\$ 104,762</u>	<u>\$</u>	\$ 3,127,645

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL Listed shares Unlisted shares Mutual funds	\$ 6,060 - 4,587 \$ 10,647	\$ - - - - \$ -	\$ - 2,369,559 	\$ 6,060 2,369,559 4,587 \$ 2,380,206
Financial assets at FVTOCI Investments in equity instruments Listed shares Unlisted shares	\$ 2,716,755	\$ - 99,015	\$ - 	\$ 2,716,755 99,015
	<u>\$ 2,716,755</u>	<u>\$ 99,015</u>	<u>\$ -</u>	<u>\$ 2,815,770</u>

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

Cash returns from capital reduction of investments

Balance at December 31, 2021

For the year ended December 31, 2022	
	Financial Assets at FVTPL
T	Equity
Financial Assets	Instruments
Balance at January 1, 2022	\$ 2,369,559
Disposal	(21,455)
Recognized in profit or loss (included in other gains and losses)	(2,348,104)
Balance at December 31, 2022	<u>\$</u>
For the year ended December 31, 2021	
	Financial Assets at FVTPL
	Equity
Financial Assets	Instruments
Balance at January 1, 2021	\$ 14,722
Recognized in profit or loss (included in other gains and losses)	(20,774)
Purchases	3,908,303

(1,532,692)

\$ 2,369,559

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Unlisted shares	Transaction method of market approach. The approach is a valuation strategy that looks at market rations of companies with similar profitability at the end of the reporting periods, while taking the liquidity premium into consideration.
Others	Discounted cash flow.
	Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the year.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The unlisted equity investment is evaluated using asset-based approach to calculate the present value of expected gain on investment.

b. Categories of financial instruments

	December 31			
	2022	2021		
Financial assets				
FVTPL Mandatorily classified as at FVTPL Financial assets at amortized cost (Note 1) Financial assets at FVTOCI Equity instruments	\$ 4,142 11,670,905 3,127,645	\$ 2,380,206 10,442,388 2,815,770		
<u>Financial liabilities</u>				
Amortized cost (Note 2)	17,932,619	18,210,270		

- Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable and trade receivables, construction receivables, refundable deposits on construction contracts, other receivables (included in other current assets) and refundable deposits.
- Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, trade payables, guarantee deposits on construction contracts current, long-term borrowings (expired in one year), provisions and guarantee deposits received.

c. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, notes receivable, trade receivables, construction receivables, accounts receivable on the development of industrial districts, notes payable, trade payables, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 36.

Sensitivity analysis

The Group is mainly exposed to the RMB and HKD.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate of 5% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in pre-tax equity when New Taiwan dollar strengthened by 5% against the relevant currency. For a 5% weakening of New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax equity and the balances below would be negative.

	RMB :	RMB Impact		HKD Impact			
		For the Year Ended December 31		ear Ended			
	Decem			December 31			
	2022	2021	2022	2021			
Equity	\$ 56,143	\$ 57,490	\$ 23,436	\$ 24,451			

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	D	December 31			
	2022	2021			
Fair value interest rate risk					
Financial assets	\$ 2,486,9	80 \$ 2,714,616			
Financial liabilities	1,311,2	56 2,780,597			
Cash flow interest rate risk					
Financial assets	6,221,6	02 4,898,101			
Financial liabilities	10,499,2	19 9,094,851			

The Group was exposed to fair value interest rate risk in relation to fixed-rate certificate of deposit, short-term bills payable and lease liabilities.

The Group was also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings. The Group's cash flow interest rate risk is mainly concentrated in the fluctuation of the benchmark interest rate arising from the Group's New Taiwan dollar denominated borrowings.

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A sensitivity rate of 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represented management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant, the Group's pretax profit for the years ended December 31, 2022 and 2021 would decrease by \$42,776 thousand and \$41,968 thousand, respectively. The Group's sensitivity to interest rates increased during the current period mainly due to the increase in variable rate borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities and mutual funds.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If the equity prices had been 5% higher, the Group's pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased by \$156,382 thousand and \$140,789 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation by the counterparties or the financial guarantees provided by the Group, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the condensed balance sheets.
- b) The amount of contingent liabilities generated from financial guarantees that the Group provided.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings and short-term bills payable as a significant source of liquidity. As of December 31, 2022 and 2021, the Group had available unutilized short-term bank loan facilities were shown as below:

	December 31		
	2022	2021	
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	\$ 1,917,648	\$ 1,097,315	
Amount unused	4,641,950	5,286,884	
	<u>\$ 6,559,598</u>	<u>\$ 6,384,199</u>	
Secured bank overdraft facilities:			
Amount used	\$ 9,647,620	\$ 10,539,639	
Amount unused	13,913,945	14,824,712	
	\$ 23,561,565	<u>\$ 25,364,351</u>	

Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rate, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2022

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities						
Non-interest bearing liabilities Lease liabilities Variable interest rate liabilities Fixed interest rate liabilities	2.100-4.750 1.540-3.101 2.150-4.000	\$ 1,016,432 6,486 24,402 	\$ 1,665,415 12,300 678,238 4,317	\$ 867,233 51,900 4,254,541 8,144	\$ 649,797 168,198 5,993,409	\$ 97,146 18,073 65,812
		\$ 2,101,999	\$ 2,360,270	\$ 5,181,818	<u>\$ 6,811,404</u>	<u>\$ 181,031</u>

December 31, 2021

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities						
Non-interest bearing liabilities		\$ 1,372,818	\$ 1,700,115	\$ 338,500	\$ 1,133,460	\$ 76,611
Lease liabilities	2.000-4.750	5,993	11,899	48,345	145,263	46,024
Variable interest rate liabilities	1.350-2.750	311,896	855,936	2,765,484	5,558,492	98,362
Fixed interest rate liabilities	1.610-4.000	1,390,651	451,303	705,863	2,606	
		\$ 3,081,358	\$ 3,019,253	\$ 3,858,192	\$ 6,839,821	\$ 220,997

34. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and categories

Related Party Name	Related Party Categories
China Petrochemical Development Corporation	Legal director of the Corporation and its subsidiaries
Sheen Chuen-Chi Cultural & Educational Foundation	Related party in substance
Yunheyue Agriculture Co., Ltd.	Related party in substance
Core Pacific City Co., Ltd.	Related party of the Corporation (Note)
HRDD Logistics Co., Ltd.	Associate
Glory Construction Co., Ltd.	Related party of the Corporation
Cheng Yao Enterprise Co., Ltd.	Related party of the Corporation
Jen Huei Enterprise Co., Ltd.	Related party of the Corporation
Golden Wheel Co., Ltd.	Related party of the Corporation
Tsou Seen Chemical Industries Corporation	Subsidiary of legal directors of the Corporation
BES Twin Towers Development Co., Ltd.	Subsidiary of legal directors of the Corporation
Core Pacific Pioneer (Myanmar) Co., Ltd.	Subsidiary of legal directors of the Corporation
CPDC Engineering Corp.	Subsidiary of legal directors of the Corporation
Ding Yue Development Co., Ltd.	Subsidiary of legal directors of the Corporation
Taivex Therapeutics Corporation	Subsidiary of legal directors of the Corporation

Note: Core Pacific City Co., Ltd. was an associate until May 24, 2022.

b. Trading transactions and other transactions with related parties

		For t	the Year En	ded D	ecember 31
Line Items	Related Party Categories		2022		2021
Operating revenue	Legal directors of the Corporation	\$	28,083	\$	187,449
	Subsidiaries of legal directors of the Corporation		440		9,699
	Associates		191		2,057
	Related parties of the Corporation		182		106
	Related parties in substance		183		188
		<u>\$</u>	29,079	<u>\$</u>	199,499 (Continued)

	Line Items Related Party Categories		he Year En	ded De	cember 31
Line Items			2022		2021
Operating costs	Related parties of the Corporation	<u>\$</u>	7,879	<u>\$</u>	8,156
Operating expenses	Related parties in substance Related parties of the Corporation Legal directors of the Corporation	\$	10,000 8,835 220	\$	24,000 10,041
		<u>\$</u>	19,055	<u>\$</u>	34,041 Concluded)

The prices and terms of the transactions with related parties are determined based on the contracts.

c. Receivables from related parties

			Decem	ber 31	
Line Items	Related Party Categories	2022 2021		2021	
Construction receivables	Legal directors of the Corporation	\$	1,240	\$	16,475
Trade receivables	Legal directors of the Corporation Associates Subsidiaries of legal directors of the Corporation Related parties in substance	\$	3,463 - 58	\$	3,809 163
Other receivables (included in other	Related parties of the Corporation Related parties in substance	<u>\$</u> \$	3,537 505 616	<u>\$</u> \$	3,972 505 616
current assets)		\$	1,121	\$	1,121

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment loss was recognized for trade receivables from related parties.

d. Payables to related parties

		December 31			
Line Items	Related Party Categories	2	2022 2021		021
Accrued expenses	Related parties of the Corporation Legal directors of the Corporation	\$	965 650	\$	508
		\$	1,615	\$	508

The outstanding trade payables from related parties are unsecured and will be settled in cash.

e. Contract liabilities

The contract liabilities as of December 31, 2022 and 2021, respectively, were as follows:

December 31, 2022

Related Party Name	Engineering Code	Total Amount of Construction	Contract Liabilities
China Petrochemical Development Corporation	A6E	<u>\$ 1,528,593</u>	<u>\$ 24,966</u>
<u>December 31, 2021</u>			
Related Party Name	Engineering Code	Total Amount of Construction	Contract Liabilities
China Petrochemical Development Corporation	A6E	\$ 1,532,800	\$ 45,096

The construction contracts and engineering payment conditions with related parties were made at terms comparable to those with similar unrelated parties.

f. Lease arrangements

Related Party Categories		For the Year Ended December 31	
		2022	2021
Acquisition of right-of-	use assets		
Related parties of the Corporation Legal directors of the Corporation		\$ 41,708 21,574	\$ 10,660
		\$ 63,282	<u>\$ 10,660</u>
		December 31	
Line Items	Related Party Categories	2022	2021
Lease liabilities	Related parties in substance Legal directors of the Corporation	\$ 20,528 16,897	\$ 21,450
	Related parties of the Corporation	31,436	9,639
		\$ 68,861	<u>\$ 31,089</u>
		For the Year Ended December 31	
Line Items	Related Party Categories	2022	2021
Interest expenses	Related parties in substance	\$ 505	\$ 527
	Related parties of the Corporation	589	448
	Legal directors of the Corporation	274	
		<u>\$ 1,368</u>	<u>\$ 975</u>

g. Acquisition of financial assets

For the year ended December 31, 2022

Related Party Names	Line Item	Number of Shares	Underlying Assets	Purchase Price
China Petrochemical Development Corporation	Financial assets at FVTOCI - non-current	58,649,685	Stock China Petrochemical Development	\$ 689,134

For the year ended December 31, 2021

Related Party Names	Line Item	Number of Shares	Underlying Assets	Purchase Price
China Petrochemical Development Corporation	Financial assets at FVTOCI - current	3,327,095	Stock China Petrochemical Development	\$ 39,094
	Financial assets at FVTOCI - non-current	70,563,760	Stock China Petrochemical Development	\$ 829,124

Note: The Corporation and Core Pacific World Co., Ltd. held individually the abovementioned investments that participated in China Petrochemical Development's seasoned equity offering.

h. Disposal of financial assets

For the year ended December 31, 2022

Related Party	Line Item	Number of	Underlying	Disposal	Disposal
Names		Shares	Assets	Price	(Loss) Gain
Glory Construction Co., Ltd.	Financial assets at FVTPL	1,548,174	Stock Core Pacific City Co., Ltd.	\$ 21,455	<u>\$ (65)</u>

i. Loans to related parties

		December 31			
Line Items	Related Party Categories	2022	2021		
Other receivables (included in other current assets)	Associates	<u>\$</u>	<u>\$ 21,550</u>		

As of December 31, 2022, the receivable and interest receivable of the Group from associates HRDD Logistics Co., Ltd. amounted to \$21,550 thousand and \$1,078 thousand, respectively. After evaluating the operating condition and the probability of collecting the accounts of the HRDD Logistics Co., Ltd., the Group recorded an allowance for doubtful accounts of \$22,628 thousand for the above-mentioned in September 2022.

Interest income

	For the Year Ended December 3			
Related Party Categories	2022		2021	
Associates	<u>\$</u>	713	\$	1,054

The Group provided with short-term loan at rates comparable to market interest rates.

j. Other transactions with related parties

Interest income, rental revenue and other income are as follows:

	For the Year Ended December 31				
Related Party Categories	2022	2021			
Related parties in substance	\$ 7,046	\$ 7,046			
Related parties of the Corporation	5,882	5,780			
Legal directors of the Corporation	19,071	4,814			
Associates	51	201			
Subsidiaries of legal directors of the Corporation	15,297	_			
	\$ 47,347	<u>\$ 17,841</u>			

The transactions with related parties were made at prices and terms comparable to those for similar transactions with unrelated parties. That is, the prices and terms for sales and purchases as well as conditions for warranties, payment and other transactions with related parties were similar to those for transactions with unrelated parties. Other receivables from related parties were rent receivables.

Endorsements and guarantees are as follows:

Refundable deposits by related parties

	December 31				
Related Party Categories		2022	2	2021	
Related parties of the Corporation Associates Subsidiaries of legal directors of the Corporation	\$	1,292 1 10	\$	1,292 1 	
	<u>\$</u>	1,303	<u>\$</u>	1,293	

Guarantee deposits received by related parties

	December 31			
Related Party Categories		2022		2021
Subsidiaries of legal directors of the Corporation Legal directors of the Corporation	\$	7,584	\$	7,584 9,553
	<u>\$</u>	7,584	\$	17,137

Other payables (included in other current liabilities) by related parties

	December 31			
Related Party Categories	2022	2021		
Subsidiaries of legal directors of the Corporation	<u>\$ 28,571</u>	<u>\$ 28,571</u>		

k. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel was as follows:

	For the Year Ended December			
		2022		2021
Short-term employee benefits Post-employment benefits	\$	46,319 <u>-</u>	\$	76,516 <u>-</u>
	<u>\$</u>	46,319	\$	76,516

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been mortgaged as collateral for long- and short-term bank loans, short-term bills payable, performance guarantees, construction warranties and lawsuits:

	December 31			31
		2022		2021
Financial assets at FVTOCI - current	\$	800,401	\$	611,889
Financial assets at amortized cost - current		3,588,808		4,452,169
Accounts receivable on the development of industrial districts		-		4,130,336
Buildings and land held for sale, net		4,855,276		4,787,356
Construction in progress		1,244,634		1,244,634
Financial assets at FVTOCI - non-current		1,454,089		536,191
Financial assets at amortized cost - non-current		631,820		4,291
Property, plant and equipment, net		1,513,013		1,621,078
Investment properties, net		799,342		709,053
	\$	14,887,383	\$	18,096,997

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than function currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	C	Foreign Surrency Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets	(=== -			(
Non-monetary items Investments accounted for using the equity method				
RMB HKD	\$	254,734 119,024	4.408 (RMB:NTD) 3.938 (HKD:NTD)	\$ 1,122,867 468,718
<u>December 31, 2021</u>				
	C	Foreign Currency Chousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets				
Non-monetary items Investments accounted for using the equity method RMB HKD	\$	264,687 137,789	4.344 (RMB:NTD) 3.549 (HKD:NTD)	\$ 1,149,799 489,013

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were \$9,013 thousand and \$8,860 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

37. OTHER ITEMS

Regarding the investigation result of "the renovation turnkey project of Gongguan military installations and camps" which is contracted by the Corporation, Taiwan New Taipei District Court Prosecutors Office prosecuted against the former chairman of the Corporation, Shen Jun, and the other two individuals in accordance with the Securities and Exchange Act and Anti -Corruption Act. For this reason, the Ministry of National Defense sent a letter to recover the bid bond of \$50,000 thousand for the "the renovation turnkey project of Gongguan military installations and camps" on September 30, 2021, and the amount of compensation was recognized in other losses (included in other gains and losses) and paid on October 18, 2021. In order to ensure that the rights and interests were not infringed, the Corporation filed a lawsuit for damages and other remedies in the Taipei District Court of Taiwan on October 21, 2021 against the former chairman of the Corporation, Shen Jun, and the other two individuals. However, the financial and business operations have not been significantly affected by the aforementioned events. As of March 13, 2023, the case is still pending in the court.

38. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and investees:
 - 1) Financing provided to others. (Table 2)
 - 2) Endorsements/guarantees provided. (Table 3)
 - 3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 4)
 - 4) Marketable securities acquired or disposed of at costs or prices at least \$300 million or 20% of the paid-in capital. (Table 5)
 - 5) Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital. (Non-applicable)
 - 6) Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital. (Non-applicable)
 - 7) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital. (Non-applicable)
 - 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital. (Non-applicable)
 - 9) Trading in derivative instruments. (Non-applicable)
 - 10) Information on investees. (Table 6)
 - 11) Intercompany relationships and significant intercompany transactions. (Table 7)
- b. Information on investments in mainland China

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)

c. Information of major shareholders: List all shareholders with ownership of 5% or greater, showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 9)

39. SEGMENT INFORMATION

Operating segment information:

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The reportable segments were as follows:

- Construction segment engage in civil engineering projects.
- Construction development segment make investment in construction of buildings and development of industrial districts for the government.
- Other segments human resources consulting, security management, theater entertainment.

a. Segment revenues and results:

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Segment	Revenue	Segment Profit (Loss)					
		ear Ended iber 31	For the Young	ear Ended lber 31				
	2022	2021	2022	2021				
Construction segment	\$ 12,524,849	\$ 13,944,110	\$ 863,249	\$ (369,499)				
Construction development	1 257 515	1 075 102	(27.555)	50 1 47				
segment	1,356,515	1,875,193	(37,555)	58,147				
Other segments	1,212,008	1,377,382	(49,679)	(47,267)				
	<u>\$ 15,093,372</u>	<u>\$ 17,196,685</u>	776,015	(358,619)				
Interest income			444,073	71,703				
Other income			2,546,351	76,926				
Other gains and losses			(2,538,818)	2,842,260				
Finance costs			(183,839)	(150,282)				
Expected credit losses			(22,628)	_				
Share of profit or loss of associates			(20,046)	(3,519)				
Profit before income tax			<u>\$ 1,001,108</u>	\$ 2,478,469				

Segment revenues were all generated by external customers. No inter-segment sales occurred during 2022 and 2021.

Segment profit represents the profit earned from each segment and does not include the share of the interest income, other income, other gains and losses, finance costs, expected credit losses and share of profit or loss of associates. This was measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	Decem	ber 31
	2022	2021
Segment assets		
Construction segment Construction development segment Other segments Total segment assets Unallocated assets	\$ 6,804,578 18,963,445 <u>18,747,922</u> 44,515,945 <u>623,951</u>	\$ 5,699,711 19,966,357 21,168,553 46,834,621 1,253,542
Consolidated total assets	<u>\$ 45,139,896</u>	\$ 48,088,163
Segment liabilities		
Construction segment Construction development segment Other segments Total segment assets Unallocated assets	\$ 4,756,567 522,203 16,632,362 21,911,132 552,540	\$ 4,666,318 2,998,837 16,333,943 23,999,098 1,160,319
Consolidated total liabilities	<u>\$ 22,463,672</u>	\$ 25,159,417

CONTRACT ASSETS, CONTRACT LIABILITIES AND AMOUNTS DUE TO CUSTOMERS FOR CONSTRUCTION CONTRACTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

Contract assets - amounts due from customers for construction contracts

December 31, 2022

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Contract Assets	% of Completion	Accumulated Construction Profit (Loss)	Contract Liabilities	Net Amount of Contract Assets
A8B	2031	\$ 10,940,606	\$ 10,328,523	\$ 3,151,240	24.34	\$ 148,975	\$ 2,803,051	\$ 348,189
A6B-1	2024	3,226,270	3,117,087	2,202,995	61.10	66,713	2,009,439	193,556
B0A	2025	4,363,847	4,071,455	533,215	10.10	29,517	469,578	63,637
A8F-1	2024	3,860,476	3,642,447	1,944,597	48.73	106,241	1,881,121	63,476
A5C	2023	3,959,898	4,123,444	2,338,660	53.08	(163,546)	2,292,247	46,413
B0B	2026	5,657,143	5,284,292	293,402	5.00	18,650	282,998	10,404
B0C	2024	2,587,944	2,414,535	251,608	9.29	16,108	245,161	6,447
B1B-1	2027	292,130	283,366	9,271	0.64	56	8,053	1,218
		\$ 34,888,314	\$ 33,265,149	\$ 10,724,988		\$ 222,714	\$ 9,991,648	<u>\$ 733,340</u>
<u>December 31, 2021</u>								
	Estimated Year of	Total Amount of	Estimated Cost of	a		Accumulated Construction Profit	G	Net Amount of

	Estimated Year of	Total Amount of	Estimated Cost of			Construction Profit		Net Amount of
Engineering Station Code	Completion	Construction	Construction	Contract Assets	% of Completion	(Loss)	Contract Liabilities	Contract Assets
A7B-1	2031	\$ 13,505,752	\$ 12,704,527	\$ 867,424	3.51	\$ 28,115	\$ 473,873	\$ 393,551
A6B-1	2023	3,199,878	3,092,049	1,859,123	52.75	56,881	1,721,823	137,300
A6C	2022	3,376,474	3,309,500	2,932,806	83.50	55,925	2,848,237	84,569
A8B	2031	10,814,726	10,208,733	1,841,076	15.47	93,729	1,722,972	118,104
A8F	2024	3,638,095	3,434,086	1,047,333	28.11	57,345	1,022,646	24,687
B0A	2025	4,331,539	4,201,593	21,164	-	-	-	21,164
B0B	2026	5,657,143	5,487,429	13,197	-	_	_	13,197
		<u>\$ 44,523,607</u>	<u>\$ 42,437,917</u>	<u>\$ 8,582,123</u>		\$ 291,995	<u>\$ 7,789,551</u>	\$ 792,572 (Continued)

Contract liabilities - amounts due to customers for construction contracts

December 31, 2022

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Contract Assets	% of Completion	Accumulated Construction Profit (Loss)	Contract Liabilities	Net Amount of Contract Liabilities
A7A	2024	\$ 4,441,091	\$ 4,168,354	\$ 1,719,671	5.44, 89.00	\$ 111,066	\$ 2,227,933	\$ 508,262
A8C	2023	8,260,537	7,807,097	6,485,517	82.50	374,097	6,863,935	378,418
A6F	2022	1,884,877	1,749,236	1,564,807	94.68	128,418	1,788,541	223,734
A6D	2022	2,950,137	2,817,045	2,787,512	100.00	133,092	2,950,137	162,625
A9A	2028	12,563,670	11,724,146	1,817,884	14.70	123,368	1,962,514	144,630
A6E	2024	2,168,593	2,069,633	1,543,484	21.87, 97.23, 100.00	59,137	1,638,277	94,793
A7B-2	2028	610,089	519,220	110,533	31.82	28,910	194,101	83,568
A7C	2022	2,078,956	1,957,705	1,992,035	99.57	120,727	2,069,969	77,934
A7E	2022	1,051,147	981,237	968,782	99.50	69,560	1,045,892	77,110
A7F	2023	3,542,443	3,349,663	3,029,263	87.01	167,734	3,098,721	69,458
A8F-2	2025	1,723,810	1,608,342	161,244	12.82	14,803	220,992	59,748
A6B-2	2022	3,485,574	3,066,504	3,435,574	100.00	419,070	3,485,574	50,000
A7D	2022	2,487,370	2,354,230	2,440,431	100.00	133,140	2,487,370	46,939
B1D	2026	2,937,716	2,823,628	16,406	1.81	2,065	53,180	36,774
A7B-1	2031	13,509,028	12,696,909	2,071,222	15.50	125,911	2,097,157	25,935
A6C	2023	3,552,046	3,644,781	3,271,280	91.80	(92,735)	3,286,848	15,568
B1C	2025	4,274,286	3,967,448	23,959	0.70	2,154	30,000	6,041
B1B-2	2027	177,247	171,930	986	0.70	37	5,348	4,362
A0B	2022	14,008,614	16,181,381	14,007,326	99.99	(2,172,767)	14,007,326	-
98C-1	2022	3,754,159	3,615,234	-	100.00	138,925	-	-
93C	2022	690,775	830,149	673,300	97.47	(139,374)	673,300	-
A5B	2022	562,934	540,448	-	100.00	22,486	-	-
A4C	2022	758,642	778,998	758,642	100.00	(20,356)	758,642	<u>-</u>
		91,833,607	89,772,388	48,879,858		(250,532)	50,945,757	2,065,899
750		-	-	20,738,595		· · · · ·	20,738,595	- -
		\$ 91,833,607	<u>\$ 89,772,388</u>	\$ 69,618,453		<u>\$ (250,532)</u>	<u>\$ 71,684,352</u>	\$ 2,065,899 (Continued)

December 31, 2021

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Contract Assets	% of Completion	Accumulated Construction Profit (Loss)	Contract Liabilities	Net Amount of Contract Liabilities
A8C	2023	\$ 7,701,884	\$ 7,268,838	\$ 3,648,844	52.46	\$ 227,176	\$ 4,040,427	\$ 391,583
A6B-2	2022	3,691,781	3,675,176	2,988,314	89.97	14,939	3,348,762	360,448
A7A	2024	2,002,236	1,888,311	1,087,536	64.44	73,413	1,378,637	291,101
A9A	2027	12,380,283	11,555,898	798,222	8.58	70,724	1,062,133	263,911
A7D	2022	2,383,007	2,250,852	1,717,198	81.78	108,071	1,955,882	238,684
A6D	2022	2,961,501	2,828,672	2,382,408	87.86	116,706	2,613,146	230,738
A7C	2022	2,080,747	1,959,464	1,768,841	95.00	115,224	1,976,803	207,962
A6F	2022	1,849,299	1,714,479	1,364,550	82.76	111,573	1,537,370	172,820
A7F	2022	3,504,804	3,312,666	2,686,158	79.92	153,564	2,819,580	133,422
A5C	2023	3,804,286	3,970,953	1,787,832	44.28	(166,667)	1,902,050	114,218
A7E	2022	1,051,147	981,268	881,749	93.79	65,538	985,849	104,100
A7B-2	2024	325,191	276,809	96,063	52.08	25,196	169,349	73,286
A6E	2022	1,532,800	1,483,073	1,450,733	96.86, 97.29	48,173	1,495,829	45,096
A0B	2021	13,997,959	16,135,890	13,997,959	100.00	(2,137,931)	13,998,003	44
98C-1	2021	3,677,852	3,617,005	3,677,852	100.00	60,847	3,677,852	-
93C	2021	690,775	830,149	673,300	97.47	(139,374)	673,300	-
A5B	2021	562,934	543,682	562,934	100.00	19,252	562,934	-
83C	2021	850,523	787,662	-	100.00	62,861	-	-
A5D	2021	4,101,593	3,905,571	-	100.00	196,022	-	-
A4C	2021	758,642	777,882	758,642	100.00	(19,240)	758,642	-
A5A	2021	169,566	169,187	-	100.00	379	-	-
A5F	2021	302,311	313,634	-	100.00	(11,323)	-	-
A8A	2021	812,045	680,589		100.00, 100.00	131,456		<u>-</u>
		71,193,166	70,927,710	42,329,135		(873,421)	44,956,548	2,627,413
750		_	_	19,679,673			19,679,673	
		<u>\$ 71,193,166</u>	<u>\$ 70,927,710</u>	<u>\$ 62,008,808</u>		<u>\$ (873,421)</u>	<u>\$ 64,636,221</u>	\$ 2,627,413 (Continued)

Amounts due to customers for construction contracts

December 31, 2021

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction				Amounts Due to Customers for Construction Contracts	Net Amount of Amounts Due to Customers for Construction Contracts
A4B A0A	2021 2021	\$ 117,221 <u>934,228</u>	\$ 106,399 1,229,528	\$ - -	100.00 100.00	\$ 10,822 (295,300)	\$ - -	\$ - -
		\$ 1,051,449	\$ 1,335,927	\$ -		\$ (284,478)	\$ -	\$ -

Note 1: For the amounts due from customers for construction contracts, refer to Note 26.

(Concluded)

Note 2: For the amounts due to customers for construction contracts, refer to Note 20.

Note 3: The Group recognized construction revenue of \$13,473,803 thousand in 2022 and \$14,560,049 thousand in 2021.

FINANCING PROVIDED TO OTHERS FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars)

					Financing								Coll	ateral			
No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Limit for Each Borrowing Company (Note 1)	Ending Balance (Note 1)	Actual Used	Interest Rate	Financing Properties (Note 3)	Financing Amount	Financing Reasons	Allowance for Bad Debt	Item	Value	Maximum Limit for Each Counterparty	Financing Company's Financing Amount Limits	Note
0	BES Engineering Corporation	Bes Engineering Vietnam Co., Ltd.	Other receivable	Y	\$ 29,291	\$ -	\$ -	-	b.	\$ -	Business revolving fund	\$ -	-	\$ -	\$ 904,193 (4% of BES Engineering Corporation's net equity)	\$ 9,041,925 (40% of BES Engineering Corporation's net equity)	
		HRDD Logistics Co., Ltd.	Accounts receivable - related party	Y	21,550	21,550	21,550	5	b.	-	Business revolving fund	21,550	-	-	904,193 (4% of BES Engineering Corporation's net equity)	9,041,925 (40% of BES Engineering Corporation's net equity)	Notes 2 and 4
1	Chung Kung Safeguarding & Security Corp.	Chung Kung Management Consultant Co., Ltd.	Accounts receivable - related party	Y	15,000	15,000	-	-	b.	-	Business revolving fund	-	-	-	32,486 (40% of Chung Kung Safeguarding & Security Corp.'s net equity)	32,486 (40% of Chung Kung Safeguarding & Security Corp.'s net equity)	
		Chung Kung Management and Maintenance of Apartment Co., Ltd.	Accounts receivable - related party	Y	15,000	15,000	-	-	b.	-	Business revolving fund	-	-	-	32,486 (40% of Chung Kung Safeguarding & Security Corp.'s net equity)	32,486 (40% of Chung Kung Safeguarding & Security Corp.'s net equity)	
2	Cinemark-Core Pacific, Ltd.	Cinema 7 Theater Co., Ltd.	Accounts receivable - related party	Y	30,000	30,000	4,000	4	b.	-	Business revolving fund	-	-	-	79,726 (40% of Cinemark-Core Pacific, Ltd.'s net equity)	79,726 (40% of Cinemark-Core Pacific, Ltd.'s net equity)	Note 2

Note 1: Financing limits approved by the board of directors.

Note 2: Except for the accounts receivable - related party of BES Engineering Corporation from HRDD Logistics Co., Ltd., all receivables have been eliminated in the consolidated financial statements.

Note 3: Reasons for financing are as follows:

a. Business relationship.

b. The need for short-term financing.

Note 4: After evaluating the operating condition and the probability of collecting the accounts of HRDD Logistics Co., Ltd., the Group recorded an allowance for doubtful accounts of \$22,628 thousand for the accounts receivable and interest receivable in September 2022.

ENDORSEMENTS/GUARANTEES PROVIDED FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars)

			Endo	orsee/Guarantee						Ratio of					
N	[o.	Endorser/Guarantor	Name	Relationship	Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
	1	Cinemark-Core Pacific, Ltd.	Cinema 7 Theater Co., Ltd.	A subsidiary in which parent corporation holds directly and indirectly over 50% of an equity interest	\$ 199,315 (Note 2)	\$ 94,300	\$ 94,300	\$ 74,507	\$ 71,198	47.31	\$ 597,946 (Note 6)	Y	-	-	
	2	Hua Cheng Consulting (Changshu) Co., Ltd.	BES Engineering Corporation	An investee in which parent corporation and its subsidiaries hold directly and indirectly over 50% of an equity interest	484,803 (Note 3)	312,073	312,073	260,000	312,073	64.37	969,606 (Note 7)	-	Y	-	
	3	Core Pacific Consulting (Changshu) Co., Ltd.	BES Engineering Corporation	An investee in which parent corporation and its subsidiaries hold directly and indirectly over 50% of an equity interest.	480,072 (Note 4)	312,073	312,073	260,000	312,073	65.01	960,144 (Note 8)	-	Y	-	
4	4	Security Corp.	Chung Kung Management Consultant Co., Ltd.	A subsidiary in which parent corporation holds directly and indirectly over 50% of an equity interest.	203,037 (Note 5)	25,000	25,000	-	-	30.78	243,644 (Note 9)	Y	-	-	
			Chung Kung Management and Maintenance of Apartment Co., Ltd.	A subsidiary in which parent corporation holds directly and indirectly over 50% of an equity interest.	203,037 (Note 5)	25,000	25,000	2,000	-	30.78	243,644 (Note 9)	Y	-	-	

Note 1: The use of "Y" represents endorsements provided on behalf of entities located in mainland China.

Note 2: The limit on the endorsement for each counterparty is equal to 100% of Cinemark-Core Pacific, Ltd.'s net equity as shown in its latest financial statements.

Note 3: The limit on the endorsement for each counterparty is equal to 100% of Hua Cheng Consulting (Changshu) Co., Ltd.'s net equity as shown in its latest financial statements.

Note 4: The limit on the endorsement for each counterparty is equal to 100% of Core Pacific Consulting (Changshu) Co., Ltd.'s net equity as shown in its latest financial statements.

Note 5: The limit on the endorsement for each counterparty is equal to 250% of Chung Kung Safeguarding & Security Corp.'s net equity as shown in its latest financial statements.

Note 6: The limit on the endorsement for each counterparty is equal to 300% of Cinemark-Core Pacific, Ltd.'s net equity as shown in its latest financial statements.

Note 7: The limit on the endorsement for each counterparty is equal to 200% of Hua Cheng Consulting (Changshu) Co., Ltd.'s net equity as shown in its latest financial statements.

Note 8: The limit on the endorsement for each counterparty is equal to 200% of Core Pacific Consulting (Changshu) Co., Ltd.'s net equity as shown in its latest financial statements.

Note 9: The limit on the endorsement for each counterparty is equal to 300% of Chung Kung Safeguarding & Security Corp.'s net equity as shown in its latest financial statements.

MARKETABLE SECURITIES HELD DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars)

							December 3	31, 2022		
]	No.	Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	Number of Shares	Carrying	Percentage of Ownership (%)	Fair Value	Note
	0		Taishin ESG Emerging Markets Bond Fund Taiwan Business Bank China Petrochemical Development Corporation Century Development Corporation Overseas Investment & Development Corporation Zowie Technology Corporation Fortemedia Fortemedia	Legal directors of the Corporation	Financial assets at FVTPL - current Financial assets at FVTOCI - current Financial assets at FVTOCI - non-current	500,000 68,964,727 183,037,540 10,633,492 2,600,000 6,611 4,137 62,282	\$ 4,142 893,093 1,808,411 83,260 21,502	0.86 4.84 3.03 2.89 0.02	\$ 4,142 893,093 1,808,411 83,260 21,502	Note 1 Note 1 Note 1 Note 1 Note 1
	1	Core Pacific World Co., Limited	China Petrochemical Development Corporation Taiwan Business Bank	Legal directors of the Corporation	Financial assets at FVTOCI - current Financial assets at FVTOCI - current	30,649,620 1,433,211	302,819 18,560	0.81	302,819 18,560	Note 1
	2	Cinemark-Core Pacific, Ltd.	The investment case of movie - The M Riders	-	Financial assets at FVTOCI - non-current	-	-	-	-	

Note 1: Market values of listed quoted shares and mutual funds were based on the closing prices and net asset values, respectively, as of December 31, 2022; values of unlisted shares were determined by using the fair value measurement as of December 31, 2022.

Note 2: Preference shares.

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022

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

	Type and Name of	Financial Statement			Beginnin	g Balance	Acquisitio	on (Note 1)		Disp	posal		Ending	Balance
Company Name	Marketable Securities	Account	Counterparty	Relationship	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
BES Engineering Corporation	Stock China Petrochemical Development	Financial assets at FVTOCI - non-current	-	-	111,277,510	\$ 1,852,716	71,760,030	\$ 895,848	-	\$ -	\$ -	\$ -	183,037,540	\$ 2,748,564
BES Engineering Vietnam Co., Ltd.	Stock Phu An Real Estate Co., Ltd.	Investments accounted for using the equity method		Subsidiaries	-	-	-	-	-	-	-	-	-	-

Note 1: On December 17, 2021, the Corporation participated in the cash capital increase of China Petrochemical Development and acquired 58,649,685 shares in the amount of \$689,134 thousand by subscribing as a specified person. In addition, on December 29, 2021, the board of directors resolved to merge with BES Machinery Corporation, and the record date was March 25, 2022. After the merger, BES Engineering Corporation and BES Machinery Co., Ltd. was the dissolved corporation, and the merged corporation acquired 13,110,345 shares in the amount of \$206,714 thousand.

Note 2: BES Engineering Vietnam Co., Ltd. acquired the shareholdings in the investment in Phu An Real Estate Co., Ltd., which was approved by the board of directors on December 13, 2021 and signed an agreement on December 15, 2021. As of the reporting date, equity transfer procedure is in progress.

INFORMATION ON INVESTEES FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars)

				Investment Amount		Balance	as of December	31, 2022	Net Income	Investment
Investor Company	Investee Company	Location	Main Businesses and Products	December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value	(Loss) of the Investee	Gain (Loss) Recognized (Note 1) Note
BES Engineering Corporation	Core Pacific World Co., Limited BES Machinery Corporation	Taipei, Taiwan Kaohsiung, Taiwan	Makes investments Leases engineering machinery and equipment, and wholesale construction materials and provides consulting service for designing and planning projects, except for certain architectural matters	\$ 1,530,094 -	\$ 1,530,094 867,733	115,942,000	99.95	\$ 1,742,545 -	\$ 393,063 16,272	\$ 392,867 Investee is a subsidiary Investee is a subsidiary (Note 1)
	BES Investment Company Ltd. BES Logistics International Co., Ltd. Core Asia Human Resources Management Co., Ltd. Chung Kung Safeguarding & Security Corp. Cinemark-Core Pacific, Ltd.	Taipei, Taiwan	Overseas construction and equipment sale Makes investments Consultancy on business administration and investments Security and related services Movie broadcasting and related businesses	1,485,277 348,278 60,000 38,127 115,380	1,485,277 348,278 60,000 38,127 23,450	49,600,000 13,995,389 6,000,000 3,880,000 9,455,180	100.00 100.00 100.00 64.67 78.14	1,336,679 730,805 90,345 52,522 157,468	(35,969) 29,598 3,075 3,618 (73,319)	(35,969) Investee is a subsidiary 29,598 Investee is a subsidiary
	BES Construction Corporation (U.S.A.) BES Global Investment Co. BA & BES Contracting (L.L.C.) BESM Holding Co., Ltd.	B.V.I. P.O. Box 92237, Dubai-UAE	Develops lands for investments Overseas construction and equipment sale Engineering and construction Holds investments	259,562 51,313 10,696 162,163	259,562 51,313 10,696	8,509 1,510,100 1,200,000 5,075,000	91.79 100.00 40.00 100.00	26,918 17,488 - 244,973	(376) 300 - 7,239	(346) Investee is a subsidiary Investee is a subsidiary 7,239 Investee is a subsidiary (Note 1)
Core Pacific World Co., Limited	Chinese City International Investment Co., Ltd. Zhong Hua Cheng Development Co., Ltd.	Republic of Mauritius Republic of Mauritius	Consulting Consulting	330,714 330,714	330,714 330,714	9,500,000 9,500,000	100.00 100.00	494,078 489,264	4,178 4,060	4,178 Investee is a subsidiary 4,060 Investee is a subsidiary
BES Machinery Co., Ltd.	BESM Holding Co., Ltd. Cinemark-Core Pacific, Ltd.	B.V.I. Taipei, Taiwan	Holds investments Movie broadcasting and related businesses	-	162,163 91,930	-	-	-	7,239 (73,319)	- Investee is a subsidiary (Note 1) - Investee is a subsidiary (Note 1)
BES Investment Company Ltd.	Wei-Jing Holdings Ltd. BES Construction Corporation (U.S.A.) Global BES Engineering (Myanmar) Co., Ltd. BES Engineering Vietnam Co., Ltd.	Yangon, Myanmar	Holds investments Develops lands for investments Engineering and construction Engineering and construction	463,104 25,724 15,478 726,220	463,104 25,724 15,478 726,220	14,400,000 761 500,000	44.67 8.21 100.00 100.00	468,718 2,408 16,816 782,718	(43,886) (376) 1,808 (17,968)	(19,604) (30) Investee is a subsidiary Investee is a subsidiary Investee is a subsidiary Investee is a subsidiary
Core Asia Human Resources Management Co., Ltd	Elite Human Resources Management Co., Ltd.	Taipei, Taiwan	Human resource consulting	5,000	5,000	500,000	100.00	12,227	3,365	3,365 Investee is a subsidiary
Chung Kung Safeguarding & Security Corp.	Chung Kung Management Consultant Co., Ltd. Chung Kung Management and Maintenance of Apartment Co., Ltd.	Taipei, Taiwan Taipei, Taiwan	Business management consulting and running parking lots Manages apartment maintenance and renders related services	10,000 3,700	10,000 3,700	- -	100.00 37.00	14,181 5,297	1,253 2,542	1,253 Investee is a subsidiary Investee is a subsidiary
Cinemark-Core Pacific, Ltd.	Cinemark-Core (Hong Kong) Pacific Ltd. Cinema 7 Theater Co., Ltd.	Hong Kong Taipei, Taiwan	Hold investment Movie broadcasting and retail sale of rood products and groceries	246,729 150,183	246,729 150,183	61,503,000 25,000	49.60 100.00	103,563 (38,716)	(34,208) (23,421)	(16,967) (23,421) Investee is a subsidiary
Chung Kung Management Consultant Co., Ltd.	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Taipei, Taiwan	Manages apartment maintenance and renders related services	6,300	6,300	-	63.00	9,019	2,542	1,601 Investee is a subsidiary

Note 1: On December 29, 2021, the board of directors resolved to merge with BES Machinery Corporation. The record date was March 25, 2022. After the merger, BES Engineering Corporation and BES Machinery Co., Ltd. was the dissolved corporation. BESM Holding Co., Ltd. and Cinemark-Core Pacific, Ltd. were directly owned by BES Engineering Corporation.

Note 2: Except BA & BES Contracting (L.L.C.), Wei-Jing Holding Ltd. and Cinemark - Core (Hong Kong) Pacific Ltd. the investment of investors, and the equity between investees have been eliminated in the consolidated financial statements.

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

			Relationship	Transactions Details					
No.	Investee Company	Counterparty	(Note 1)	Financial Statement	Amount	Payment Terms	% to Total		
			(Note 1)	Account	Amount	rayment terms	Sales or Assets		
0	BES Engineering Corporation	BES Machinery Co., Ltd.	1	Construction cost	\$ 154,359	As agreed by both parties	1.02		

Note 1: Representing the Corporation to subsidiaries.

Note 2: All transactions shown above have been eliminated in the consolidated financial statements.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

				Accumulated	Remittano	e of Funds	Accumulated					Accumulated
Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Outward Remittance for Investment from Taiwan as of January 1, 2022	Outward	Inward	Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2022	Repatriation of Investment Income
Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Engages in the logistics, warehousing and international trade	\$ 1,100,438 (RMB 250,000 thousand)	b. (Note 3)	\$ 341,921 (US\$ 10,703 thousand)	\$ -	\$ -	\$ 341,921 (US\$ 10,703 thousand)	\$ 75,263 (RMB 17,020 thousand)	39.20	\$ 29,503 (RMB 6,672 thousand)	\$ 776,452 (RMB 176,146 thousand)	\$ 186,210 (US\$ 6,162 thousand)
Core Pacific Consulting (Changshu) Co., Ltd.	Provides engineering consulting services	305,982 (US\$ 9,000 thousand)	b. (Note 4)	305,982 (US\$ 9,000 thousand)	-	-	305,982 (US\$ 9,000 thousand)	3,597 (RMB 814 thousand)	100.00	3,597 (RMB 814 thousand)	480,072 (RMB 108,909 thousand)	
Hua Cheng Consulting (Changshu) Co., Ltd.	Provides engineering consulting services	305,982 (US\$ 9,000 thousand)	b. (Note 5)	305,982 (US\$ 9,000 thousand)	-	-	305,982 (US\$ 9,000 thousand)	3,707 (RMB 838 thousand)	100.00	3,707 (RMB 838 thousand)	484,803 (RMB 109,983 thousand)	
Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Engages in the logistics, warehousing and international trade	1,100,438 (RMB 250,000 thousand)	b. (Note 6)	167,565 (RMB 40,900 thousand)	-	-	167,565 (RMB 40,900 thousand)	75,263 (RMB 17,020 thousand)	9.80	7,376 (RMB 1,668 thousand)	194,113 (RMB 44,037 thousand)	55,775 (US\$ 1,853 thousand)
Cinemark-Core (Shanghai) Pacific Management and Consulting	Theater management, purchasing, and consulting	27,602 (US\$ 900 thousand)	b. (Note 7)	27,577 (US\$ 900 thousand)	-	-	27,577 (US\$ 900 thousand)	(RMB (2) thousand)	49.60	(RMB (1) thousand)	(487) (RMB (111) thousand)	
Yunnan Core Pacific City	Theater management, purchasing, and consulting	120,676 (US\$ 4,031 thousand)	b. (Note 7)	59,131 (US\$ 1,975 thousand)	-	-	59,131 (US\$ 1,975 thousand)	(20,678) (RMB (4,676) thousand)	24.30	(5,025) (RMB (1,136) thousand)	28,704 (RMB 6,511 thousand)	
HRDD Logistics Co., Ltd.	Provides warehousing and freight forwarders	653,328 (RMB 144,000 thousand)	a.	166,730 (RMB 34,000 thousand)	-	-	166,730 (RMB 34,000 thousand)	(86,209) (RMB (19,496) thousand)	23.61	(20,354) (RMB (4,603) thousand)	48,739 (RMB 11,057 thousand)	
Cinemark-Core (Suzhou) Pacific Ltd.	Theater management, purchasing, and consulting	343,172 (US\$ 11,000 thousand)	b. (Note 7)	161,597 (US\$ 5,000 thousand)	-	-	161,597 (US\$ 5,000 thousand)	(24,049) (RMB (5,439) thousand)	49.60	(RMB (2,698) thousand)	47,520 (RMB 10,781 thousand)	

Investor Company Name	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investment
BES Engineering Corporation (Note 8)	US\$ 12,103 thousand (RMB 74,900 thousand)	US\$ 23,809 thousand	NT\$ 13,605,734
Core Pacific World Co., Limited	US\$ 18,000 thousand	US\$ 19,000 thousand	NT\$ 1,046,050
Cinemark-Core Pacific, Ltd.	US\$ 7,875 thousand	US\$ 7,875 thousand	NT\$ 119,589

(Continued)

- Note 1: Methods of investment are as categorized as follows:
 - a. Direct investment in China.
 - b. Investment made in China through third party.
 - c. Others.
- Note 2: Under the investment gain (loss) column:
 - a. Companies still in the preparatory stage and therefore have no gains or losses should be disclosed.
 - b. Investment gain (loss) recognized based on the following should be disclosed:
 - 1) Financial statements are audited through the cooperation between international accounting from and ROC accounting firm.
 - 2) Financial statements are audited by licensed CPA of the parent corporation.
 - 3) Others.
- Note 3: BES Logistics International Co., Ltd., is third party investor.
- Note 4: Zhong Hua Cheng Development Co., Ltd., is third party investor.
- Note 5: Chinese City International Investment Co., Ltd., is third party investor.
- Note 6: BESM Holding Co., Ltd., is third party investor.
- Note 7: Cinemark Core (Hong Kong) Pacific Ltd., is third party investor.
- Note 8: On February 16, 2022, the Corporation was approved by the Investment Commission of the Ministry of Economic Affairs to merge its domestic businesses, and BES Engineering Corporation was allowed to indirectly (directly) invest in Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd. and HRDD Logistics Co., Ltd.
- Note 9: Except Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd., Cinemark Core (Shanghai) Pacific Management and Consulting, Yunnan Core Pacific City, and HRDD Logistics Co., Ltd., all gains and losses have been eliminated in the consolidated financial statements.

(Concluded)

INFORMATION OF MAJOR SHAREHOLDERS DECEMBER 31, 2022

	Shares			
Name of Major Shareholder	Number of	Percentage of		
	Shares	Ownership (%)		
China Petrochemical Development Corporation	164,348,449	10.73		

- Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.
- Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

V. The individual financial report of the latest year certified by the accountants

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders BES Engineering Corporation

Opinion

We have audited the accompanying financial statements of BES Engineering Corporation (the "Corporation"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters for the Corporation's financial statements for the year ended December 31, 2022 are stated as follows:

Accuracy of Construction Revenue Recognized

The Corporation operates in the construction industry and is mainly engaged in the construction of roads, bridges, wharfs and multi-story residential buildings and office complexes. The Corporation calculates construction revenue based on the estimated percentage of completion and the total price of the construction project. As estimates are required to be made with reference to internal and external documents during the calculation of the percentage of completion of construction, the calculation of the percentage of completion is considered complex. In addition, the Corporation's construction revenue amount for the year ended December 31, 2022 is material, hence, the accuracy of recognition of construction revenue was deemed as a key audit matter for the year ended December 31, 2022. Refer to Note 4 to the accompanying financial statements for the relevant accounting policies and Table 1 following the notes to the financial statements for the financial information of the construction projects.

The main audit procedures performed with respect to the above-mentioned key audit matter are as follows:

- 1. We obtained an understanding of and tested the design and operating effectiveness of the internal controls related to the estimation of the percentage of completion and the accuracy of construction revenue recognized.
- 2. We evaluated and confirmed that the accounting policies on the estimation of the percentage of completion were consistently applied.
- 3. We performed tests of the details of incomplete construction projects at the end of the year and confirmed the accuracy of construction revenue recognized.
- 4. We obtained confirmations of approval from the owners after the reporting period and confirmed that no material adjustments were made after the reporting period.

Net Realizable Value of Real Estate Inventory

The Corporation is mainly engaged in the construction of buildings and transacting of real estate. As stated in Note 12, the carrying amount of buildings and land held for sale in the balance sheets as of December 31, 2022 is material. Since real estate inventory is stated at the lower of cost and net realizable value, and the net realizable value of real estate inventory may be affected by changes in the market price of real estate and its assessment involves management's subjective judgment and accounting estimates, we identified the net realizable value of real estate inventory as a key audit matter for the year ended December 31, 2022. Refer to Note 5 to the accompanying financial statements for the relevant accounting judgments and key sources of estimation uncertainty.

The main audit procedures performed with respect to the above-mentioned key audit matter are as follows:

- 1. We evaluated and confirmed the accounting policies on the valuation of real estate inventory were consistently applied.
- 2. We obtained the information on the calculation of the net realizable value and impairment assessment of the above-mentioned real estate inventory, and we reviewed and confirmed the assessment results were reasonable.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due
 to fraud or error, design and perform audit procedures responsive to those risks, and obtain
 audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of
 not detecting a material misstatement resulting from fraud is higher than for one resulting from
 error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the
 override of internal control.
- 2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- 5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yao-Lin Huang and Shih-Chieh Chou.

Deloitte & Touche Taipei, Taiwan Republic of China

March 13, 2023

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance 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 applied in the Republic of China.

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

BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022		2021			
ASSETS	Amount	%	Amount	%		
CURRENT ASSETS						
Cash (Notes 4, 6 and 14)	\$ 2,447,556	5	\$ 1,530,676	3		
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 31)	4,142	-	2,359,315	5		
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 32)	893,093	2	664,330	2		
Financial assets at amortized cost - current (Notes 4, 9, 23 and 32) Contract assets - current (Notes 14, 23, 25 and Table 1)	3,797,966 2,498,541	9 6	3,936,565 2,459,043	8 5		
Construction receivables (Notes 4, 10, 14, 23, 25 and 31)	2,603,165	6	2,286,738	5		
Accounts receivable on the development of industrial districts (Notes 4, 11, 23 and 32)	2,898,047	6	6,077,203	13		
Inventories (Notes 4 and 23)	254,843	1	175,179	-		
Buildings and land held for sale, net (Notes 4, 5, 12, 23 and 32)	11,829,468 4,962,958	27 11	11,848,760 3,113,718	25 7		
Construction in progress (Notes 4, 12, 23 and 32) Refundable deposits on construction contracts (Note 23)	142,162	-	158,801	-		
Other current assets (Notes 14 and 31)	1,309,265	3	1,205,111	3		
Total current assets	33,641,206	<u>76</u>	35,815,439	<u>76</u>		
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8, 31 and 32)	1,913,173	4 10	1,562,314	4 10		
Investments accounted for using the equity method (Notes 4 and 13) Property, plant and equipment, net (Notes 4, 15 and 32)	4,448,482 3,035,216	7	4,538,937 2,416,388	5		
Right-of-use assets (Notes 4, 16 and 31)	117,139	-	80,757	-		
Investment properties, net (Notes 4, 17 and 32)	868,843	2	1,005,711	2		
Deferred tax assets (Notes 4 and 27)	416,410	1	536,752	1		
Refundable deposits (Notes 14 and 31)	39,713	-	61,302	-		
Prepayments for investments Other non-current assets	35,763	<u> </u>	770,870 46,151	2 		
Total non-current assets	10,874,739	24	11,019,182	24		
TOTAL	<u>\$ 44,515,945</u>	<u>100</u>	\$ 46,834,621	100		
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 18 and 32)	\$ 4,603,000	10	\$ 2,688,049	6		
Short-term bills payable (Notes 18 and 32)	1,050,051	3	2,531,971	5		
Contract liabilities - current (Notes 14, 23, 25, 31 and Table 1) Notes payable (Note 23)	2,160,262 3,008	5	2,734,378 7,167	6		
Trade payables (Notes 14, 19, 23 and 31)	4,288,029	10	4,531,620	10		
Accrued expenses (Notes 14 and 31)	551,180	1	371,470	1		
Accounts payable for the development of industrial districts (Notes 4, 20 and 23)	18,363	-	1,981,683	4		
Current tax liabilities (Note 4)	69,950	- 1	461 241	- 1		
Provisions - current (Notes 4, 21 and 23) Lease liabilities - current (Notes 4, 16 and 31)	492,541 42,178	1	461,341 31,467	1		
Current portion of long-term borrowings (Notes 18 and 32)	37,948	-	670,000	1		
Guarantee deposits on construction contracts (Note 23)	575,472	1	477,569	1		
Other current liabilities (Notes 14 and 31)	<u> 183,075</u>	1	<u>194,456</u>			
Total current liabilities	14,075,057	32	16,681,171	35		
NON-CURRENT LIABILITIES	7 7 7 1 1 1 1 1	4.0	T 1 1 7 0 1 5	4.4		
Long-term borrowings (Notes 18 and 32) Provisions - non-current (Notes 4 and 21)	5,734,094 971,846	13	5,147,316 984,074	11		
Deferred tax liabilities (Notes 4 and 27)	1,016,744	2 2	1,035,383	2 3		
Lease liabilities - non-current (Notes 4, 16 and 31)	76,728	-	50,664	-		
Net defined benefit liabilities - non-current (Notes 4 and 22)	8,617	-	80,665	-		
Guarantee deposits received (Note 31)	28,046		<u>19,825</u>			
Total non-current liabilities	7,836,075	<u>17</u>	7,317,927	<u>16</u>		
Total liabilities	21,911,132	<u>49</u>	23,999,098	51		
EQUITY						
Ordinary shares	<u>15,308,998</u>	<u>35</u>	15,308,998	33		
Capital surplus Retained earnings	<u>74,648</u>		73,884			
Legal reserve	1,116,990	2	821,206	2		
Special reserve	2,475,958	6	2,475,958	5		
Unappropriated earnings	4,105,362	9	4,379,268	9		
Total retained earnings	7,698,310	<u>17</u>	7,676,432	<u>16</u>		
Other equity	(477,143)	<u>(1</u>)	(223,791)			
Total equity	22,604,813	51	22,835,523	<u>49</u>		
TOTAL	<u>\$ 44,515,945</u>	<u>100</u>	<u>\$ 46,834,621</u>	<u>100</u>		

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

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 14, 25 and 31)				
Construction revenue	\$ 13,473,803	97	\$ 14,560,049	92
Other operating revenue	409,634	3	1,263,696	8
Total operating revenue	13,883,437	100	15,823,745	100
OPERATING COSTS (Notes 4, 14, 22, 26 and 31)				
Construction costs	12,448,464	90	14,742,490	93
Other operating costs	218,678	1	1,009,314	<u>6</u>
Total operating costs	12,667,142	91	15,751,804	99
GROSS PROFIT	1,216,295	9	71,941	1
OPERATING EXPENSES (Notes 22, 26 and 31)				
Selling and marketing expenses	86,510	1	113,600	1
General and administrative expenses	279,109	2	309,944	2
Research and development expenses	30,838		27,113	
Total operating expenses	396,457	3	450,657	3
PROFIT (LOSS) FROM OPERATIONS	819,838	6	(378,716)	<u>(2</u>)
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4, 14, 26 and 31)	40,350	_	48,624	_
Other income (Notes 4, 26 and 31)	2,520,195	18	75,280	1
Other gains and losses (Notes 7, 26, 31 and 34)	(2,522,010)	(18)	2,792,209	18
Finance costs (Notes 4, 12, 26 and 31)	(175,776)	(1)	(133,440)	(1)
Expected credit losses (Note 31)	(22,628)	-	-	-
Share of profit of subsidiaries and associates				
(Notes 4 and 13)	346,039	2	73,082	
Total non-operating income and expenses	186,170	1	2,855,755	<u>18</u>
PROFIT BEFORE INCOME TAX	1,006,008	7	2,477,039	16
INCOME TAX EXPENSE (BENEFIT) (Notes 4				
and 27)	184,693	1	(199,719)	(1)
NET PROFIT FOR THE YEAR	821,315	<u>6</u>	2,676,758	<u>17</u>
			(Cor	ntinued)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2022			2021		
		Amount	%	1	Amount	%	
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22, 24 and 27) Items that will not be reclassified subsequently to							
profit or loss: Remeasurement of defined benefit plans Unrealized gain (loss) on investments in equity	\$	15,763	-	\$	(1,327)	-	
instruments at fair value through other comprehensive income Share of the other comprehensive income (loss) of		(260,952)	(2)		191,441	1	
subsidiaries and associates accounted for using the equity method Income tax related to items that will not be		(141,937)	(1)		80,987	-	
reclassified subsequently to profit or loss		(3,153) (390,279)	(3)		265 271,366	<u>-</u> 1	
Items that may be reclassified subsequently to profit or loss:							
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method		155,544	1		(32,483)		
Other comprehensive income (loss) for the year, net of income tax		(234,735)	(2)		238,883	1	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$</u>	586,580	4	<u>\$</u>	2,915,641	<u>18</u>	
EARNINGS PER SHARE (Note 28) Basic Diluted		\$ 0.54 \$ 0.54			\$ 1.75 \$ 1.74		

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

(Concluded)

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

								Other Equity (Notes 4 and 24) Unrealized Gain				
		al Issued and Notes 4 and 24)	_					Exchange Differences on	(Loss) on Financial Assets at Fair Value			
	Number of				Retained Earı	nings (Note 24)		Translation of	Through Other			
	Shares (In thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Foreign Operations	Comprehensive Income	Total	Total Equity	
BALANCE, JANUARY 1, 2021	1,530,899	\$ 15,308,998	\$ 73,833	\$ 759,714	\$ 2,788,570	\$ 1,839,615	\$ 5,387,899	\$ (303,569)	<u>\$ (159,337)</u>	\$ (462,906)	\$ 20,307,824	
Special reserve under Rule No. 1030006415 issued by the FSC	_				(312,612)	312,612			-	<u> </u>	_	
Appropriation of the 2020 earnings Legal reserve	-	-	-	61,492	-	(61,492)	-	-	-	-	-	
Cash dividends distributed by the Corporation	_		_		-	(356,700)	(356,700)			_	(356,700)	
Total	_	-	_	61,492	-	(418,192)	(356,700)	_	<u>=</u>	<u>=</u>	(356,700)	
Donations from shareholders		-	38		-	-		-	-	-	38	
Changes from investments in associates accounted for using the equity method				-		(31,293)	(31,293)	<u>-</u>	-		(31,293)	
Actual acquisition of interests in subsidiaries	_		13	_	-	-		_	<u>-</u>	<u>=</u>	13	
Net profit for the year ended December 31, 2021	-	-	-	-	-	2,676,758	2,676,758	-	-	-	2,676,758	
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	_	<u>-</u>	-	<u>-</u>	(232)	(232)	(32,483)	271,598	239,115	238,883	
Total comprehensive income (loss) for the year ended December 31, 2021	_	_	_	_		2,676,526	2,676,526	(32,483)	271,598	239,115	2,915,641	
BALANCE, DECEMBER 31, 2021	1,530,899	15,308,998	73,884	821,206	2,475,958	4,379,268	7,676,432	(336,052)	112,261	(223,791)	22,835,523	
Appropriation of the 2021 earnings Legal reserve Cash dividends distributed by the Corporation	<u>-</u>		- 	295,784	- 	(295,784) (817,500)	(817,50 <u>0</u>)		<u> </u>		(817,500)	
Total	<u>-</u> _	-	-	295,784		(1,113,284)	(817,500)	-	<u>-</u> _	<u>=</u>	(817,500)	
Actual acquisition of interests in subsidiaries			<u>745</u>					(285)	(269)	(554)	191	
Changes in percentage of ownership interests in subsidiaries	_		19	_					_	_	19	
Net profit for the year ended December 31, 2022	-	-	-	-	-	821,315	821,315	-	-	-	821,315	
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax		_		-	=	13,434	13,434	155,544	(403,713)	(248,169)	(234,735)	
Total comprehensive income (loss) for the year ended December 31, 2022		_	<u>-</u> _		<u>-</u>	834,749	834,749	155,544	(403,713)	(248,169)	586,580	
Disposal of investments in equity instruments designated as at fair value through other comprehensive income				-		4,629	4,629	_	(4,629)	(4,629)		
BALANCE, DECEMBER 31, 2022	1,530,899	<u>\$ 15,308,998</u>	<u>\$ 74,648</u>	<u>\$ 1,116,990</u>	<u>\$ 2,475,958</u>	<u>\$ 4,105,362</u>	\$ 7,698,310	<u>\$ (180,793)</u>	<u>\$ (296,350)</u>	<u>\$ (477,143)</u>	<u>\$ 22,604,813</u>	

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

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,006,008	\$ 2,477,039
Adjustments for:	+ -,,	+ -, · · · , · · ·
Depreciation expenses	90,430	72,431
Expected credit losses	22,628	-
Net loss on fair value changes of financial assets at fair value	,	
through profit or loss	2,333,852	30,852
Finance costs	175,776	133,440
Interest income	(40,350)	(48,624)
Dividend income	(2,427,807)	(10,201)
Share of profit or loss of subsidiaries and associates	(346,039)	(73,082)
Loss on disposal of property, plant and equipment	839	564
Gain on disposal of associates	-	(2,849,350)
Reversal of impairment losses on financial assets	-	(775,507)
Gain on lease modification	(85)	(27)
Compensation loss (reversal)	(13,721)	668,746
Changes in operating assets and liabilities		
Construction receivables	(306,426)	(1,031,921)
Contract assets	(39,498)	814,847
Accounts receivable on the development of industrial districts	3,179,156	917,839
Construction in progress	(1,975,449)	(1,398,319)
Buildings and land held for sale	197,957	951,654
Inventories	(68,381)	(175,003)
Other current assets	(96,655)	(217,750)
Notes payable	(5,549)	7,167
Trade payables	(254,903)	223,300
Contract liabilities	(574,116)	509,166
Accrued expenses	170,328	77,124
Accounts payable for the development of industrial districts	(1,963,320)	38,656
Provisions	32,693	(57,256)
Net defined benefit liabilities	(61,737)	(37,032)
Other current liabilities	(15,026)	(22,889)
Cash generated from (used in) operations	(979,395)	225,864
Interest received	40,325	47,702
Interest paid	(221,672)	(157,752)
Income tax refund (paid)	(30,329)	3,281
Net cash generated from (used in) operating activities	(1,191,071)	119,095
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive		
income	-	(829,124)
Proceeds from disposal of financial assets at fair value through other		
comprehensive income	8,506	-
		(Continued)

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
Cash returns from capital reduction of financial assets at fair value		
through other comprehensive income	\$ 81,736	\$ -
Purchase of financial assets at amortized cost	-	(1,023,727)
Proceeds from disposal of financial assets at amortized cost	150,466	-
Purchase of financial assets at fair value through profit or loss	-	(8,032)
Proceeds from disposal of financial assets at fair value through profit		
or loss	21,321	3,069
Cash returns from capital reduction of financial assets at fair value		
through profit and loss	-	1,523,099
Acquisition of the investment accounted for using the equity method	-	(751,302)
Increase in prepayments for investments	(40.267)	(770,870)
Payments for property, plant and equipment	(40,367)	(17,283)
Proceeds from disposal of property, plant and equipment	193	9
Decrease (increase) in refundable deposits	38,916	(36,781)
Net cash inflow on acquisition of subsidiary	189,386	(22,002)
Decrease (increase) in other assets	10,570	(33,902)
Dividends received from subsidiaries and associates	57,570	6,000
Dividends received from others	<u>2,427,807</u>	<u>10,201</u>
Net cash generated from (used in) investing activities	2,946,104	(1,928,643)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,674,951	110,200
Proceeds from (repayments of) short-term bills payable	(1,481,920)	236,726
Proceeds from (repayments of) long-term borrowings	(242,137)	1,417,694
Increase in guarantee deposits received	72,436	40,824
Cash dividends distributed	(817,500)	(356,700)
Repayment of the principal portion of lease liabilities	(39,420)	(33,732)
Acquisition of additional interests in subsidiaries	(4,563)	(54)
Net cash generated from (used in) financing activities	(838,153)	1,414,958
NET INCREASE (DECREASE) IN CASH	916,880	(394,590)
CASH AT THE BEGINNING OF THE YEAR	1,530,676	1,635,217
CASH AT THE END OF THE YEAR	<u>\$ 2,447,556</u>	\$ 1,240,627 (Continued)

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the statements of cash flows with the equivalent items reported in the balance sheets as of December 31, 2022 and 2021:

	December 31		
	2022	2021	
Cash in the balance sheets	\$ 2,447,556	\$ 1,530,676	
Bank overdrafts		(290,049)	
Cash in the statements of cash flows	<u>\$ 2,447,556</u>	<u>\$ 1,240,627</u>	

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

(Concluded)

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

BES Engineering Corporation (the "Corporation"), which was a state-owned enterprise until June 22, 1994, engages mainly in civil engineering, building construction, real estate transaction and the development of industrial districts for the government.

The Corporation's shares have been trading on the Taiwan Stock Exchange since March 1993.

The financial statements are presented in the Corporation's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation's board of directors on March 13, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Corporation's accounting policies:

Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"

The Corporation applied the amendments to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022. The amendments specify that when assessing whether a contract is onerous, the "cost of fulfilling a contract" includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

There was no significant effect when the Corporation applies the amendments.

b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and	January 1, 2023 (Note 3)
Liabilities arising from a Single Transaction"	

- Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.
- Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.
- 1) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Corporation should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Corporation may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Corporation changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Corporation chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Corporation is required to make significant judgments or assumptions in applying an accounting policy, and the Corporation discloses those judgments or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Corporation may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Corporation uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Corporation shall recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and the Corporation shall recognize the cumulative effect of initial application in retained earnings at that date. The Corporation shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

Except for the above impact, as of the date the financial statements were authorized for issue, the Corporation has assessed that the application of other standards and interpretations will not have a material impact on the Corporation's financial position and financial performance.

c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 -	January 1, 2023
Comparative Information"	
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

- Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.
- Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when the Corporation sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Corporation loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Corporation sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Corporation's interest as an unrelated investor in the associate or joint venture, i.e., the Corporation's share of the gain or loss is eliminated. Also, when the Corporation loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Corporation's interest as an unrelated investor in the associate or joint venture, i.e., the Corporation's share of the gain or loss is eliminated.

2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (referred to as the "2020 amendments") and "Non-current Liabilities with Covenants" (referred to as the "2022 amendments")

The 2020 amendments clarify that for a liability to be classified as non-current, the Corporation shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Corporation will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Corporation must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Corporation shall disclose information that enables users of financial statements to understand the risk of the Corporation that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Corporation's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Corporation's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

3) Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. Seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

Except for the above impact, as of the date the financial statements were authorized for issue, the Corporation is continuously assessing the possible impact of the application of other standards and interpretations on the financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only the financial statements, the Corporation used the equity method to account for its investments in subsidiaries and associates. In order for amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owner of the Corporation in its consolidated financial statements, adjustments arising from the differences in accounting treatment between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

The Corporation is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Corporation's construction-related assets and liabilities.

d. Foreign currencies

In preparing the Corporation's financial statements, transactions in currencies other than the Corporation's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in a foreign currency and measured at historical cost are stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting financial statements, the Corporation's foreign operations (including subsidiaries and associates) that are prepared using functional currencies which are different from the currency of the Corporation are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Corporation's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

For a contract where a landowner provides land for construction of buildings by a property developer in exchange for a certain percentage of the buildings, no exchange gain or loss is recognized if the buildings acquired are classified as properties held for sale. Revenue is recognized when the properties held for sale are sold to third parties.

f. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of equity of subsidiaries.

Changes in the Corporation's ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are accounted for as equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Corporation's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Corporation directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit or loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. Investments in associates

An associate is an entity over which the Corporation has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Corporation uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associates. The Corporation also recognizes the changes in the Corporation's share of the equity of associates.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Corporation subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation's proportionate interest in the associate. The Corporation records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Corporation's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the associate), the Corporation discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Corporation discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Corporation's financial statements only to the extent of interests in the associate that are not related to the Corporation.

h. Joint operations

A joint operation is a joint arrangement whereby the Corporation and other parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement.

Any acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business should be treated as a business combination, except when the parties sharing joint control are under the common control of the same ultimate controlling party or parties both before and after the acquisition and that control is not transitory.

The Corporation recognizes the following items in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output of the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Corporation accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenue and expenses.

When the Corporation sells or contributes assets to its joint operation, it recognizes gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation. When the Corporation purchases assets from its joint operation, it does not recognize its share of the gain or loss until it resells those assets to a third party.

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the declining balance method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation are recognized using the declining balance method and straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Impairment of property, plant and equipment, right-of-use assets, investment properties, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation. Otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

1. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Corporation may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), as well as contract assets.

The Corporation always recognizes lifetime expected credit losses (ECLs) for trade receivables and contract assets. For all other financial instruments, the Corporation recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Corporation are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1) Onerous contracts

Onerous contracts are those in which the Corporation's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions. In assessing whether a contract is onerous, the cost of fulfilling a contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that are related directly to fulfilling contracts.

2) Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Corporation of the expenditures required to settle the Corporation's obligations.

n. Revenue recognition

The Corporation identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

For contracts to sell properties in the ordinary course of business, the fixed transaction price is received in instalments and recognized as a contract liability. The transaction price, after adjusting for the effect of the significant financing component, is recognized as revenue when the construction is completed and the property is transferred to the buyer.

2) Revenue from the rendering of services

Revenue from the rendering of services is recognized when services are provided.

Revenue from a contract to provide services is recognized with reference to the stage of completion of the contract.

3) Construction contract revenue

The Corporation recognizes revenue from real estate construction contracts which are in the progress of construction over time. The Corporation measures the progress of completion of the construction contracts based on the satisfaction of performance obligations as stated in the contracts. Contract assets are recognized during the construction and are reclassified to trade receivable at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Corporation recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Corporation adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Corporation satisfies its performance obligations.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in satisfying the performance obligation for which recovery is expected.

4) Business on the development of industrial districts

The Corporation is authorized to develop and sell the development of industrial districts, whose accounting affairs are processed individually. Input costs of each industrial zone debit accounts receivable on the development of industrial districts; the price of land was paid by the purchaser, and the cost of development credits accounts payable for the development of industrial districts. When vendors pay off the price, accounts receivable on the development of industrial districts will be charged off. If the balance remains, the committee of industrial zone development and administration fund will be remitted.

Business on the development of industrial districts is charged by appointment contracts and related laws, which recognized in agency fee revenue included in other operating revenue of current year.

o. Buildings and land held for sale, net

Buildings and land held for sale, net is stated at the lower of cost or net realizable value. Comparing costs with net realizable value is based on individual item. The net realizable value is the estimated selling price less the selling expense. The cost is calculated by the specific identification method when selling.

p. Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized with reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred to date relative to the estimated total contract costs, expect for the stage of completion which isn't representative. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract can be estimated reliably, revenue from cost-plus contracts is recognized with reference to the recoverable costs incurred during the period plus the fees earned, measured according to the proportion of the costs incurred to date to the estimated total costs of the contract.

When it is probable that total contract costs will exceed the total contract revenue, the expected loss is recognized as an expense immediately.

When contract costs incurred to date plus the recognized profit less the recognized deficits exceed progress billings, the surplus is shown as the gross amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus the recognized profit less the recognized deficits, the surplus is shown as the gross amount due to customers for contract work. Amounts received before the related work is performed are included in the balance sheets as a liability under contract liabilities. Amounts billed for work performed but not yet paid by customers are included in the balance sheets under trade receivables.

q. Leases

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Corporation allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Corporation as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Corporation assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Corporation as lessee

The Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Corporation accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

r. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Corporation's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

t. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Construction contracts

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The degree of completion of a contract is measured based on the satisfaction of performance obligations stated in the contract.

The estimated total contract costs and contractual items are assessed and determined by management, based on the nature of the work, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profit and loss from the construction contracts.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH

	December 31		
	2022	2021	
Cash on hand Checking accounts and demand deposits	\$ 4,426 2,443,130	\$ 4,081 	
	<u>\$ 2,447,556</u>	\$ 1,530,676	

The market rate intervals of bank deposits at the end of the reporting period was as follows:

	Decem	December 31	
	2022	2021	
Bank deposits	0.005%-0.455%	0.005%-0.050%	

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	December 31	
	2022	2021
Financial assets at FVTPL		
Financial assets mandatorily classified as at FVTPL Non-derivative financial assets		
Domestic unlisted shares	\$ -	\$ 2,354,728
Mutual funds	4,142	4,587
	<u>\$ 4,142</u>	\$ 2,359,315

The board of directors of the Corporation's equity-method investee Core Pacific City Co., Ltd. (the "Core Pacific City") resolved to repurchase 10,591 thousand shares of its common stock, resulting in an increase in the Corporation's shareholding from 23.51% to 23.76% on August 13, 2021. In addition, Core Pacific City's preference shares were converted into ordinary shares, the Corporation held less from 23.76% to 15.34% of its voting rights and consequently ceased to have significant influence over the change to FVTPL on October 22, 2021. The fair value of the remaining 15.34% of the shares at the date of disposal was \$3,908,303 thousand, and the amount of profit or loss recognized in 2021 for this transaction was calculated as follows:

	For the Year Ended December 31, 2021
Proceeds from disposal Add: Fair value of retained investment (15.34%) Less: Carrying amount of investment on the date of loss of significant influence	\$ - 3,908,303 (1,058,953)
Gain recognized (other gains and losses)	<u>\$ 2,849,350</u>

In order to activate shareholders' funds and adjust the capital structure, Core Pacific City resolved to apply for capital reduction to offset deficit and capital reduction by cash to return investments in the extraordinary general meeting on November 8, 2021. The record date for capital reduction was also on November 8, 2021. The cash returns from capital reduction of investments in the amount of \$1,523,099 thousand had been fully collected on November 11, 2021.

The appropriations of earnings for 2021 were approved by Core Pacific City's shareholders in their meeting on February 23, 2022. The Corporation received cash dividends of \$2,335,677 thousand in accordance with the above resolution of the shareholders' meeting, which was received in full on February 25, 2022.

On May 24, 2022, the Corporation disposed of all the shares of a subsidiary of the Corporation, Core Pacific City to Glory Construction Co., Ltd. The amount of proceeds from the disposal was \$21,321 thousand and the fair value was \$21,385 thousand at the date of disposal, and the amount of profit or loss recognized in 2022 for this transaction was calculated as follows:

	For the Year Ended December 31, 2022
Proceeds from disposal Less: Fair value of retained investment (15.34%)	\$ 21,321 (21,385)
Lose recognized (other gains and losses)	<u>\$ 64</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME Investments in equity instruments at FVTOCI

	December 31	
	2022	2021
<u>Current</u>		
Domestic investments Listed shares	<u>\$ 893,093</u>	\$ 664,330
Non-current		
Domestic investments Listed shares Unlisted shares	\$ 1,808,411 104,762	\$ 1,463,299 99,015
	<u>\$ 1,913,173</u>	\$ 1,562,314

These investments in Taiwan Business Bank, China Petrochemical Development Corporation (the "China Petrochemical Development"), Century Development Corporation, and Overseas Investment & Development Corporation are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

The Corporation participated in cash capital increase of China Petrochemical Development by subscribing for the shares as specific person was \$770,870 thousand on December 17, 2021, and refunded of subscription amount of \$81,736 thousand on January 26, 2022, and the related registration of the aforementioned transactions has been completed.

Refer to Note 32 for information relating to investments in equity instruments at FVTOCI pledged as security.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
<u>Current</u>		
Domestic investments Time deposits with original maturities of more than 3 months (a) Others (b)	\$ 1,376,737 2,421,229	\$ 1,995,347
	<u>\$ 3,797,966</u>	\$ 3,936,565

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.002%-1.450% and 0.002%-1.065% per annum as of December 31, 2022 and 2021, respectively.
- b. Restricted deposits and reserve account for trusts.

Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.

10. CONSTRUCTION RECEIVABLES

	Decem	December 31	
	2022	2021	
Construction receivables	<u>\$ 2,603,165</u>	\$ 2,286,738	

Construction Receivables

The average credit period granted by the Corporation for sales of its products is 90 days; assessment of impairment of accounts receivable is based on aging analysis, past experience and the client's current financial condition on an individual basis to estimate the uncollectible amounts.

When deciding the collectability of trade receivables, the Corporation takes the change of credit quality from the grant date of trade receivables to the balance sheet date in consideration. Past experience shows that, unless the traders are government entities which have good credit quality and are evaluated not to recognize allowance for doubtful accounts, the Corporation evaluates the uncollectible amounts in the future and recognizes appropriate allowance for doubtful accounts in principle.

Expect for individually recognizing appropriate allowance for doubtful accounts, which is based on objective evidence showing that trade receivables of specific trader is uncollectible, recognizing allowance for doubtful accounts is based on past experience of collective evaluation. The Corporation then distinguishes customers into different risk groups and recognizes allowance loss by expected loss rate.

At the balance sheet date, no allowance for doubtful accounts was recognized for some past-due trade receivables and construction receivables because there were no significant changes in credit quality, the amounts outstanding were still considered recoverable, and there was no indication of impairment of these receivables.

The Corporation writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Corporation continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The aging of receivables was as follows:

	Decem	December 31		
	2022	2021		
Not past due	<u>\$ 2,603,165</u>	\$ 2,286,738		

The above aging schedule was based on the past due days from the invoice date.

11. ACCOUNTS RECEIVABLE ON THE DEVELOPMENT OF INDUSTRIAL DISTRICTS

	December 31	
	2022	2021
Chung Hua Coastal Industrial Park	\$ 971,231	\$ 4,130,336
Yunlin Technology-based Industrial Park	147	-
Other industrial districts	1,926,669	1,946,867
	\$ 2,898,047	\$ 6,077,203

The Corporation's development costs (including interest) amounted to \$3,500,381 thousand in 2022 and \$899,934 thousand in 2021, and the amounts collected were \$6,679,537 thousand in 2022 and \$1,817,773 thousand in 2021.

The Corporation's receivables on the development of industrial districts are mainly funded by advanced cash and interest from the Industrial Bureau of the Ministry of Economic Affairs. After assessing the following factors, there is no need to provide an allowance for bad debts:

- a. The price of land in an industrial zone is based on the estimated total development costs. All the interest generated from the development costs after the settlement base date are in response to the price adjustment mechanism used for adding the interest month by month and are a basis for reflecting the accurate price of an industrial zone at various points in time. The price paid by the vendors are included in the interest generated from the development costs after the settlement base date. The Development Bureau of the Ministry of Economic Affairs implements a land lease plan in an industrial zone, and the development costs of the entrusted development unit is also calculated based on the price in the month in which the manufacturers sign the lease. Land rental income is simply one of the advanced repayments of the development costs and can still be returned through other relevant alternative measures.
- b. As industrial zone development contracts are civil law appointment contracts, all the authorized development units are not subject to the risk of profit and loss. This is because the fees paid by the appointed firms are legally required and reimbursed from the appointing party which is a government agency and such an agent's credit is unquestionable.

- c. Development contracts only stipulate that development units may use advanced prepayments to process the development costs of the land sale price. Additionally, rental income from the land is not required to be the only repayment source. Industrial zone development is the government's method of promoting the industrial development policy. Thus, the government shall adopt countermeasures to solve problems such as sluggish sale of land in industrial zones or higher than market rental or selling prices leading to unsaleable land in industrial zones. The recovery funds that are entrusted to development units do not necessarily directly correlate with whether the land can be sold successfully.
- d. The Corporation's receivables on the development of industrial districts have no bad debt history. Also, the Industrial Bureau of the Ministry of Economic Affairs has not stated or shown that it will not repay the development costs to the Corporation. Moreover, the funds will be recovered successively, and some of the cases have been fully recovered.

In summary, there is no major doubt or uncertainty regarding the recovery of advanced development repayments for industrial zone development, and thus, allowance for bad debts is not required.

Accounts receivable on the development of industrial districts as collateral for borrowings are set out in Note 32.

12. BUILDINGS AND LAND HELD FOR SALE, NET AND CONSTRUCTION IN PROGRESS

	Buildings and	Con	struction in Progres	S
	Land Held for Sale, Net	Cost of Land	Cost of Construction	Total
<u>December 31, 2022</u>				
Self-construction on self-possessed land Joint construction Undefined use	\$ 410,062 11,419,406 ————————————————————————————————————	\$ 1,244,634 115,830 25,236 \$ 1,385,700	\$ 1,510,060 \$ 2,067,198 ————————————————————————————————————	2,754,694 2,183,028 25,236 4,962,958
December 31, 2021				
Self-construction on self-possessed land Joint construction Undefined use	\$ 410,062 11,438,698	\$ 1,244,634 79,481 25,236	\$ 598,625 \$ 1,165,742	1,843,259 1,245,223 25,236
	\$ 11,848,760	<u>\$ 1,349,351</u>	<u>\$ 1,764,367</u> <u>\$</u>	3,113,718

The Corporation's investments in the above buildings and land are specifically held for sales purposes, and the allowance for decline in value were both \$39,245 thousand as of December 31, 2022 and 2021.

In November 2009, the Corporation acquired lots in the Zhengyi Section, Taipei City, and are in the process of contacting the landlords to discuss a new integrated development plan after the completion of the cooperative housing or urban renewal procedures.

In February 2011, the Corporation started to process an urban renewal plan of Yan Shou Public Housing located on land numbers 57-2, 57-13 and 57 in the Baoqing Section, Taipei City.

- a. The Corporation has acquired the joint-construction agreements for land number 57-2 from the majority of the landlords. The Corporation completed an urban renewal plan in accordance with the laws and regulations, and applied for registration of property rights in September 2021. Construction for this land was reclassified as buildings and land held for sale.
- b. The Corporation acquired the joint-construction agreements for land number 57-13 from the majority of the landlords. The application of the urban renewal business plan was completed in October 2013, and the approval was received in December 2015; the transfer of ownership rights was approved in December 2018; the approval letter was received on January 23, 2019; the construction license was approved on June 13, 2019; the first public coordination meeting was held on September 26, 2019; the demolition review meeting was passed on December 10, 2019; the relocation was completed in March 2020; the demolition of the buildings was completed in July 2020. On September 6, 2022, the beam erection ceremony was held, and the structural work was still in progress on December 31, 2022.
- c. The Corporation has acquired the joint-construction agreements for land number 57 from the majority of the landlords. Application of the urban renewal business plan was completed in December 2014 with the approval received in June 2017; the transfer of ownership rights was submitted for approval in October 2018; the public hearing was held in February 2019; the hearing meeting was convened on December 23, 2019; the approval letter was received on April 22, 2020; the construction license was approved on June 21, 2021; the first public coordination meeting was held on August 31, 2021; Completion of negotiated integration with tenants on December 29, 2021; the relocation was completed in June 2022; the demolition of the buildings was still in progress on December 31, 2022.

In 2015, the Corporation started to process three urban renewal plans located on the land, plot number 316, in the Nangang Section, Taipei City. The urban renewal business plans were submitted to the authorities for approval in December 2015. The second hearing meeting was in December 2017 and the plan review meeting was held on December 9, 2019; the public hearing of the transfer of ownership rights was held on November 28, 2020; the house selection was completed in January 2021; the public hearing was held on May 20, 2022. As of December 31, 2022, the transfer of ownership rights was approved after being reviewed.

The land development plan of Peibo Section in Tucheng District was approved by the Corporation's board of directors and authorized for issue on May 13, 2020, and the demolition of the buildings was completed in June 2020; the public hearing was held on April 27, 2021. On May 27, 2022, the change of design was reviewed and completed, and the application for a new construction license was still pending as of December 31, 2022.

The Corporation was awarded a tender for the urban renewal of public and private land in No. 290, Dongsheng Section, Shulin District, New Taipei City on October 13, 2021. The contract with New Taipei City Government was signed on December 24, 2021. As of December 31, 2022, an application for the change of scope was submitted to the Bureau of Finance.

The board of directors approved the urban renewal project for the land in Section 135-1, Subsection 1, Dunhua Section, Songshan District, Taipei City on May 11, 2022, and as of December 31, 2022, the application was submitted for the urban renewal business plan.

As of December 31, 2022 and 2021, the interest expense before capitalization was \$228,232 thousand and \$159,350 thousand, respectively; the capitalized construction interest was \$52,456 thousand and \$25,910 thousand, respectively; the capitalization rates per annum were 2.053%-2.072% and 1.745%-2.347%, respectively.

Refer to Note 32 for information about buildings and land held for sale, net pledged as security.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investment in subsidiaries Investment in associates	\$ 4,399,743 48,739	\$ 4,538,937
	<u>\$ 4,448,482</u>	\$ 4,538,937
a. Investment in subsidiaries		
	Decem	iber 31
	2022	2021
<u>Unlisted ordinary shares</u>		
Core Pacific World Co., Ltd.	\$ 1,742,545	\$ 1,430,852
BES Machinery Co., Ltd.	-	871,809
BES Investment Company Ltd.	1,336,679	1,285,528
BES Logistics International Co., Ltd.	730,805	723,939
Core Asia Human Resource Management Corporation	90,345	93,167
Cinemark-Core Pacific, Ltd.	157,468	41,688
Chung Kung Safeguarding & Security Corp.	52,522	50,432
BES Construction Corporation (U.S.A.)	26,918	24,583
BES Global Investment Co.	17,488	16,939
BESM Holding Co., Ltd.	244,973	
	\$ 4,399,743	<u>\$ 4,538,937</u>
	Proportion of Ownership and Voting Rights	
N		1ber 31
Name of Subsidiaries	2022	2021
Core Pacific World Co., Ltd.	99.95%	99.95%
BES Machinery Co., Ltd. (Note 1)	-	99.35%
BES Investment Company Ltd. (Note 2)	100.00%	100.00%
BES Logistics International Co., Ltd.	100.00%	100.00%
Core Asia Human Resource Management Corporation	100.00%	100.00%
Cinemark-Core Pacific, Ltd. (Note 3)	78.14%	15.38%
Chung Kung Safeguarding & Security Corp.	64.67%	64.67%
BES Construction Corporation (U.S.A.)	91.79%	91.79%
BES Global Investment Co.	100.00%	100.00%

100.00%

BESM Holding Co., Ltd. (Note 3)

Note 1: BES Machinery Co., Ltd. purchased 86,850 treasury shares in March 2022, resulting in an increase in the Corporation's shareholding in BES Machinery Co., Ltd. from 99.35% to 99.46%. On December 29, 2021, the board of directors resolved to merge with BES Machinery Co., Ltd. in view of the Corporation's organizational adjustment. The record date of the merger was March 25, 2022. After the merger, the Corporation was the surviving corporation and BES Machinery Co., Ltd. was the dissolved corporation.

On March 25, 2022, the Corporation acquired 0.54% of the shares of BES Machinery Co., Ltd. for \$4,563 thousand, increasing its shareholding from 99.46% to 100.00%. The Corporation also merged with BES Machinery Co., Ltd. in accordance with the Business Mergers and Acquisitions Act, refer to consolidated financial statements for the year ended December 31, 2022 in Note 31.

- Note 2: The board of directors of the Corporation resolved to increase its capital investment of BES Investment Company Ltd. By US\$27 million on June 10, 2021, and then invested US\$25 million in BES Engineering Vietnam Co., Ltd. The related procedure was completed in 2021.
- Note 3: On March 25, 2022, the Corporation acquired 62.76% of the ownership of Cinemark-Core Pacific, Ltd. and 100% of the ownership of BESM Holding Co., Ltd, through a business merger with BES Machinery Co., Ltd. After the merger, the Corporation holds 78.14% and 100.00% of the above shares, respectively.

b. Investment in associates

	December 31		
	2022	2021	
Associates that are not individually material	\$ 48,739	<u>\$ -</u>	

Aggregate information of joint ventures that are not individually material:

	For the Year Ended December 31		
	2022	2021	
The Corporation's share of:			
Gain for the year	\$ 18,494	\$ 25,412	
Other comprehensive income	(1,063)		
Total comprehensive income for the year	\$ 17,431	\$ 25,412	

On March 25, 2022, the Corporation acquired 23.61% of ownership of HRDD Logistics Co., Ltd. through a business merger with BES Machinery Co., Ltd. It had a significant influence on HRDD Logistics Co., Ltd. and was classified as an associate of the Corporation.

14. JOINT OPERATIONS

Some of the Corporation's construction projects are joint construction projects, and the Corporation signed cooperation agreements with participating contractors to form a single operating unit and adopted the operating model of joint contracting and also independently set up accounting records. The joint contractor, construction assets and liabilities and details of the amounts the Corporation made in proportion to its interest in the joint agreements are as follows.

a. Yulon Town Joint Venture

The Corporation and Taiwan Kumagai Co., Ltd. jointly contracted the main construction of the Yulon Town Development Project in the commercial area (the "Yulon Town Joint Venture"), which was entrusted by Yulon Motor Co., Ltd. The Corporation and Taiwan Kumagai Co., Ltd. signed the joint venture contract in December 2018, and had 30% and 70% interest in the joint venture, respectively. The related assets, liabilities, revenue and expenses relating to the joint venture operations in the financial statements are shown below:

	December 31		
	2022	2021	
<u>Assets</u>			
Cash	\$ 67,162	\$ 91,651	
Construction receivables	10,997	14,421	
Contract assets - current	85,928	81,043	
Other current assets	2	192	
Refundable deposits	_	599	
	<u>\$ 164,089</u>	<u>\$ 187,906</u>	
<u>Liabilities</u>			
Trade payables	\$ 702	\$ 1,084	
Accrued expenses	269	1,308	
Contract liabilities - current	77,110	104,100	
Other current liabilities	<u>3,535</u>	3,496	
	<u>\$ 81,616</u>	<u>\$ 109,988</u>	
	For the Year End	led December 31	
	2022	2021	
Construction revenue	\$ 60,042	\$ 364 <u>,550</u>	
Construction cost	\$ 56,020	\$ 330,089	
Interest income	\$ 86	\$ 15	

b. Twin Tower Joint Venture

The Corporation, Taiwan Kumagai Co., Ltd. (Kumagai) and Jeou Nien Construction Co., Ltd. (Jeou Nien) jointly contracted the main construction of the Taipei City West District Gateway Project, Taipei Station Specific Dedicated Area C1/D1 (East Half Street Profile) Land Development Project, which was entrusted by Taipei Twin Towers Co., Ltd. In May 2022, the Corporation, Kumagai and Jeou Nien signed the joint venture contract and had 33%, 35% and 32% interest in the joint venture, respectively. The assets and liabilities relating to the joint venture operations in the assets and liabilities statements are shown below:

	December 31, 2022
<u>Assets</u>	
Cash Construction receivables Other current assets Refundable deposits	\$ 3,179 14,672 2,747 65
<u>Liabilities</u>	<u>\$ 20,663</u>
Trade payables Accrued expenses Contract liabilities - current Other current liabilities	\$ 35 4 3,144 8
	\$ 3,191 For the Year
	Ended December 31, 2022
Construction revenue Construction cost Interest income	\$ 13,401 \$ 13,308 \$ 9

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Property under Construction	Total
Cost						
Balance at January 1, 2021 Additions Disposals	\$ 2,199,234 1,680 (3,275)	\$ 547,759	\$ 146,964 9,677 (1,408)	\$ 63,151 5,917 (1,046)	\$ - 9 	\$ 2,957,108 17,283 (5,729)
Balance at December 31, 2021	\$ 2,197,639	<u>\$ 547,759</u>	<u>\$ 155,233</u>	\$ 68,022	<u>\$ 9</u>	\$ 2,968,662 (Continued)

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Property under Construction	Total
Accumulated depreciation						
Balance at January 1, 2021 Depreciation expense Disposals	\$ 3,004 231 (2,948)	\$ 360,380 13,517	\$ 111,442 15,215 (1,268)	\$ 48,396 5,245 (940)	\$ - - -	\$ 523,222 34,208 (5,156)
Balance at December 31, 2021	<u>\$ 287</u>	\$ 373,897	\$ 125,389	\$ 52,701	<u>\$</u>	\$ 552,274
Balance at December 31, 2021, net	<u>\$ 2,197,352</u>	<u>\$ 173,862</u>	<u>\$ 29,844</u>	<u>\$ 15,321</u>	<u>\$</u> 9	<u>\$ 2,416,388</u>
Balance at January 1, 2022 Additions Disposals Transfers from investment	\$ 2,197,639	\$ 547,759 1,677 (38,826)	\$ 155,233 23,666 (8,005)	\$ 68,022 6,828 (2,192)	\$ 9 8,196	\$ 2,968,662 40,367 (49,023)
properties	226,004	6,115	-	-	-	232,119
Acquisitions through business combinations	329,828	77,064	543,162	14,511	-	964,565
Transfers to investment properties	(40,883)	(148,620)		_		(189,503)
Balance at December 31, 2022	\$ 2,712,588	\$ 445,169	<u>\$ 714,056</u>	\$ 87,169	<u>\$ 8,205</u>	\$ 3,967,187
Accumulated depreciation						
Balance at January 1, 2022 Depreciation expense Disposals Transfers from investment	\$ 287 299	\$ 373,897 14,647 (38,826)	\$ 125,389 24,018 (7,192)	\$ 52,701 6,723 (1,973)	\$ - - -	\$ 552,274 45,687 (47,991)
properties	-	4,112	-	-	-	4,112
Acquisitions through business combinations	-	19,737	442,349	9,322	-	471,408
Transfers to investment properties		(93,519)	-		-	(93,519)
Balance at December 31, 2022	<u>\$ 586</u>	\$ 280,048	<u>\$ 584,564</u>	\$ 66,773	<u>\$</u>	\$ 931,971
Balance at December 31, 2022, net	\$ 2,712,002	<u>\$ 165,121</u>	<u>\$ 129,492</u>	\$ 20,396	<u>\$ 8,205</u>	\$ 3,035,216 (Concluded)

No impairment assessment was performed for the years ended December 31, 2022 and 2021 as there was no indication of impairment.

Property, plant and equipment are depreciated using the fixed-percentage-on-declining-balance-method and on a straight-line basis over their estimated useful lives as follows:

Land improvements	8-40 years
Buildings	
Main buildings	60 years
Air-conditioning equipment	3 years
Machinery and equipment	2-13 years
Other equipment	2-20 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 32.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Land Buildings Transportation equipment	\$ 37,813 52,848 26,478	\$ 43,107 14,727 22,923
	\$ 117,139	\$ 80,757
		ded December 31
	2022	2021
Additions to right-of-use assets Decrease in right-of-use assets	\$ 81,117 \$ 4,837	\$ 18,805 \$ 665
Depreciation charge for right-of-use assets Land Buildings Transportation equipment	\$ 6,729 16,907 16,262	\$ 6,594 13,803
L. T 10-1-10-2	<u>\$ 39,898</u>	<u>\$ 34,268</u>
b. Lease liabilities		
	Decem	iber 31
	2022	2021
Carrying amount		
Current Non-current	\$ 42,178 \$ 76,728	\$ 31,467 \$ 50,664
Range of discount rates for lease liabilities was as follows:		
	Decem	ıber 31
	2022	2021
Land Buildings	2.10%-2.72% 2.10%-2.40%	2.40%-2.72% 2.19%-2.72%
Transportation equipment	2.10%-2.72%	2.19%-2.72%

c. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 17.

	For the Year Ended December 31		
	2022	2021	
Expenses relating to short-term leases Expenses relating to variable lease payments not include in the	\$ 5,879	<u>\$ 3,302</u>	
measurement of lease liabilities Total cash outflow for leases	<u>\$ 132,096</u> \$ (179,839)	\$ 169,035 \$ (208,391)	

The Corporation's leases of certain office equipment qualify as short-term leases and leases of certain equipment qualify as low-value asset leases. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

17. INVESTMENT PROPERTIES

	Completed Investment Properties
Cost	
Balance at January 1, 2021	\$ 1,189,032
Balance at December 31, 2021	\$ 1,189,032
Accumulated depreciation	
Balance at January 1, 2021 Depreciation expense	\$ 179,366 3,955
Balance at December 31, 2021	\$ 183,321
Balance at December 31, 2021, net	\$ 1,005,711
Cost	
Balance at January 1, 2022 Disposals Transfers from property, plant and equipment Transfers to property, plant and equipment	\$ 1,189,032 (3,447) 189,503 (232,119)
Balance at December 31, 2022	\$ 1,142,969 (Continued)

	Completed Investment Properties
Accumulated depreciation	
Balance at January 1, 2022 Disposals Transfers from property, plant and equipment Depreciation expense Transfers to property, plant and equipment	\$ 183,321 (3,447) 93,519 4,845 (4,112)
Balance at December 31, 2022	<u>\$ 274,126</u>
Balance at December 31, 2022, net	\$ 868,843 (Concluded)

No impairment assessment was performed for the years ended December 31, 2022 and 2021 as there was no indication of impairment.

Investment properties are depreciated using the fixed-percentage-on-declining-balance-method and on a straight-line basis over their estimated useful lives as follows:

Land improvements	8-40 years
Buildings	
Main buildings	60 years
Air-conditioning equipment	3 years

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2022 and 2021, respectively, was as follows::

	December 31			
	2022	2021		
Not later than 1 year Later than 1 year and not later than 5 years	\$ 98,713 <u>72,600</u>	\$ 71,439 <u>96,470</u>		
	<u>\$ 171,313</u>	<u>\$ 167,909</u>		

The fair values of investment properties were arrived at on the basis of valuations carried out as of December 2022 and 2021 by independent and qualified professional appraiser. The fair values are shown below:

	Decem	ber 31
	2022	2021
Fair value	\$ 5,591,520	\$ 6,779,512

The market for some investment properties of the Corporation is inactive and alternative reliable measurements of fair value are not available; therefore, the Corporation determined that the fair value of the investment properties is not reliably measurable.

The Corporation held freehold interests in all of its investment properties. The carrying amounts of investment properties pledged by the Corporation to secure its borrowings are shown in Note 32.

18. BORROWINGS

a. Short-term borrowings

	December 31		
	2022	2021	
Secured borrowings			
Bank loans Bank overdrafts	\$ 4,089,000 \frac{-}{4,089,000}	\$ 1,898,000 <u>290,049</u> 2,188,049	
Unsecured borrowings	514.000	700.000	
Line of credit borrowings	514,000	500,000	
	\$ 4,603,000	\$ 2,688,049	

The short-term borrowings were pledged by the shares held by the Corporation, buildings and land held for sale, freehold land and buildings. (Refer to Note 32).

The range of weighted average effective interest rate on bank loans was 2.050%-2.850% and 1.745%-2.157% per annum at December 31, 2022 and 2021, respectively.

b. Short-term bills payable

	December 31			
	2022	2021		
Commercial paper Less: Unamortized discounts on bills payable	\$ 1,051,000 (949)	\$ 2,540,000 (8,029)		
	\$ 1,050,051	\$ 2,531,971		

Outstanding short-term bills payable were as follows:

December 31, 2022

Promissory Institution	Nominal Amount	 count 10unt	Car	rying Value	Interest Rate	Collateral	Carrying Value of Collateral
Commercial paper							
Mega Bills Finance Mega Bills Finance Taiwan Finance Corporation	\$ 500,000 237,000 314,000	\$ 305 264 380	\$	499,695 236,736 313,620	2.4400% 2.5000% 2.7200%	Note 1 Note 1 Note 2	Note 1 Note 1 Note 2
	\$ 1,051,000	\$ 949	\$	1,050,051			

- Note 1: The loan is collateralized by land and buildings in Xinyi Section 3, Xinyi District, Taipei City with a total book value of \$1,828,647 thousand.
- Note 2: The loan is collateralized by land and buildings in Xinyi Section 3, Xinyi District, Taipei City and a total of 5,207 thousand shares of Taipei Business Bank with a total book value of \$942,379 thousand.

December 31, 2021

Promissory Institution	_	Nominal Amount	scount nount	Carı	rying Value	Interest Rate	Collateral	rying Value Collateral
Commercial paper								
International Bills Finance Corporation	\$	800,000	\$ 1,342	\$	798,658	2.230%	Note 1	Note 1
Mega Bills Finance		450,000	1,835		448,165	1.800%	Land and building	\$ 499,746
Shanghai Commercial & Savings Bank, Ltd Tien Mou Branch		450,000	2,666		447,334	1.910%	Land and building	815,731
Taiwan Finance Corporation		390,000	597		389,403	2.112%	Note 2	Note 2
Shanghai Commercial & Savings Bank, Ltd Tien Mou Branch		250,000	1,253		248,747	1.610%	Note 3	Note 3
Taiwan Finance Corporation		200,000	 336		199,664	2.230%	Note 1	Note 1
	\$	2,540,000	\$ 8,029	\$	2,531,971			

- Note 1: The bills payable to International Bills Finance Corporation and Taiwan Finance Corporation were part of the same loan limit of the \$2 billion syndicated loan under Entie Commercial Bank, which were collateralized by receivables from the Xianxi and Lunwei Districts in Chung Hua Coastal Industrial Park with a total book value of \$4,130,336 thousand.
- Note 2: The loan is collateralized by land and buildings in Xinyi Section 3, Xinyi District, Taipei City and a total of 5,207 thousand shares of Taipei Business Bank with a total book value of \$913,013 thousand.
- Note 3: A total of 38,775 thousand shares of China Petrochemical Development Corporation with book value of \$509,891 thousand have been pledged as collateral.

The short-term bills payable were pledged by listed stocks, receivables (recognized as accounts receivable on the development of industrial districts), buildings and land held for sale, freehold land and buildings. (Refer to Note 32)

c. Long-term borrowings

	December 31		
	2022	2021	
Secured borrowings			
Bank loans	\$ 4,368,394	\$ 5,220,000	
<u>Unsecured borrowings</u>			
Bank loans	1,403,648 5,772,042	<u>597,316</u> 5,817,316	
Less: Current portion	(37,948)	<u>(670,000)</u>	
Long-term borrowings	\$ 5,734,094	\$ 5,147,316	

The long-term borrowings were pledged by some of the Corporation's bank deposits, receivables (recognized as accounts receivable on the development of industrial districts), buildings and land held for sale, freehold land and buildings and time deposits. (Refer to Note 32).

As of December 31, 2022 and 2021, the effective annual interest rate ranges were 2.115%-2.820% and 1.900%-2.347%, respectively.

19. TRADE PAYABLES

	Decen	nber 31	
	2022	2021	
<u>Trade payables</u>			
Operating	<u>\$ 4,288,029</u>	<u>\$ 4,531,620</u>	

Accounts payable classified as construction retainage received was \$1,979,288 thousand as of December 31, 2022 and \$1,770,811 thousand as of December 31, 2021. Construction retainage received, which is interest free, will be paid for each construction contract at the end of the construction retainage period. The warranty period is the Corporation's normal operating cycle, which normally exceeds one year. Related information on construction contracts is shown in Table 1 following the notes to financial statements.

20. ACCOUNTS PAYABLE FOR THE DEVELOPMENT OF INDUSTRIAL DISTRICTS

	December 31			
		2022	2021	
Litzer Industrial District Yunlin Technology-based Industrial Park Other Industrial Districts	\$	2,400 - 15,963	\$ 1,088,001 877,719 15,963	
	<u>\$</u>	18,363	<u>\$ 1,981,683</u>	

Accounts payable (receivable) for the development of industrial districts amounted to \$37,598 thousand in 2022 and \$53,810 thousand in 2021. The input costs were \$5,589 thousand in 2022 and \$15,154 thousand in 2021. The amount of the balance paid in 2022 was \$1,995,329 thousand.

21. PROVISIONS

	December 31			
	2022	2021		
Current				
Warranties	<u>\$ 492,541</u>	<u>\$ 461,341</u>		
Non-current				
Long-term provision for the judgment of legal procedures	<u>\$ 971,846</u>	<u>\$ 984,074</u>		

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Corporation's obligations for warranties under contracts for the sale of goods. The estimate has been made on the basis of historical warranty trends.

The long-term provision for the judgment of legal procedures was based on the litigation of the recognition of construction overdue between the management of the Corporation and the owner. To make provisions for contingent losses due to lawsuits which are likely to occur in the future.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Corporation adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plans adopted by the Corporation in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contributed at specific rate of salaries (the rate was 7% for 2022 and 2021) and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Corporation's defined benefit plans were as follows:

	December 31			
	2022	2021		
Present value of defined benefit obligation Fair value of plan assets	\$ 270,716 (262,099)	\$ 271,058 (190,393)		
Net defined benefit liabilities	<u>\$ 8,617</u>	\$ 80,665		

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	\$ 319,503	\$ (203,133)	\$ 116,370
Service cost			
Current service cost	6,490	-	6,490
Net interest expense (income)	925	(589)	336
Recognized in profit or loss	7,415	(589)	6,826
Remeasurement			
Return on plan assets (excluding amounts			
included in net interest)	-	(3,131)	(3,131)
Actuarial (gain) loss			
Changes in demographic assumptions	323	-	323
Changes in financial assumptions	(8,780)	-	(8,780)
Experience adjustments	12,915		12,915
Recognized in other comprehensive income	4,458	(3,131)	1,327
			(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Contributions from the employer Benefits paid	\$ - (60,318)	\$ (43,369) 59,829	\$ (43,369) (489)
Balance at December 31, 2021	<u>\$ 271,058</u>	<u>\$ (190,393</u>)	<u>\$ 80,665</u>
Balance at January 1, 2022 Service cost	\$ 271,058	<u>\$ (190,393)</u>	\$ 80,665
Current service cost	5,819	-	5,819
Net interest expense (income)	1,915	(1,352)	563
Recognized in profit or loss	7,734	(1,352)	6,382
Remeasurement		,	
Return on plan assets (excluding amounts			
included in net interest)	-	(17,314)	(17,314)
Actuarial (gain) loss			
Changes in financial assumptions	(11,025)	-	(11,025)
Experience adjustments	12,576		12,576
Recognized in other comprehensive income	1,551	(17,314)	(15,763)
Contributions from the employer	<u>-</u>	(67,832)	(67,832)
Benefits paid	(33,148)	32,861	(287)
Business combination acquisition	23,521	(18,069)	5,452
Balance at December 31, 2022	<u>\$ 270,716</u>	<u>\$ (262,099)</u>	\$ 8,617 (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31		
	2022	2021	
Operating costs General and administrative expenses Research and development expenses	\$ 5,220 1,118 44	\$ 4,644 2,147 <u>35</u>	
	<u>\$ 6,382</u>	<u>\$ 6,826</u>	

Through the defined benefit plans under the Labor Standards Act, the Corporation is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31		
	2022	2021	
Discount rate(s)	1.25%	0.70%	
Expected rate(s) of salary increase	2.00%	2.00%	

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31		
	2022	2021	
Discount rate(s)			
0.25% increase	<u>\$ (4,921)</u>	<u>\$ (5,341)</u>	
0.25% decrease	<u>\$ 5,063</u>	<u>\$ 5,503</u>	
Expected rate(s) of salary increase			
0.25% increase	<u>\$ 5,013</u>	<u>\$ 5,419</u>	
0.25% decrease	<u>\$ (4,897</u>)	\$ (5,287)	

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31		
	2022	2021	
Expected contributions to the plans for the next year	<u>\$ 7,146</u>	\$ 6,881	
Average duration of the defined benefit obligation	7 years	8 years	

23. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The Corporation classified the assets and liabilities of its construction operations and industrial district development projects as current and noncurrent in accordance with the length of the operating cycle of these constructions and projects. The amounts expected to be recovered or settled within 1 year after the reporting period and more than 1 year after the reporting period for related assets and liabilities were as follows:

	December 31, 2022					
		ue Within One Year	Due	After One Year		Total
<u>Assets</u>						
Financial assets at amortized cost - current Construction receivables Contract assets - current	\$	855,766 2,459,401 457,875	\$	609,302 143,764 2,040,666	\$	1,465,068 2,603,165 2,498,541 (Continued)

	December 31, 2022		
	Due Within	Due After One	_
	One Year	Year	Total
Accounts receivable on the development of			
industrial districts	\$ -	\$ 2,898,047	\$ 2,898,047
Inventories	254,843	-	254,843
Buildings and land held for sale, net	2,178,489	9,650,979	11,829,468
Construction in progress	-	4,962,958	4,962,958
Refundable deposits on construction contracts	117,939	24,223	142,162
	\$ 6,324,313	\$ 20,329,939	<u>\$ 26,654,252</u>
<u>Liabilities</u>			
Notes payable	\$ 3,008	\$ -	\$ 3,008
Trade payables	3,549,977	738,052	4,288,029
Contract liabilities - current	1,337,986	822,276	2,160,262
Accounts payable for the development of			
industrial districts	_	18,363	18,363
Provisions - current	68,431	424,110	492,541
Guarantee deposits on construction contracts	362,547	212,925	575,472
	\$ 5,321,949	\$ 2,215,726	\$ 7,537,675 (Concluded)
			(Coliciudeu)
		December 31, 2021	
	Due Within	Due After One	
	One Year	Year	Total
Assets			
Financial assets at amortized cost - current	\$ 1,635,470	\$ 512,795	\$ 2,148,265
Construction receivables	2,013,497	273,241	2,286,738
Contract assets - current	965,714	1,493,329	2,459,043
Accounts receivable on the development of		6.077.002	6.077.202
industrial districts Inventories	175,179	6,077,203	6,077,203 175,179
Buildings and land held for sale, net	2,335,838	9,512,922	11,848,760
Construction in progress	-	3,113,718	3,113,718
Refundable deposits on construction contracts	85,490	73,311	158,801
	\$ 7,211,188	<u>\$ 21,056,519</u>	<u>\$ 28,267,707</u>
<u>Liabilities</u>			
Notes mayoble	¢ 7.167	¢	¢ 7.167
Notes payable Trade payables	\$ 7,167 3,329,909	\$ - 1,201,711	\$ 7,167 4,531,620
Contract liabilities - current	1,531,304	1,203,074	2,734,378
Accounts payable for the development of	1,551,504	1,200,077	2,137,310
industrial districts	-	1,981,683	1,981,683
Provisions - current	28,654	432,687	461,341
Guarantee deposits on construction contracts	152,822	324,747	477,569
	\$ 5,049,856	\$ 5,143,902	<u>\$ 10,193,758</u>

24. EQUITY

a. Share capital

Ordinary shares

	December 31		
	2022	2021	
Shares authorized (in thousands of shares)	3,000,000	3,000,000	
Shares authorized	<u>\$ 30,000,000</u>	<u>\$ 30,000,000</u>	
Shares issued and fully paid (in thousands of shares)	<u>1,530,899</u>	1,530,899	
Shares issued	<u>\$ 15,308,998</u>	<u>\$ 15,308,998</u>	

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 11,501	\$ 11,501
Treasury share transactions	1,757	1,757
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during		
actual disposal or acquisition	758	13
Changes in net equity of associates accounted for using the		
equity method	4,094	4,094
Donations	89	89
May only be used to offset a deficit (2)		
Changes in percentage of ownership interests in subsidiaries	19	_
Others	56,430	56,430
	\$ 74,64 <u>8</u>	\$ 73,884

- 1) Capital surplus may be used to offset a deficit, in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends, or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).
- 2) Capital surplus may be used to offset a deficit only.
- c. Retained earnings and dividend policy

According to the Corporation's Articles of Incorporation, the Corporation distributes share dividends and cash dividends after taking into account its future business needs, capital demand and long-term financial plan. Under the Corporation's Articles of Incorporation, the Corporation should make appropriations from its net income (less any deficit) in the following order:

- 1) Paying for taxes in accordance with the laws and regulations.
- 2) Offsetting losses of previous years.

- 3) 10% as legal reserve; unless legal reserve equals to the Corporation's paid-in capital.
- 4) Setting aside or reversing a special reserve equivalent to the net debit balance of the other components of stockholders' equity.
- 5) Of the remainder, together with any unappropriated earnings of prior years, over 20% should be appropriated as dividends.
- 6) The appropriation of earnings to be allocated for distribution shall depend on the actual earnings and fund level. The board of directors shall propose a plan for the distribution of the remaining undistributed earnings and the shareholders shall resolve such plan in the shareholders' meeting for distribution of dividends and bonus to shareholders. Cash dividends shall not be lower than 10% of total dividends. If the amount of dividend is less than \$0.10 per share, it shall not be distributed as cash dividend but may be distributed as share dividends.

For policies on distribution of remuneration of employees, directors and supervisors before and after the amendment of the Articles, refer to Note 26 (h) employee benefits expense.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020, which had been approved in the Corporation's shareholders' meetings on May 31, 2022 and August 4, 2021, respectively, were as follows:

	Appropriation of Earnings		
	For the Year Ended December 31		
	2021	2020	
Legal reserve	\$ 295,784	\$ 61,492	
Cash dividends	\$ 817,500	\$ 356,700	
Cash dividends per share (NT\$)	\$ 0.534	\$ 0.233	

The appropriations of earnings for 2022, which had been proposed by the Corporation's board of directors on March 13, 2023, were as follows:

	For the Year Ended December 31, 2022
Legal reserve	<u>\$ 83,937</u>
Cash dividends	\$ 805,254
Cash dividends per share (NT\$)	\$ 0.526

The appropriations of earnings for 2022 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 7, 2023.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Balance at January 1 Reversal:	\$ 2,475,958	\$ 2,788,570
Disposal of associates		(312,612)
Balance at December 31	<u>\$ 2,475,958</u>	\$ 2,475,958

On first-time adoption of IFRSs, the Corporation appropriated for special reserve, the amounts that were the same as the unrealized revaluation increment and cumulative translation differences transferred to retained earnings, which was \$2,466,834 thousand.

If the special reserve appropriated on the first-time adoption of IFRSs relates to investment property other than land, the special reserve may be reversed continuously over the period of use. The special reserve relating to land may be reversed on disposal or reclassification.

e. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ (336,052)	\$ (303,569)
Recognized for the year		
Share from associates accounted for using the equity		
method	155,544	(32,483)
Acquisition of further interest in subsidiaries	(285)	_
Balance at December 31	<u>\$ (180,793)</u>	<u>\$ (336,052</u>)

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 112,261	\$ (159,337)
Recognized for the year		
Unrealized gain (loss) - equity instruments	(260,952)	191,441
Share from associates accounted for using the equity		
method	(142,761)	80,157
Cumulative unrealized gain (loss) of equity instruments		
transferred to retained earnings due to disposal	(4,629)	-
Acquisition of further interest in subsidiaries	(269)	
Balance at December 31	<u>\$ (296,350)</u>	<u>\$ 112,261</u>

25. REVENUE

		For the Year En	ded December 31 2021
Revenue from contracts with customers Construction contract revenue Revenue from sell of properties Revenue from the rendering of services Other operating revenue		\$ 13,473,803 250,194 47,400 112,040 \$ 13,883,437	\$ 14,560,049 1,237,815 21,439 4,442 \$ 15,823,745
Contract Balances			
	December 31, 2022	December 31, 2021	January 1, 2021
Construction receivables	\$ 2,603,165	\$ 2,286,738	<u>\$ 1,254,817</u>
Contract assets Deposits under construction contracts for construction receivables Amounts due from customers for construction contracts	\$ 1,765,201	\$ 1,666,471	\$ 1,944,868 1,329,022 \$ 3,273,890
Contract liabilities Amounts due to customers for construction contracts Pre-construction sale	\$ 2,065,899 94,363 \$ 2,160,262	\$ 2,627,413 106,965 \$ 2,734,378	\$ 1,874,194 351,018 \$ 2,225,212

The credit risk management of contract assets is the same as trade receivables, related information is shown in Note 10.

26. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	\$ 1,858	\$ 234
Financial assets at amortized cost	7,646	3,328
Others	<u>30,846</u>	45,062
	<u>\$ 40,350</u>	<u>\$ 48,624</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Rental income Dividends Others	\$ 77,817 2,427,807 14,571	\$ 64,713 10,201 366
	<u>\$ 2,520,195</u>	<u>\$ 75,280</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Loan application fee Gain on disposal of associates	\$ (114,590)	\$ (144,052) 2,849,350
Fair value changes of financial assets and financial liabilities Financial assets mandatorily classified as at FVTPL	(2,333,852)	(30,852)
Compensation reversal gain (loss)	13,721	(668,746)
Loss on disposal of property, plant and equipment	(839)	(564)
Gain on lease modification	85	27
Reversal of impairment losses on financial assets	-	775,507
Others	(86,535)	11,539
	<u>\$ (2,522,010)</u>	\$ 2,792,209

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank overdrafts and loans Interest on lease liabilities Interest expense incurred on contracts with customers	\$ 174,158 1,182 436	\$ 132,481 959
	<u>\$ 175,776</u>	<u>\$ 133,440</u>

Refer to Note 12 for information about capitalized interest.

e. Depreciation

	For the Year Ended December 31	
	2022	2021
An analysis of amortization by function		
Operating costs	\$ 57,174	\$ 38,275
Operating expenses	28,411	30,201
	<u>\$ 85,585</u>	\$ 68,476

The depreciation of investment properties, which was recognized in other income - rental income, was \$4,845 thousand and \$3,955 thousand in 2022 and 2021, respectively.

f. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2022	2021
Direct operating expenses of investment properties generating rental income	<u>\$ 3,295</u>	<u>\$ 3,870</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits	\$ 916,441	\$ 900,435
Post-employment benefits	1 2 2 3 1 1 2	+
Defined contribution plan	34,488	29,885
Defined benefit plans	6,382	6,826
	40,870	36,711
Other employee benefits	97,637	<u>88,658</u>
Total employee benefits expense	<u>\$ 1,054,948</u>	<u>\$ 1,025,804</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 883,907	\$ 826,988
Operating expenses	171,041	<u>198,816</u>
	<u>\$ 1,054,948</u>	\$ 1,025,804

h. Compensation of employees and remuneration of directors and supervisors

According to the Corporation's Articles, the Corporation accrues compensation of employees and remuneration of directors and supervisors at the rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, compensation of employees and remuneration of directors and supervisors. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2022 and 2021, which were approved by the Corporation's board of directors on March 13, 2023 and March 15, 2022, respectively, were as follows:

Accrual rate		
	For the Year End	ded December 31
	2022	2021
Compensation of employees	2%	2%
Remuneration of directors and supervisors	2%	2%
Amount		
	For the Year End	
	2022	2021
	Cash	Cash
Compensation of employees Remuneration of directors and supervisors	\$ 20,959 \$ 20,959	\$ 51,605 \$ 51,605

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Corporation's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

27. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) were as follows:

	For the Year Ended December 31		
	2022	2021	
Current tax			
Land value increment tax	\$ 3,872	\$ 14,090	
Income tax on unappropriated earnings	78,162	9,836	
Adjustments for prior year	(2,357)		
	<u>79,677</u>	23,926	
Deferred tax			
In respect of the current year	101,833	(224,055)	
Adjustments for prior year	3,183	410	
	<u>105,016</u>	(223,645)	
Income tax expense (benefit) recognized in profit or loss	\$ 184,693	\$ (199.719)	
mediae tax expense (senerit) recognized in profit of loss	$\frac{\psi - 10 + 000}{2}$	$\frac{\psi \left(1/2, 1/1/2 \right)}{2}$	

A reconciliation of accounting profit and current income tax expense (benefit) is as follows:

	For the Year Ended December 31		
	2022	2021	
Income tax expense calculated at the statutory rate	\$ 201,202	\$ 495,408	
Nondeductible expenses in determining taxable income	466,770	6,184	
Tax-exempt income	(563,938)	(482,166)	
Unrecognized loss on impairment of assets	-	(251,134)	
Land value increment tax	3,872	14,090	
Income tax on unappropriated earnings	78,162	9,836	
Unrecognized deductible temporary differences	982	8,063	
Adjustments for prior years' tax	(2,357)		
Income tax expense (benefit) recognized in profit or loss	<u>\$ 184,693</u>	<u>\$ (199,719</u>)	

b. Income tax recognized in other comprehensive income

For the Year Ended December 31 2022 2021

Deferred tax

In respect of the current year - remeasurement of defined benefit plans

\$ 3,153

<u>\$ 265</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Acquisitions Through Business Combinations	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences Unrealized loss on construction Provision for warranties Defined benefit plans Unrealized loss on	\$ 206,078 60,035 19,984	\$ -	\$ (2,522) 6,336 (12,100)	\$ - (3,153)	\$ 203,556 66,371 5,816
doubtful debts Others Loss carryforwards	373 250,282	455	4,526 (514) (114,455)	- - -	4,526 314 135,827
	<u>\$ 536,752</u>	\$ 1,540	<u>\$ (118,729)</u>	<u>\$ (3,153)</u>	<u>\$ 416,410</u>
Deferred Tax Liabilities	Opening Balance	Acquisitions Through Business Combinations	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences Provision for land value increment tax Foreign investments accounted for using the	\$ 991,342	\$ -	\$ -	\$ -	\$ 991,342
equity method	44,041	(4,926)	(13,713)	_	25,402
	\$ 1,035,383	<u>\$ (4,926)</u>	<u>\$ (13,713)</u>	\$ -	<u>\$ 1,016,744</u>

For the year ended December 31, 2021

Deferred Tax Assets)pening Balance	ognized in fit or Loss	O Compr	nized in ther rehensive come	Closi	ing Balance
Temporary differences						
Unrealized loss on construction	\$ 66,548	\$ 139,530	\$	-	\$	206,078
Provision for warranties	57,114	2,921		-		60,035
Defined benefit plans	26,981	(7,262)		265		19,984
Others	-	373		-		373
Loss carryforwards	 158,862	 91,420		<u>-</u>		250,282
	\$ 309,505	\$ 226,982	\$	265	\$	536,752

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences Provision for land value increment tax	\$ 991,342	\$ -	\$ -	\$ 991,342
Foreign investments accounted for using the equity method	40,704	3,337	_	44,041
	<u>\$ 1,032,046</u>	\$ 3,337	<u>\$</u>	<u>\$ 1,035,383</u>

d. Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	December 31		
	2022	2021	
Deductible temporary differences			
Impairment of financial assets	\$ 38,979	\$ 38,979	
Unrealized loss on lawsuits	71,082	83,310	
Impairment of assets	<u>58,118</u>	58,118	
	<u>\$ 168,179</u>	<u>\$ 180,407</u>	

e. Information on unused investment credits, unused loss carryforwards and tax-exemptions

Loss carryforwards as of December 31, 2022 comprised:

Unused Amount	Expiry Year
\$ 235,827 443,309	2028 (approved) 2031 (unapproved)
<u>\$ 679,136</u>	

f. Income tax assessments

The income tax returns through 2020 have been assessed by the tax authorities.

28. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Year

	For the Year Ended December 31		
	2022	2021	
Earnings used in the computation of basic earnings per share	<u>\$ 821,315</u>	\$ 2,676,758	

Weighted Average Number of Ordinary Shares Outstanding

(In Thousands of Shares)

	For the Year Ended December 31		
	2022	2021	
Weighted average number of ordinary shares outstanding used in the			
computation of basic earnings per share	1,530,899	1,530,899	
Effect of potentially dilutive ordinary shares:	2.722	6.060	
Compensation of employees	3,732	6,069	
Weighted average number of ordinary shares used in the			
computation of diluted earnings per share	<u>1,534,631</u>	1,536,968	

The Corporation may settle the compensation of employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

29. CAPITAL MANAGEMENT

The Corporation's capital management strategies, the Corporation plans for future working capital needs, research and development expenses and shareholder expenses based on the current overall economic environment, industry characteristics and future development, to ensure that the Corporation would be able to continue as going concerns with long-term shareholders' equity and stable operating performance as goal, and to maximize shareholders' equity.

Management regularly reviews the capital structure and considers the costs and risks involved in different capital structures. The Corporation adopts the conservative risk management strategy by consideration of the industry scale, industry growth and future product roadmaps.

30. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments measured at fair value on a recurring basis
 - 1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL Mutual funds	\$ 4,142	<u>\$</u>	<u>\$</u>	<u>\$ 4,142</u>
Financial assets at FVTOCI Investments in equity instruments				
Listed shares Unlisted shares	\$ 2,701,504	\$ - 104,762	\$ - -	\$ 2,701,504 <u>104,762</u>
	\$ 2,701,504	<u>\$ 104,762</u>	<u>\$ -</u>	\$ 2,806,266

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL Unlisted shares Mutual funds	\$ - 4,587	\$ - -	\$ 2,354,728	\$ 2,354,728 4,587
	<u>\$ 4,587</u>	<u>\$ -</u>	<u>\$ 2,354,728</u>	<u>\$ 2,359,315</u>
Financial assets at FVTOCI Investments in equity instruments				
Listed shares	\$ 2,127,629	\$ -	\$ -	\$ 2,127,629
Unlisted shares	_	99,015		99,015
	\$ 2,127,629	<u>\$ 99,015</u>	<u>\$</u> -	\$ 2,226,644

There were no transfers between Levels 1 and 2 in the current and prior year.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

	Financial Assets at FVTPL
Financial Assets	Equity Instruments
Balance at January 1, 2022 Disposal Recognized in profit or loss (included in other gains and losses)	\$ 2,354,728 (21,321) (2,333,407)
Balance at December 31, 2022	<u>\$</u>
For the year ended December 31, 2021	
	Financial Assets

	Financial Assets at FVTPL
Financial Assets	Equity Instruments
Balance at January 1, 2021	\$ -
Recognized in profit or loss (included in other gains and losses)	(30,476)
Purchases	3,908,303
Cash returns from capital reduction of investments	(1,532,099)
Balance at December 31, 2021	<u>\$ 2,354,728</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs					
Unlisted shares	Transaction method of market approach. The approach is a valuation strategy that looks at market rations of companies with similar profitability at the end of the reporting periods, while taking the liquidity premium into consideration.					
Others	Discounted cash flow.					
	Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the year.					

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The unlisted equity investment is evaluated using asset-based approach method to calculate the present value of expected gain on investment.

b. Categories of financial instruments

	December 31				
	2022			2021	
Financial assets					
FVTPL					
Mandatorily classified as at FVTPL	\$	4,142	\$	2,359,315	
Financial assets at amortized cost (Note 1)		9,047,157		8,043,983	
Financial assets at FVTOCI					
Equity instruments		2,806,266		2,226,644	
Financial liabilities					
Amortized cost (Note 2)	1	7,784,035		17,518,932	

- Note 1: The balances include financial assets at amortized cost, which comprise cash, financial assets at amortized cost, construction receivables, refundable deposits on construction contracts, other receivables (included in other current assets) and refundable deposits.
- Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, trade payables, guarantee deposits on construction contracts current, long-term borrowings (expired in one year), provisions and guarantee deposits received.

c. Financial risk management objectives and policies

The Corporation's major financial instruments included equity investments, notes receivable, trade receivables, construction receivables, accounts receivable on the development of industrial districts, notes payable, trade payables, borrowings and lease liabilities. The Corporation's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 33.

Sensitivity analysis

The Corporation is mainly exposed to the RMB and HKD.

The following table details the Corporation's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate of 5% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in pre-tax equity when New Taiwan dollar strengthened by 5% against the relevant currency. For a 5% weakening of New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax equity and the balances below would be negative.

	RMB 1	Impact	HKD Impact			
		ear Ended iber 31	For the Year Ended December 31			
	2022	2021	2022	2021		
Equity	\$ 52,100	\$ 37,044	\$ 66,834	\$ 64,276		

b) Interest rate risk

The Corporation is exposed to interest rate risk because the Corporation borrow funds at both fixed and floating interest rates.

The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

December 31				
2022 20				
\$	1,301,297	\$	1,919,907	
	1,168,957		2,614,102	
	4,910,528		3,487,328	
	10,375,042		8,505,365	
	\$	\$ 1,301,297 1,168,957 4,910,528	\$ 1,301,297 \$ 1,168,957 \$ 4,910,528	

The Corporation is exposed to fair value interest rate risk in relation to fixed-rate certificates of deposit and short-term bills payable.

The Corporation is also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings. The Corporation's cash flow interest rate risk is mainly concentrated in the fluctuation of the benchmark interest rate arising from the Corporation's New Taiwan dollar denominated borrowings.

Sensitivity analysis

The sensitivity analysis below was determined based on the Corporation's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A sensitivity rate of 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represented management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2022 and 2021 would decrease by \$54,645 thousand and \$50,180 thousand, respectively. The Corporation's sensitivity to interest rates increased during the current period mainly due to the increase in variable rate borrowings.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in listed equity securities and mutual funds.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher, the Corporation's pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased by \$140,313 thousand and \$111,332 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. At the end of the year, the Corporation's maximum exposure to credit risk, which would cause a financial loss to the Corporation due to the failure of the counterparty to discharge its obligation by the counterparties or the financial guarantees provided by the Corporation, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the condensed balance sheets.
- b) The amount of contingent liabilities generated from financial guarantees that the Corporation provided.

The Corporation adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Corporation only transacts with entities that are rated the equivalent of investment grade and above. The Corporation's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Corporation relies on bank borrowings and short-term bills payable as a significant source of liquidity. As of December 31, 2022 and 2021, the Corporation had available unutilized short-term bank loan facilities were shown as below:

	December 31			
	2022	2021		
Unsecured bank overdraft facilities, reviewed annually and payable on demand:				
Amount used Amount unused	\$ 1,917,648 4,641,950	\$ 1,097,316 5,286,884		
	\$ 6,559,598	\$ 6,384,200		
Secured bank overdraft facilities:				
Amount used	\$ 9,507,445	\$ 9,940,020		
Amount unused	13,703,000	14,564,951		
	<u>\$ 23,210,445</u>	<u>\$ 24,504,971</u>		

Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rate, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2022

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities						
Non-interest bearing liabilities Lease liabilities Variable interest rate liabilities Fixed interest rate liabilities	2.100-2.720 2.050-2.850 2.440-2.720	\$ 1,028,495 3,720 23,928 1,051,000	\$ 1,657,289 7,223 606,418	\$ 867,202 31,249 4,211,928	\$ 649,767 66,603 5,982,965	\$ 88,284 18,073 65,812
		\$ 2,107,143	\$ 2,270,930	\$ 5,110,379	<u>\$ 6,699,335</u>	<u>\$ 172,169</u>

December 31, 2021

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities						
Non-interest bearing liabilities	2 100 2 720	\$ 1,340,746	\$ 1,657,995	\$ 338,335	\$ 1,133,088	\$ 68,623
Lease liabilities Variable interest rate liabilities	2.190-2.720 1.745-2.468	3,052 304,671	6,088 526,114	22,486 2,671,182	37,033 5,472,848	21,133
Fixed interest rate liabilities	1.610-2.223	1,390,000	450,000	700,000		
		\$ 3,038,469	\$ 2,640,197	\$ 3,732,003	\$ 6,642,969	\$ 89,756

31. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Corporation and related parties are disclosed below:

a. Related party name and categories

Related Party Name	Related Party Categories
China Petrochemical Development Corporation	Legal directors of the Corporation and its subsidiaries
HRDD Logistics Co., Ltd.	Associates
Core Pacific City Co., Ltd.	Related party of the Corporation (Note 1)
Glory Construction Co., Ltd.	Related party of the Corporation
Cheng Yao Enterprise Co., Ltd.	Related party of the Corporation
Golden Wheel Co., Ltd.	Related party of the Corporation
Yunheyue Agriculture Co., Ltd.	Related party in substance
Sheen Chuen-Chi Cultural & Education Foundation	Related party in substance
Tsou Seen Chemical Industries Corporation	Subsidiary of legal directors of the Corporation
BES Twin Towers Development Co., Ltd.	Subsidiary of legal directors of the Corporation
Ding Yue Development Co., Ltd.	Subsidiary of legal directors of the Corporation
BES Machinery Co., Ltd.	Subsidiary (Note 2)
Chung Kung Safeguarding & Security Corp.	Subsidiary
Chung Kung Management Consultant Co., Ltd.	Subsidiary
Chung Kung Management and Maintenance of Apartment Co., Ltd.	Subsidiary
Cinemark-Core Pacific Co., Ltd.	Subsidiary
Core Asia Human Resources Management Co., Ltd.	Subsidiary
Elite Human Resources Management Co., Ltd.	Subsidiary
BES Engineering Vietnam Co., Ltd.	Subsidiary

Note 1: Core Pacific City Co., Ltd. was an associate until May 24, 2022.

Note 2: On March 25, 2022, the Corporation merge with its subsidiary, BES Machinery Co., Ltd.

b. Trading transactions and other transactions with related parties

		December 31				
Line Items Operating revenue	Related Party Categories Legal directors of the Corporation Subsidiaries	2022	2021			
		\$ 5,098 411	\$ 162,000 1			
		<u>\$ 5,509</u>	<u>\$ 162,001</u>			
Operating costs	Subsidiaries Related parties of the Corporation	\$ 317,347 2,830	\$ 190,599 2,485			
		\$ 320,177	<u>\$ 193,084</u>			
Operating expenses	Related parties in substance Subsidiaries Related parties of the Corporation Legal directors of the Corporation	\$ 10,000 6,156 5,753 220	\$ 24,000 7,499 3,330			
		\$ 22,129	<u>\$ 34,829</u>			

The prices and terms of the transactions with related parties are determined based on the contracts.

c. Receivables from related parties

			December 31				
Line Items	Related Party Categories	2022		2021			
Construction receivables	Legal directors of the Corporation	\$	1,240	\$	16,475		
Other receivables (included in other current assets)	Subsidiaries Related parties in substance Related parties of the Corporation	\$	43 616 505	\$	834 616 505		
		\$	1,164	\$	1,955		

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment loss was recognized for trade receivables from related parties.

d. Payables to related parties

		December 31				
Line Items	Related Party Categories	2022		2021		
Trade payables	Subsidiaries	\$	8,585	\$	44,188	
Accrued expenses	Subsidiaries Related parties of the Corporation Legal directors of the Corporation	\$	1,511 965 650	\$	972 508	
		\$	3,126	\$	1,480	

The outstanding trade payables from related parties are unsecured and will be settled in cash.

e. Contract liabilities

The contract liabilities as of December 31, 2022 and 2021, respectively, were as follows:

December 31, 2022

Related Party Name	Engineering Code	Total Amount of Construction	Contract Liabilities
China Petrochemical Development Corporation	A6E	<u>\$ 1,528,593</u>	<u>\$ 24,966</u>
<u>December 31, 2021</u>			
Related Party Name	Engineering Code	Total Amount of Construction	Contract Liabilities
China Petrochemical Development Corporation	A6E	\$ 1,532,800	\$ 45,096

The construction contracts and engineering payment conditions with related parties were made at terms comparable to those with similar unrelated parties.

f. Lease arrangements

Related Party Name				Dece	the Year Inded mber 31, 2022
Acquisition of right-of-us	e assets				
China Petrochemical Dev Glory Construction Co., I				\$	21,574 32,598
				<u>\$</u>	54,172
			Decem	ber 31	
Line Items	Related Party Name	20	22		2021
Lease liabilities	Yunheyue Agriculture Co., Ltd. BES Machinery Co., Ltd. Glory Construction Co., Ltd. China Petrochemical Development Corporation	1	20,528 - 27,711 16,897 65,136	\$ 	21,450 5,236 3,359 - 30,045
		For the	Year End	ded De	cember 31
Related Party Name		20	22		2021
<u>Interest expense</u>					
Yunheyue Agriculture Co BES Machinery Co., Ltd. China Petrochemical Dev Glory Construction Co., I	elopment Corporation	\$	505 20 274 333	\$	527 192 - 175
		\$	1,132	\$	894

g. Acquisition of financial assets

For the year ended December 31, 2022

Related Party Names	Line Item	Number of Shares	Underlying Assets	Purchase Price
China Petrochemical Development	Financial assets at FVTOCI -	58,649,685	<u>Stock</u>	<u>\$ 689,134</u>
Corporation	non-current		China Petrochemical Development	

For the year ended December 31, 2021

Related Party Names	Line Item	Number of Shares	Underlying Assets	Purchase Price
China Petrochemical Development	Financial assets at FVTOCI -	70,563,760	<u>Stock</u>	\$ 829,124
Corporation	non-current		China Petrochemical Development	

h. Disposal of financial assets

For the year ended December 31, 2022

Related Party	Line Item	Number of	Underlying	Disposal	Disposal
Names		Shares	Assets	Price	(Loss) Gain
Glory Construction Co., Ltd.	Financial assets at FVTPL	1,538,484	Stock Core Pacific City Co., Ltd.	<u>\$ 21,321</u>	<u>\$ (64)</u>

i. Loans to related parties

		December 31			
Line Items	Related Party Categories	2022	2021		
Other receivables (included in other current assets)	Subsidiaries	<u>\$</u>	\$ 29,291		

On March 25, 2022, the Corporation merged with its subsidiary, BES Machinery Co., Ltd., to acquire receivables and interest receivables from the associate, HRDD Logistics Co., Ltd. After evaluating the operating condition and the probability of collecting the accounts of the HRDD Logistics Co., Ltd., the Corporation recorded an allowance for doubtful accounts of \$22,628 thousand for the above-mentioned in September 2022.

Interest income

	For th	e Year En	ded Dec	ember 31
Related Party Categories	2	022	2	021
Subsidiaries Associates	\$	339 713	\$	735
	<u>\$</u>	1,052	\$	735

The Corporation provided with short-term loan at rates comparable to market interest rates.

j. Other transactions with related parties

Interest income, rental revenue and other income are as follows:

	For t	he Year En	ded De	cember 31
Related Party Categories		2022		2021
Related parties in substance	\$	7,046	\$	7,046
Related parties of the Corporation		5,877		5,774
Subsidiaries		1,215		5,506
Legal directors of the Corporation		19,071		4,814
Subsidiaries of legal directors of the Corporation		15,297		-
Associates		51		201
	\$	48,557	\$	23,341

The transactions with related parties were made at prices and terms comparable to those for similar transactions with unrelated parties. That is, the prices and terms for sales and purchases as well as conditions for warranties, payment and other transactions with related parties were similar to those for transactions with unrelated parties. Other receivables from related parties generated from the sale of construction equipment, steel plates, and rent.

Endorsements and guarantees are as follows:

Refundable deposits by related parties

	December 31			
Related Party Categories	2022	2021		
Subsidiaries Related parties of the Corporation	\$ - 637	\$ 24,000 <u>637</u>		
	<u>\$ 637</u>	<u>\$ 24,637</u>		
Guarantee deposits received by related parties				
_	Dece	mber 31		
Related Party Categories	2022	2021		
Subsidiaries	<u>\$ 56</u>	<u>\$ 52</u>		
Other payables (included in other current liabilities) by related parti-	<u>es</u>			
	December 31			
Related Party Categories	2022	2021		
Subsidiaries of legal directors of the Corporation	\$ 28,571	<u>\$ 28,571</u>		

k. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel was as follows:

	For the Year Ended December 31			
	2022	2021		
Short-term employee benefits Post-employment benefits	\$ 46,141 	\$ 76,355 		
	<u>\$ 46,141</u>	<u>\$ 76,355</u>		

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been mortgaged as collateral for long- and short-term bank loans, short-term bills payable, performance guarantees, construction warranties and lawsuits:

	December 31			31
		2022		2021
Financial assets at FVTOCI - current	\$	800,401	\$	611,889
Financial assets at amortized cost - current		3,469,342		3,766,511
Accounts receivable on the development of industrial districts		-		4,130,336
Buildings and land held for sale, net		4,855,276		4,787,356
Construction in progress		1,244,634		1,244,634
Financial assets at FVTOCI - non-current		1,454,089		509,891
Property, plant and equipment, net		1,487,667		990,586
Investment properties, net		813,624		939,713
	<u>\$</u>	14,125,033	\$	16,980,916

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Corporation's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than function currencies of the entities in the Corporation and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	C	Foreign Currency Chousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets				
Non-monetary items Investments accounted for using the equity				
method				
RMB	\$	236,390	4.408 (RMB:NTD)	\$ 1,042,005
HKD		339,431	3.938 (HKD:NTD)	1,336,679

	Cu	oreign errency nousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets				
Non-monetary items Investments accounted for using the equity method				
RMB HKD	\$	170,552 362,223	4.344 (RMB:NTD) 3.549 (HKD:NTD)	\$ 740,878 1,285,528

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses) were \$1,972 thousand and \$(3,047) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Corporation.

34. OTHER ITEMS

Regarding the investigation result of "the renovation turnkey project of Gongguan military installations and camps" which is contracted by the Corporation, Taiwan New Taipei District Court Prosecutors Office prosecuted against the former chairman of the Corporation, Shen Jun, and the other two individuals in accordance with the Securities and Exchange Act and Anti-Corruption Act. For this reason, the Ministry of National Defense sent a letter to recover the bid bond of \$50,000 thousand for the "the renovation turnkey project of Gongguan military installations and camps" on September 30, 2021, and the amount of compensation was recognized in other losses (included in other gains and losses) and paid on October 18, 2021. In order to ensure that the rights and interests were not infringed, the Corporation filed a lawsuit for damages and other remedies in the Taipei District Court of Taiwan on October 21, 2021 against the former chairman of the Corporation, Shen Jun, and the other two individuals. However, the financial and business operations have not been significantly affected by the aforementioned events. As of March 13, 2023, the case is still pending in the court.

35. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and investees:
 - 1) Financing provided to others. (Table 2)
 - 2) Endorsements/guarantees provided. (Table 3)
 - 3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 4)
 - 4) Marketable securities acquired or disposed of at costs or prices at least \$300 million or 20% of the paid-in capital. (Table 5)
 - 5) Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital. (Non-applicable)
 - 6) Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital. (Non-applicable)

- 7) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital. (Non-applicable)
- 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital. (Non-applicable)
- 9) Trading in derivative instruments. (Non-applicable)
- b. Information on investees (Table 6)
- c. Information on investments in mainland China

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

CONTRACT ASSETS, CONTRACT LIABILITIES AND AMOUNTS DUE TO CUSTOMERS FOR CONSTRUCTION CONTRACTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

Contract assets - amounts due from customers for construction contracts

December 31, 2022

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Contract Assets	% of Completion	Accumulated Construction Profit (Loss)	Contract Liabilities	Net Amount of Contract Assets
A8B	2031	\$ 10,940,606	\$ 10,328,523	\$ 3,151,240	24.34	\$ 148,975	\$ 2,803,051	\$ 348,189
A6B-1	2024	3,226,270	3,117,087	2,202,995	61.10	66,713	2,009,439	193,556
B0A	2025	4,363,847	4,071,455	533,215	10.10	29,517	469,578	63,637
A8F-1	2024	3,860,476	3,642,447	1,944,597	48.73	106,241	1,881,121	63,476
A5C	2023	3,959,898	4,123,444	2,338,660	53.08	(163,546)	2,292,247	46,413
BOB	2026	5,657,143	5,284,292	293,402	5.00	18,650	282,998	10,404
BOC	2024	2,587,944	2,414,535	251,608	9.29	16,108	245,161	6,447
B1B-1	2027	292,130	283,366	9,271	0.64	56	8,053	1,218
		<u>\$ 34,888,314</u>	<u>\$ 33,265,149</u>	<u>\$ 10,724,988</u>		\$ 222,714	<u>\$ 9,991,648</u>	\$ 733,340

December 31, 2021

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Contract Assets	% of Completion	Accumulated Construction Profit (Loss)	Contract Liabilities	Net Amount of Contract Assets
A7B-1	2031	\$ 13,505,752	\$ 12,704,527	\$ 867,424	3.51	\$ 28,115	\$ 473,873	\$ 393,551
A6B-1	2023	3,199,878	3,092,049	1,859,123	52.75	56,881	1,721,823	137,300
A6C	2022	3,376,474	3,309,500	2,932,806	83.50	55,925	2,848,237	84,569
A8B	2031	10,814,726	10,208,733	1,841,076	15.47	93,729	1,722,972	118,104
A8F	2024	3,638,095	3,434,086	1,047,333	28.11	57,345	1,022,646	24,687
BOA	2025	4,331,539	4,201,593	21,164	-	-	-	21,164
B0B	2026	5,657,143	5,487,429	13,197	-	_	-	<u>13,197</u>
		<u>\$ 44,523,607</u>	<u>\$ 42,437,917</u>	<u>\$ 8,582,123</u>		\$ 291,995	<u>\$ 7,789,551</u>	\$ 792,572 (Continued)

Contract liabilities - amounts due to customers for construction contracts

December 31, 2022

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Contract Assets	% of Completion	Accumulated Construction Profit (Loss)	Contract Liabilities	Net Amount of Contract Liabilities
A7A	2024	\$ 4,441,091	\$ 4,168,354	\$ 1,719,671	5.44, 89.00	\$ 111,066	\$ 2,227,933	\$ 508,262
A8C	2023	8,260,537	7,807,097	6,485,517	82.50	374,097	6,863,935	378,418
A6F	2022	1,884,877	1,749,236	1,564,807	94.68	128,418	1,788,541	223,734
A6D	2022	2,950,137	2,817,045	2,787,512	100.00	133,092	2,950,137	162,625
A9A	2028	12,563,670	11,724,146	1,817,884	14.70	123,368	1,962,514	144,630
A6E	2024	2,168,593	2,069,633	1,543,484	21.87, 97.23, 100.00	59,137	1,638,277	94,793
A7B-2	2028	610,089	519,220	110,533	31.82	28,910	194,101	83,568
A7C	2022	2,078,956	1,957,705	1,992,035	99.57	120,727	2,069,969	77,934
A7E	2022	1,051,147	981,237	968,782	99.50	69,560	1,045,892	77,110
A7F	2023	3,542,443	3,349,663	3,029,263	87.01	167,734	3,098,721	69,458
A8F-2	2025	1,723,810	1,608,342	161,244	12.82	14,803	220,992	59,748
A6B-2	2022	3,485,574	3,066,504	3,435,574	100.00	419,070	3,485,574	50,000
A7D	2022	2,487,370	2,354,230	2,440,431	100.00	133,140	2,487,370	46,939
B1D	2026	2,937,716	2,823,628	16,406	1.81	2,065	53,180	36,774
A7B-1	2031	13,509,028	12,696,909	2,071,222	15.50	125,911	2,097,157	25,935
A6C	2023	3,552,046	3,644,781	3,271,280	91.80	(92,735)	3,286,848	15,568
B1C	2025	4,274,286	3,967,448	23,959	0.70	2,154	30,000	6,041
B1B-2	2027	177,247	171,930	986	0.70	37	5,348	4,362
A0B	2022	14,008,614	16,181,381	14,007,326	99.99	(2,172,767)	14,007,326	-
98C-1	2022	3,754,159	3,615,234	-	100.00	138,925	-	-
93C	2022	690,775	830,149	673,300	97.47	(139,374)	673,300	-
A5B	2022	562,934	540,448	-	100.00	22,486	-	-
A4C	2022	758,642	778,998	758,642	100.00	(20,356)	758,642	<u>-</u> _
		91,473,741	89,423,318	48,879,858		(250,532)	50,945,757	2,065,899
750		-	<u>-</u> _	20,738,595		_	20,738,595	
		<u>\$ 91,473,741</u>	<u>\$ 89,423,318</u>	<u>\$ 69,618,453</u>		<u>\$ (250,532)</u>	<u>\$ 71,684,352</u>	\$ 2,065,899 (Continued)

December 31, 2021

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Contract Assets	% of Completion	Accumulated Construction Profit (Loss)	Contract Liabilities	Net Amount of Contract Liabilities
A8C	2023	\$ 7,701,884	\$ 7,268,838	\$ 3,648,844	52.46	\$ 227,176	\$ 4,040,427	\$ 391,583
A6B-2	2022	3,691,781	3,675,176	2,988,314	89.97	14,939	3,348,762	360,448
A7A	2024	2,002,236	1,888,311	1,087,536	64.44	73,413	1,378,637	291,101
A9A	2027	12,380,283	11,555,898	798,222	8.58	70,724	1,062,133	263,911
A7D	2022	2,383,007	2,250,852	1,717,198	81.78	108,071	1,955,882	238,684
A6D	2022	2,961,501	2,828,672	2,382,408	87.86	116,706	2,613,146	230,738
A7C	2022	2,080,747	1,959,464	1,768,841	95.00	115,224	1,976,803	207,962
A6F	2022	1,849,299	1,714,479	1,364,550	82.76	111,573	1,537,370	172,820
A7F	2022	3,504,804	3,312,666	2,686,158	79.92	153,564	2,819,580	133,422
A5C	2023	3,804,286	3,970,953	1,787,832	44.28	(166,667)	1,902,050	114,218
A7E	2022	1,051,147	981,268	881,749	93.79	65,538	985,849	104,100
A7B-2	2024	325,191	276,809	96,063	52.08	25,196	169,349	73,286
A6E	2022	1,532,800	1,483,073	1,450,733	96.86, 97.29	48,173	1,495,829	45,096
A0B	2021	13,997,959	16,135,890	13,997,959	100.00	(2,137,931)	13,998,003	44
98C-1	2021	3,677,852	3,617,005	3,677,852	100.00	60,847	3,677,852	-
93C	2021	690,775	830,149	673,300	97.47	(139,374)	673,300	-
A5B	2021	562,934	543,682	562,934	100.00	19,252	562,934	-
83C	2021	850,523	787,662	-	100.00	62,861	-	-
A5D	2021	4,101,593	3,905,571	-	100.00	196,022	-	-
A4C	2021	758,642	777,882	758,642	100.00	(19,240)	758,642	-
A5A	2021	169,566	169,187	-	100.00	379	-	-
A5F	2021	302,311	313,634	-	100.00	(11,323)	-	-
A8A	2021	812,045	680,589	<u>-</u> _	100.00, 100.00	131,456	<u>-</u>	<u>-</u>
		71,193,166	70,927,710	42,329,135		(873,421)	44,956,548	2,627,413
750		-	_	19,679,673			19,679,673	
		\$ 71,193,166	\$ 70,927,710	\$ 62,008,808		\$ (873,421)	\$ 64,636,221	<u>\$ 2,627,413</u>
								(Continued)

Amounts due to customers for construction contracts

December 31, 2021

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Amounts Due from Customers for Construction Contracts	% of Completion	Accumulated Construction Profit (Loss)	Amounts Due to Customers for Construction Contracts	Amounts Due to Customers for Construction Contracts
A4B A0A	2021 2021	\$ 117,221 934,228	\$ 106,399 	\$ - -	100.00 100.00	\$ 10,822 (295,300)	\$ - -	\$ - -
		<u>\$ 1,051,449</u>	<u>\$ 1,335,927</u>	<u>\$</u>		<u>\$ (284,478)</u>	<u>\$</u>	<u>\$</u>

Note 1: For the amounts due from customers for construction contracts, refer to Note 25.

(Concluded)

Net Amount of

Note 2: For the amounts due to customers for construction contracts, refer to Note 19.

Note 3: The Corporation recognized construction revenue of \$13,473,803 thousand in 2022 and \$14,560,049 thousand in 2021.

FINANCING PROVIDED TO OTHERS FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars)

					Financing								Col	lateral			
No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Limit for Each Borrowing Company (Note 1)	Ending Balance (Note 1)	Actual Used	Interest Rate	Financing Properties (Note 2)	Financing Amount	Financing Reasons	Allowance for Bad Debt	Item	Value	Maximum Limit for Each Counterparty	Financing Company's Financing Amount Limits	Note
0	BES Engineering Corporation	Bes Engineering Vietnam Co., Ltd.	Other receivable	Y	\$ 29,291	\$ -	\$ -	-	b.	\$ -	Business revolving fund	\$ -	-	\$ -	\$ 904,193 (4% of BES Engineering Corporation's net equity)	\$ 9,041,925 (40% of BES Engineering Corporation's net equity)	
		HRDD Logistics Co., Ltd.	Accounts receivable - related party	Y	21,550	21,550	21,550	5	b.	-	Business revolving fund	21,550	-	-	904,193 (4% of BES Engineering Corporation's net equity)	9,041,925 (40% of BES Engineering Corporation's net equity)	Note 3
1	Chung Kung Safeguarding & Security Corp.	Chung Kung Management Consultant Co., Ltd.	Accounts receivable - related party	Y	15,000	15,000	-	-	b.	-	Business revolving fund	-	-	-	32,486 (40% of Chung Kung Safeguarding & Security Corp.'s net equity)	32,486 (40% of Chung Kung Safeguarding & Security Corp.'s net equity)	
		Chung Kung Management and Maintenance of Apartment Co., Ltd.	Accounts receivable - related party	Y	15,000	15,000	-	-	b.	-	Business revolving fund	-	-	-	32,486 (40% of Chung Kung Safeguarding & Security Corp.'s net equity)	32,486 (40% of Chung Kung Safeguarding & Security Corp.'s net equity)	
2	Cinemark-Core Pacific, Ltd.	Cinema 7 Theater Co., Ltd.	Accounts receivable - related party	Y	30,000	30,000	4,000	4	b.	-	Business revolving fund	-	-	-	79,726 (40% of Cinemark-Core Pacific, Ltd.'s net equity)	79,726 (40% of Cinemark-Core Pacific, Ltd.'s net equity)	

Note 1: Financing limits approved by the board of directors.

Note 2: Reasons for financing are as follows:

a. Business relationship.

b. The need for short-term financing.

Note 3: After evaluating the operating condition and the probability of collecting the accounts of HRDD Logistics Co., Ltd., the Corporation recorded an allowance for doubtful accounts of \$22,628 thousand for the accounts receivable and interest receivable in September 2022.

ENDORSEMENTS/GUARANTEES PROVIDED FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

		Endo	orsee/Guarantee						Ratio of					
No.	Endorser/Guarantor	Name	Relationship	Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
1	Cinemark-Core Pacific, Ltd.	Cinema 7 Theater Co., Ltd.	A subsidiary in which parent corporation holds directly and indirectly over 50% of an equity interest.	\$ 199,315 (Note 2)	\$ 94,300	\$ 94,300	\$ 74,507	\$ 71,198	47.31	\$ 597,946 (Note 6)	Y	-	-	
2	Hua Cheng Consulting (Changshu Co., Ltd.	BES Engineering Corporation	An investee in which parent corporation and its subsidiaries hold directly and indirectly over 50% of an equity interest.	484,803 (Note 3)	312,073	312,073	260,000	312,073	64.37	969,606 (Note 7)	-	Y	-	
3	Core Pacific Consulting (Changshu) Co., Ltd.	BES Engineering Corporation	An investee in which parent corporation and its subsidiaries hold directly and indirectly over 50% of an equity interest.	480,072 (Note 4)	312,073	312,073	260,000	312,073	65.01	960,144 (Note 8)	-	Y	-	
4	Chung Kung Safeguarding & Security Corp.	Chung Kung Management Consultant Co., Ltd.	A subsidiary in which parent corporation holds directly and indirectly over 50% of an equity interest.	203,037 (Note 5)	25,000	25,000	-	-	30.78	243,644 (Note 9)	Y	-	-	
		Chung Kung Management and Maintenance of Apartment Co., Ltd.	A subsidiary in which parent corporation holds directly and indirectly over 50% of an equity interest.	203,037 (Note 5)	25,000	25,000	2,000	-	30.78	243,644 (Note 9)	Y	-	-	

Note 1: The use of "Y" represents endorsements provided on behalf of entities located in mainland China.

Note 2: The limit on the endorsement for each counterparty is equal to 100% of Cinemark-Core Pacific, Ltd.'s net equity as shown in its latest financial statements.

Note 3: The limit on the endorsement for each counterparty is equal to 100% of Hua Cheng Consulting (Changshu) Co., Ltd.'s net equity as shown in its latest financial statements.

Note 4: The limit on the endorsement for each counterparty is equal to 100% of Core Pacific Consulting (Changshu) Co., Ltd.'s net equity as shown in its latest financial statements.

Note 5: The limit on the endorsement for each counterparty is equal to 250% of Chung Kung Safeguarding & Security Corp.'s net equity as shown in its latest financial statements.

Note 6: The limit on the endorsement for each counterparty is equal to 300% of Cinemark-Core Pacific, Ltd.'s net equity as shown in its latest financial statements.

Note 7: The limit on the endorsement for each counterparty is equal to 200% of Hua Cheng Consulting (Changshu) Co., Ltd.'s net equity as shown in its latest financial statements.

Note 8: The limit on the endorsement for each counterparty is equal to 200% of Core Pacific Consulting (Changshu) Co., Ltd.'s net equity as shown in its latest financial statements.

Note 9: The limit on the endorsement for each counterparty is equal to 300% of Chung Kung Safeguarding & Security Corp.'s net equity as shown in its latest financial statements.

MARKETABLE SECURITIES HELD DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

			Polotionship with the Holding			December 3	1, 2022		
No.	. Holding Company Name	Type and Name of Marketable Securities	Company		Number of Shares	Carrying	Percentage of Ownership (%)	Fair Value	Note
0	BES Engineering Corporation	Taishin ESG Emerging Markets Bond Fund Taiwan Business Bank China Petrochemical Development Corporation Century Development Corporation Overseas Investment & Development Corporation Zowie Technology Corporation Fortemedia Fortemedia	Legal directors of the Corporation	Financial assets at FVTPL - current Financial assets at FVTOCI - current Financial assets at FVTOCI - non-current	500,000 68,964,727 183,037,540 10,633,492 2,600,000 6,611 4,137 62,282	\$ 4,142 893,093 1,808,411 83,260 21,502	0.86 4.84 3.03 2.89 0.02	\$ 4,142 893,093 1,808,411 83,260 21,502	Note 1 Note 1 Note 1 Note 1 Note 2
1	Core Pacific World Co., Limited	China Petrochemical Development Corporation Taiwan Business Bank		Financial assets at FVTOCI - current Financial assets at FVTOCI - current	30,649,620 1,433,211	302,819 18,560	0.81	302,819 18,560	Note 1 Note 1
2	Cinemark-Core Pacific, Ltd.	The investment case of movie - The M Riders	-	Financial assets at FVTOCI - non-current	-	-	-	-	

Note 1: Market values of listed quoted shares and mutual funds were based on the closing prices and net asset values, respectively, as of December 31, 2022; values of unlisted shares were determined by using the fair value measurement as of December 31, 2022.

Note 2: Preference shares.

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

	Type and Name of	Financial Statement			Beginnin	g Balance	Acquisitio	on (Note 1)		Disp	osal		Ending	Balance
Company Name	Marketable Securities	Account	Counterparty	Relationship	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
BES Engineering Corporation	Stock China Petrochemical Development	Financial assets at FVTOCI - non-current	-	-	111,277,510	\$ 1,852,716	71,760,030	\$ 895,848	-	\$ -	\$ -	\$ -	183,037,540	\$ 2,748,564
BES Engineering Vietnam Co., Ltd.	Stock Phu An Real Estate Co., Ltd.	Investments accounted for using the equity method		Subsidiaries	-	-	-	-	-	-	-	-	-	-

Note 1: On December 17, 2021, the Corporation participated in the cash capital increase of China Petrochemical Development and acquired 58,649,685 shares in the amount of \$689,134 thousand by subscribing as a specified person. In addition, on December 29, 2021, the board of directors resolved to merge with BES Machinery Corporation, and the record date was March 25, 2022. After the merger, BES Engineering Corporation and BES Machinery Co., Ltd. was the dissolved corporation, and the merged corporation acquired 13,110,345 shares in the amount of \$206,714 thousand.

Note 2: BES Engineering Vietnam Co., Ltd. acquired the shareholdings in the investment in Phu An Real Estate Co., Ltd., which was approved by the board of directors on December 13, 2021 and signed an agreement on December 15, 2021. As of the reporting date, equity transfer procedure was in progress.

INFORMATION ON INVESTEES FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

				Investmen	nt Amount	Balance	as of Decembe	r 31, 2022	Net Income	Investment	
Investor Company	Investee Company	Location	Main Businesses and Products	December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value	(Loss) of the Investee	Gain (Loss) Recognized	Note
BES Engineering Corporation	BES Machinery Corporation	Taipei, Taiwan Kaohsiung, Taiwan	Makes investments Leases engineering machinery and equipment, and wholesale construction materials and provides consulting service for designing and planning projects, except for certain architectural matters	\$ 1,530,094	\$ 1,530,094 867,733	115,942,000	99.95 -	\$ 1,742,545	\$ 393,063 16,272	\$ 392,867 16,154	Investee is a subsidiary Investee is a subsidiary (Note)
	Core Asia Human Resources Management Co., Ltd. Chung Kung Safeguarding & Security Corp.	Taipei, Taiwan	Overseas construction and equipment sale Makes investments Consultancy on business administration and investments Security and related services	1,485,277 348,278 60,000 38,127	1,485,277 348,278 60,000 38,127	49,600,000 13,995,389 6,000,000 3,880,000	100.00 100.00 100.00 64.67	1,336,679 730,805 90,345 52,222	(35,969) 29,598 3,075 3,618	29,598 3,075 2,339	Investee is a subsidiary Investee is a subsidiary Investee is a subsidiary Investee is a subsidiary
	BES Global Investment Co. BA & BES Contracting (L.L.C.)	,	Movie broadcasting and related businesses Develops lands for investments Overseas construction and equipment sale Engineering and construction	259,562 51,313 10,696	23,450 259,562 51,313 10,696	9,455,180 8,509 1,510,100 1,200,000	78.14 91.79 100.00 40.00	157,468 26,918 17,488	(73,319) (376) 300	(346) 300	Investee is a subsidiary (Note) Investee is a subsidiary Investee is a subsidiary
	BESM Holding Co., Ltd.	B.V.I.	Holds investments	162,163	-	5,075,000	100.00	244,973	7,239	7,239	Investee is a subsidiary (Note)
Core Pacific World Co., Limited	Chinese City International Investment Co., Ltd. Zhong Hua Cheng Development Co., Ltd.	Republic of Mauritius Republic of Mauritius	Consulting Consulting	330,714 330,714	330,714 330,714	9,500,000 9,500,000	100.00 100.00	494,078 489,264	4,178 4,060		Investee is a subsidiary Investee is a subsidiary
BES Machinery Co., Ltd.	BESM Holding Co., Ltd.	B.V.I.	Holds investments	-	162,163	-	-	-	7,239	-	Investee is a subsidiary (Note)
	Cinemark-Core Pacific, Ltd.	Taipei, Taiwan	Movie broadcasting and related businesses	-	91,930	-	-	-	(73,319)	-	Investee is a subsidiary (Note)
BES Investment Company Ltd.	Wei-Jing Holdings Ltd. BES Construction Corporation (U.S.A.) Global BES Engineering (Myanmar) Co., Ltd. BES Engineering Vietnam Co., Ltd.	B.V.I. Georgia, U.S.A. Yangon, Myanmar Ho Chi Minh, Vietnam	Holds investments Develops lands for investments Engineering and construction Engineering and construction	463,104 25,724 15,478 726,220	463,104 25,724 15,478 726,220	14,400,000 761 500,000	44.67 8.21 100.00 100.00	468,718 2,408 16,816 782,718	(43,886) (376) 1,808 (17,968)	1,808	Investee is a subsidiary Investee is a subsidiary Investee is a subsidiary
Core Asia Human Resources Management Co., Ltd	Elite Human Resources Management Co., Ltd.	Taipei, Taiwan	Human resource consulting	5,000	5,000	500,000	100.00	12,227	3,365	3,365	Investee is a subsidiary
Chung Kung Safeguarding & Security Corp.	Chung Kung Management Consultant Co., Ltd. Chung Kung Management and Maintenance of Apartment Co., Ltd.	Taipei, Taiwan Taipei, Taiwan	Business management consulting and running parking lots Manages apartment maintenance and renders related services	10,000 3,700	10,000 3,700	-	100.00 37.00	14,181 5,297	1,253 2,542	1,253 941	Investee is a subsidiary Investee is a subsidiary
Cinemark-Core Pacific, Ltd.	Cinemark-Core (Hong Kong) Pacific Ltd. Cinema 7 Theater Co., Ltd.	Hong Kong Taipei, Taiwan	Hold investment Movie broadcasting and retail sale of rood products and groceries	246,729 150,183	246,729 150,183	61,503,000 25,000	49.60 100.00	103,563 (38,716)	(34,208) (23,421)	(16,967) (23,421)	Investee is a subsidiary
Chung Kung Management Consultant Co., Ltd.	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Taipei, Taiwan	Manages apartment maintenance and renders related services	6,300	6,300	-	63.00	9,019	2,542	1,601	Investee is a subsidiary

Note: On December 29, 2021, the board of directors resolved to merge with BES Machinery Corporation with the record date of March 25, 2022. After the merger, BES Engineering Corporation and BES Machinery Co., Ltd. was the dissolved corporation, and BESM Holding Co., Ltd. and Cinemark-Core Pacific, Ltd. were directly owned by BES Engineering Corporation.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA FOR THE YEAR ENDED DECEMBER 31, 2022

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittanc Outward	e of Funds Inward	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Engages in the logistics, warehousing and international trade	\$ 1,100,438 (RMB 250,000 thousand)	b. (Note 3)	\$ 341,921 (US\$ 10,703 thousand)	\$ -	\$ -	\$ 341,921 (US\$ 10,703 thousand)	\$ 75,263 (RMB 17,020 thousand)	39.20	\$ 29,503 (RMB 6,672 thousand)	\$ 776,452 (RMB 176,146 thousand)	\$ 186,210 (US\$ 6,162 thousand)
Core Pacific Consulting (Changshu) Co., Ltd.	Provides engineering consulting services	305,982 (US\$ 9,000 thousand)	b. (Note 4)	305,982 (US\$ 9,000 thousand)	-	-	305,982 (US\$ 9,000 thousand)	3,597 (RMB 814 thousand)	100.00	3,597 (RMB 814 thousand)	480,072 (RMB 108,909 thousand)	-
Hua Cheng Consulting (Changshu) Co., Ltd.	Provides engineering consulting services	305,982 (US\$ 9,000 thousand)	b. (Note 5)	305,982 (US\$ 9,000 thousand)	-	-	305,982 (US\$ 9,000 thousand)	3,707 (RMB 838 thousand)	100.00	3,707 (RMB 838 thousand)	484,803 (RMB 109,983 thousand)	-
Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Engages in the logistics, warehousing and international trade	1,100,438 (RMB 250,000 thousand)	b. (Note 6)	167,565 (RMB 40,900 thousand)	-	-	167,565 (RMB 40,900 thousand)	75,263 (RMB 17,020 thousand)	9.80	7,376 (RMB 1,668 thousand)	194,113 (RMB 44,037 thousand)	55,775 (US\$ 1,853 thousand)
Cinemark-Core (Shanghai) Pacific Management and Consulting	Theater management, purchasing, and consulting	27,602 (US\$ 900 thousand)	b. (Note 7)	27,577 (US\$ 900 thousand)	-	-	27,577 (US\$ 900 thousand)	(P) (RMB (2) thousand)	49.60	(RMB (1) thousand)	(487) (RMB (111) thousand)	-
Yunnan Core Pacific City	Theater management, purchasing, and consulting	120,676 (US\$ 4,031 thousand)	b. (Note 7)	59,131 (US\$ 1,975 thousand)	-	-	59,131 (US\$ 1,975 thousand)	(20,678) (RMB (4,676) thousand)	24.30	(5,025) (RMB (1,136) thousand)	28,704 (RMB 6,511 thousand)	-
HRDD Logistics Co., Ltd.	Provides warehousing and freight forwarders	653,328 (RMB 144,000 thousand)	a.	166,730 (RMB 34,000 thousand)	-	-	166,730 (RMB 34,000 thousand)	(86,209) (RMB (19,496) thousand)	23.61	(20,354) (RMB (4,603) thousand)	48,739 (RMB 11,057 thousand)	-
Cinemark-Core (Suzhou) Pacific Ltd.	Theater management, purchasing, and consulting	343,172 (US\$ 11,000 thousand)	b. (Note 7)	161,597 (US\$ 5,000 thousand)	-	-	161,597 (US\$ 5,000 thousand)	(24,049) (RMB (5,439) thousand)	49.60	(11,928) (RMB (2,698) thousand)	47,520 (RMB 10,781 thousand)	-

Investor Company Name	Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investment		
BES Engineering Corporation (Note 8)	US\$ 12,103 thousand RMB 74,900 thousand	US\$ 23,809 thousand	NT\$ 13,605,734		
Core Pacific World Co., Limited	US\$ 18,000 thousand	US\$ 19,000 thousand	NT\$ 1,046,050		
Cinemark-Core Pacific, Ltd.	US\$ 7,875 thousand	US\$ 7,875 thousand	NT\$ 119,589		

(Continued)

- Note 1: Methods of investment are as categorized as follows:
 - a. Direct investment in China.
 - b. Investment made in China through third party.
 - c. Others.
- Note 2: Under the investment gain (loss) column:
 - a. Companies still in the preparatory stage and therefore have no gains or losses should be disclosed.
 - b. Investment gain (loss) recognized based on the following should be disclosed:
 - 1) Financial statements are audited through the cooperation between international accounting from and ROC accounting firm.
 - 2) Financial statements are audited by licensed CPA of the parent corporation.3) Others.
- Note 3: BES Logistics International Co., Ltd., is third party investor.
- Note 4: Zhong Hua Cheng Development Co., Ltd., is third party investor.
- Note 5: Chinese City International Investment Co., Ltd., is third party investor.
- BESM Holding Co., Ltd., is third party investor.
- Note 7: Cinemark-Core (Hong Kong) Pacific Ltd., is third party investor.
- Note 8: On February 16, 2022, the Corporation was approved by the Investment Commission of the Ministry of Economic Affairs to merge its domestic businesses, and BES Engineering Corporation was allowed to indirectly (directly) invest in Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd. and HRDD Logistics Co., Ltd.

(Concluded)

INFORMATION OF MAJOR SHAREHOLDERS DECEMBER 31, 2022

	Shares			
Name of Major Shareholder	Number of	Percentage of		
	Shares	Ownership (%)		
China Petrochemical Development Corporation	164,348,449	10.73		

- Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.
- Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

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STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS - CURRENT FOR THE YEAR ENDED DECEMBER 31, 2022

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

	January	y 1, 2022	Add	litions		Deci	rease		Gain (Loss) on Financial Assets at Fair Value Through	December	31, 2022		
Name	Shares	Amount	Shares	Amoun	ıt	Shares	A	mount	Profit or Loss	Shares	Amount	Collateral	Note
Unlisted shares - ordinary shares Core Pacific City Co., Ltd. Mutual funds Taishin ESG Emerging Markets Bond Fund	1,538,484 500,000	\$ 2,354,728 4,587	-	\$	- 	1,538,484	\$	21,321	\$ (2,333,407) (445)	500,000	\$ - 4,142	None None	
		\$ 2,359,315		\$	_		\$	21,321	<u>\$ (2,333,852)</u>		<u>\$ 4,142</u>		

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT FOR THE YEAR ENDED DECEMBER 31,2022

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

							Unrealized Gain on Financial Assets at Fair Value Through				
							Other				
							Comprehen-				
	January 1, 20 2	22	Additions		Decrease		sive December 31, 2022		r 31, 2022		
Name	Shares A	mount	Shares	Amount	Shares	Amount	Income	Shares	Amount	Collateral	Note
Listed shares - ordinary shares Taiwan Business Bank	67,104,077 <u>\$</u>	664,330	2,460,650	<u>\$</u>	600,000	<u>\$ 8,506</u>	<u>\$ 237,269</u>	68,964,727	<u>\$ 893,093</u>	Yes	Note

Note: As of December 31, 2022, Taiwan Business Bank is pledged for short-term borrowings with a mortgage amount of \$800,401 thousand.

STATEMENT OF CONSTRUCTION RECEIVABLES DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Name of Owner	A	Amount
Air Force Combatant Command	\$	367,791
Department of Rapid Transit Systems, Taoyuan City Government		349,248
New Construction Office, Public Works Department, Taipei City Government		214,342
Department of Urban Development, Taipei City Government		208,370
National Taiwan University Hospital		210,642
Southern Region Water Resources Office, Water Resources Agency, Ministry of Economic		
Affairs		209,215
Land Administration Department, New Taipei City Government		210,180
Taoyuan International Airport Corporation		167,634
Office of Aerotropolis Public Construction, Taoyuan		138,563
Others (Note)		527,180
	<u>\$</u>	2,603,165

Note: The amount of each item does not exceed 5% of the account balance.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD FOR THE YEAR ENDED DECEMBER 31, 2022

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

	Bala	nce, January 1,	2022					Investment			Balan	ce, December 3	1, 2022	-
		Percentage of		Addi	tions	Decr	ease	Profit (Loss) Accounted for		Changes in		Percentage of		
Investee Company	Number of Shares	Ownership (%)	Amount	Number of Shares	Amount	Number of Shares	Amount	Ownership of Subsidiaries	Translation Adjustment	Using the Equity Method	Number of Shares	Ownership (%)	Amount	Note
Core Pacific World Co., Limited	115,942,000	99.95	\$ 1,430,852	-	\$ -	-	\$ 95,299	\$ 392,867	\$ 14,125	\$ -	115,942,000	99.95	\$ 1,742,545	Note 5
BES Machinery Co., Ltd.	77,364,999	99.35	871,809	422,100	4,563	77,787,099	892,736	16,154	-	210	-	-	-	Notes 2, 4 and 5
BES Investment Company Ltd.	49,600,000	100.00	1,285,528	-	-	-	35,092	(35,969)	122,212	-	49,600,000	100.00	1,336,679	Note 5
BES Logistics International Co., Ltd.	13,995,389	100.00	723,939	-	-	-	33,102	29,598	10,370	-	13,995,389	100.00	730,805	Note 6
Core Asia Human Resources Management Co., Ltd.	6,000,000	100.00	93,167	-	103	-	6,000	3,075	-	-	6,000,000	100.00	90,345	Notes 1 and 6
Chung Kung Safeguarding & Security Corp.	3,880,000	64.67	50,432	-	721	-	970	2,339	-	-	3,880,000	64.67	52,522	Notes 1 and 6
Cinemark - Core Pacific, Ltd.	1,861,500	15.38	41,688	7,593,680	164,981			(50,433)	1,232		9,455,180	78.14	157,468	Note 3
BES Construction Corporation (U.S.A.)	8,509	91.79	24,583	7,393,000	104,961	-	-	(346)	2,681	-	8,509	91.79	26,918	Note 5
BES Global Investment Co.	1,510,100	100.00	16,939	-	_	-	_	300	249	-	1,510,100	100.00	17,488	
BA & BES Contracting (L.L.C.)	1,200,000	40.00	-	-	_	-	_	-	_	-	1,200,000	40.00	-	
BESM Holding Co., Ltd.	-	-	_	5,075,000	251,911	_	17,498	6,948	3,612	_	5,075,000	100.00	244,973	Notes 3 and 6
HRDD Logistics Co., Ltd.	-	-		34,000,000	66,170	-		(18,494)	1,063		34,000,000	23.61	48,739	Note 3
			\$ 4,538,937		\$ 488,449		\$ 1,080,697	\$ 346,039	\$ 155,544	<u>\$ 210</u>			\$ 4,448,482	

- Note 1: The increase in the current year is due to accrued defined benefit gain of \$103 thousand from Core Asia Human Resource Management Co., Ltd. and \$721 thousand from Chung Kung Safeguarding & Security Corp.
- Note 2: The increase in the current year is due to the acquisition of the shares of BES Machinery Co., Ltd. for \$4,563 thousand.
- Note 3: The increase in the current year is due to the board of directors' resolution to merge with BES Machinery Co., Ltd. on December 29, 2021 and the record date of the merger is March 25, 2022. After the merger, the Corporation is the surviving corporation and BES Machinery Co., Ltd. is the dissolved corporation, and acquired \$164,981 thousand of equity interests in Cinemark Core Pacific, Ltd., \$251,911 thousand of equity interests in HRDD Logistics Co., Ltd.
- Note 4: The decrease in the current year is because the Corporation merged with BES Machinery Co., Ltd., and after the merger, BES Machinery Co., Ltd. is the dissolved corporation.
- Note 5: The decrease in the current period is due to unrealized loss on financial assets, \$95,299 thousand from Core Pacific World Co., Limited, \$12,370 thousand from BES Machinery Co., Ltd. and \$35,092 thousand from BES Investment Company Ltd.
- Note 6: The decrease in the current year is due to cash dividends distributed from investee companies, \$33,102 thousand from BES Logistics International Co., Ltd., \$6,000 thousand from Core Asia Human Resource Management Co., Ltd., \$970 thousand from Chung Kung Safeguarding & Security Corp. and \$17,498 thousand from BESM Holding Co., Ltd.
- Note 7: As of December 31, 2022, no investments accounted for using the equity method were pledged as collateral or provided as a guarantee.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

	January	y 1, 2022	Addi	itions	Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive	Decembe	r 31, 2022		
Name	Shares	Amount	Shares	Amount	Income	Shares	Amount	Collateral	Note
Listed shares - ordinary shares									
China Petrochemical Development Corporation	111,277,510	\$ 1,463,299	71,760,030	\$ 849,080	\$ (503,968)	183,037,540	\$ 1,808,411	Yes	Note
Unlisted shares - ordinary shares					 ,				
Century Development Corporation	10,633,492	80,815	-	-	2,445	10,633,492	83,260	None	
Overseas Investment & Development Corporation	2,600,000	18,200	-	-	3,302	2,600,000	21,502	None	
Zowie Technology Corporation	6,611	-	-	-	-	6,611	-	None	
Fortemedia	4,137	-	-	-	-	4,137	-	None	
Unlisted shares - preferred shares									
Fortemedia	62,282		-		_	62,282		None	
		\$ 1,562,314		\$ 849,080	<u>\$ (498,221)</u>		\$ 1,913,173		

Unrealized

Note: As of December 31, 2022, China Petrochemical Development Corporation is pledged for short-term borrowings with a mortgage amount of \$1,454,089 thousand.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Land	Buildings	Transportation Equipment	Total
Cost				
Balance, January 1, 2022 Additions Decrease	\$ 56,989 1,435 (3,214)	\$ 35,942 59,326 (28,328)	\$ 45,321 20,356 (15,428)	\$ 138,252 81,117 (46,970)
Balance, December 31, 2022	<u>\$ 55,210</u>	<u>\$ 66,940</u>	<u>\$ 50,249</u>	<u>\$ 172,399</u>
Accumulated depreciation				
Balance, January 1, 2022 Additions Decrease	\$ 13,882 6,729 (3,214)	\$ 21,215 16,907 (24,030)	\$ 22,398 16,262 (14,889)	\$ 57,495 39,898 (42,133)
Balance, December 31, 2022	<u>\$ 17,397</u>	<u>\$ 14,092</u>	<u>\$ 23,771</u>	<u>\$ 55,260</u>
Net, December 31, 2022	<u>\$ 37,813</u>	\$ 52,848	<u>\$ 26,478</u>	<u>\$ 117,139</u>

STATEMENT OF SHORT-TERM BORROWINGS DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Туре	Contract Period	Interest Rate (%)	Amount	Loan Commitments	Collateral
Unsecured loans					
Taiwan Business Bank	2022.11.16-2023.05.16	2.4250	\$ 500,000	\$ 500,000	
Bank of Panhsin - Neihu Branch	2022.03.25-2023.03.25	2.7800	14,000	14,000	
			514,000	514,000	
Mortgage loan					
Bank of Taiwan Department of Business	2022.10.05-2023.04.03	2.5350	1,400,000	1,400,000	Land and building
Bank of Taiwan Department of Business	2022.10.26-2023.04.24	2.5350	800,000	800,000	Land, buildings and parking space
Taichung Commercial Bank - Linkou Branch	2022.09.15-2023.09.15	2.0500	400,000	500,000	Shares of China Petrochemical Development Corporation
Bank of East Asia	2022.02.17-2023.02.17	2.8499	360,000	360,000	Land and building
Sunny Bank - Min sheng Branch	2022.04.08-2023.04.08	2.3150	337,500	437,500	Taiwan Business Bank, Ltd. shares
The Shanghai Commercial & Savings Bank - Tienmou Branch	2022.09.28-2023.08.23	2.6750	309,000	309,000	Land and building
The Shanghai Commercial & Savings Bank - Tienmou Branch	2022.09.28-2023.08.23	2.2750	190,000	300,000	Shares of China Petrochemical Development Corporation
Taiwan Cooperative Bank - Dong Taipei Branch	2022.03.25-2023.03.22	2.2010	180,000	180,000	Land and building
Sunny Bank - Min sheng Branch	2022.04.08-2023.04.08	2.4150	112,500	112,500	Taiwan Business Bank, Ltd. shares
,			4,089,000	4,399,000	
			\$ 4,603,000	<u>\$ 4,913,000</u>	

Note: As of December 31, 2022, the Corporation's short-term financing facilities with banks amounted to approximately \$5,461,000 thousand, net of short-term loans of \$4,603,000 thousand, which had available unutilized short-term borrowings facilities of \$858,000 thousand.

STATEMENT OF TRADE PAYABLE DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Related parties	¢ (700
Chung Kung Safeguarding & Security Corp.	\$ 6,709
Core Asia Human Resources Management Co., Ltd.	<u>1,876</u> 8,585
Unrelated parties	
Others (Note)	4,279,444
	\$ 4,288,029

Note: The amount of each item does not exceed 5% of the account balance.

STATEMENT OF LONG-TERM BORROWINGS DECEMBER 31, 2022

(In Thousands of New Taiwan Dollar)

			Ending Balance			
Туре	Expected Duration and Repayment Method	Range of Interest Rates (%)	Long-term Borrowings Due Within A Year	Long-term Borrowings Over A Year	Total	Collateral
Credit Loans						
The Shanghai Commercial & Savings Bank, Ltd Tien Mou Branch	From March 25, 2022 to March 25, 2025, the amount of \$5,416,667 will be amortized in 12 quarterly installments (1-11) and \$5,416,553 in the 12th installment.	2.470	\$ 21,667	\$ 27,083	\$ 48,750	
Bank of Taiwan Department of Business	Note 2	2.658	-	238,692	238,692	
Taiwan Cooperative Bank - Dong Taipei Branch	Note 2	2.658	-	182,529	182,529	
Agricultural Bank of Taiwan	Note 2	2.658	-	182,529	182,529	
Taiwan Business Bank Department -Ta an Branch	Note 2	2.658	_	126,366	126,366	
First Bank - Xingya Branch	Note 2	2.658	_	126,366	126,366	
Hua Nan Bank - Chungshiao East Road Branch	Note 2	2.658	_	126,366	126,366	
Taiwan Business Bank Department - Ta an Branch	From August 16, 2021 to March 26, 2025, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.820	-	200,000	200,000	
Hua Nan Bank - Chungshiao East Road Branch	From December 15, 2021 to October 15, 2025, the principal is written off by 30% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.525	-	123,411	123,411	
Taiwan Business Bank Department - Ta an Branch	From November 16, 2022 to May 16, 2026, the principal is written off by 30% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.250	<u> </u>	48,639	48,639	
Characterial land			21,667	1,381,981	1,403,648	
Guaranteed loans	From Mouth 25, 2022 to Line 15, 2021, the fixed amounts mothed is used to make	2 115	16 201	122 112	149.204	I and and building
First Bank - Xingya Branch	From March 25, 2022 to June 15, 2031, the fixed annuity method is used to repay principal and interest in equal monthly installments.	2.115	16,281	132,113	148,394	Land and building
The Bank of East Asia, Ltd.	From December 14, 2022 to December 13, 2024, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.815	-	520,000	520,000	Letter of credit
Bank of Taiwan Department of Business	Note 3	2.763	-	1,170,000	1,170,000	Land
Taiwan Business Bank Department of Business	Note 3	2.763	-	442,000	442,000	Land
Hua Nan Bank - Chungshiao East Road Branch	Note 3	2.763	-	442,000	442,000	Land
First Bank - Xingya Branch	Note 3	2.763	_	442,000	442,000	Land
Land Bank of Taiwan - Chung Lun Branch	Note 3	2.763	_	435,000	435,000	Land
Taiwan Cooperative Bank - Dong Taipei Branch	Note 3	2.763	_	221,000	221,000	Land
Chang Hwa Bank - His-Neihu Branch	Note 3	2.763	_	221,000	221,000	Land
Agricultural Bank of Taiwan	Note 3	2.763	_	221,000	221,000	Land
The Bank of East Asia	Note 3	2.763	<u>-</u> _	106,000	106,000	Land
			16,281	4,352,113	4,368,394	
			<u>\$ 37,948</u>	\$ 5,734,094	\$ 5,772,042	(C : 1)
						(Continued)

- Note 1: As of December 31, 2022, the Corporation's long-term financing facilities with banks amounted to approximately \$22,743,992 thousand, net of long-term loans of \$5,772,042 thousand (including long-term loans due within one year), which had available unutilized long-term borrowings facilities of \$16,971,950 thousand.
- Note 2: From September 23, 2022 to April 8, 2025, the principal is written off by 35% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.
- Note 3: From April 14, 2021 to April 14, 2026, the interest is paid monthly and the remaining principal is repaid once at maturity.

(Concluded)

STATEMENT OF CONSTRUCTION CONTRACT REVENUE AND CONSTRUCTION CONTRACT COST

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

	Code	Construction Contract Revenue	Construction Contract Cost	Construction Contract Gross Profit (Loss)
1.	Engineering station			
	A6B-2 A8C A7B-1 98C-1 A8B A9A A8F-1 A7A B0A A7D B0B A6F A6D B0C A8F-2 A7F A6E A6B-1 A7C A7E A7B-2 A5B A5C B1C B1D B1B-1 B1B-1 B1B-2	\$ 136,812 2,823,509 1,623,284 76,307 1,080,078 900,381 858,475 696,633 469,578 531,487 282,998 251,171 336,992 245,161 220,992 279,140 145,066 287,616 93,166 60,042 24,752 446,682 30,000 53,180 8,053 5,348	\$ (267,319) 2,676,588 1,525,488 (1,771) 1,024,832 847,737 809,579 658,980 440,061 506,418 264,348 234,326 320,606 229,053 206,189 264,970 134,102 277,784 87,663 56,020 21,038 (3,234) 443,561 27,846 51,115 7,997 5,311	\$ 404,131 146,921 97,796 78,078 55,246 52,644 48,896 37,653 29,517 25,069 18,650 16,845 16,386 16,108 14,803 14,170 10,964 9,832 5,503 4,022 3,714 3,234 3,121 2,154 2,065 56 37
	A4C A0B A6C	9,367 438,611 12,414,881	1,116 44,203 587,271 11,481,878	(1,116) (34,836) (148,660) 933,003
2.	Development station	, ,	, - ,- · -	,
	750	1,058,922 \$ 13,473,803	966,586 \$ 12,448,464	92,336 \$ 1,025,339

STATEMENT OF OPERATING EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Salary (Note 1)	\$ 29,542	\$ 115,869	\$ 14,987	\$ 160,398
Professional fees	12,405	24,047	10,187	46,639
Taxes and fees	601	41,451	-	42,052
Depreciation	3,202	22,112	3,097	28,411
Other (Note 2)	40,760	75,630	2,567	118,957
	<u>\$ 86,510</u>	<u>\$ 279,109</u>	<u>\$ 30,838</u>	\$ 396,457

Note 1: Salary includes salary, bonus and retirement expense.

Note 2: The amount of each item does not exceed 5% of the account balance.

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

		2022						2021				
Item	0	perating Costs		perating Expenses		Total	0	perating Costs		perating Expenses		Total
Employees benefits expense												
Salaries expenses	\$	761,445	\$	127,284	\$	888,729	\$	718,074	\$	121,488	\$	839,562
Labor and health expenses		69,792		9,164		78,956		57,458		8,776		66,234
Pension expenses		35,468		5,402		40,870		30,618		6,093		36,711
Director's emoluments		-		27,712		27,712		-		60,873		60,873
Other employee benefits		17,202		1,479		18,681		20,838		1,586	_	22,424
	<u>\$</u>	883,907	\$	171,041	\$	1,054,948	\$	826,988	\$	198,816	\$	1,025,804
Depreciation expense	\$	62,019	\$	28,411	\$	90,430	\$	42,230	\$	30,201	\$	72,431

- Note 1: As of December 31, 2022 and 2021, the Corporation had 922 and 840 employees, respectively, of which 8 directors were not concurrently serving as employees for both years.
- Note 2. The average employee benefits expenses were \$1,124 thousand and \$1,160 thousand in 2022 and 2021, respectively.
- Note 3. The average employees' salary expenses were \$972 thousand and \$1,009 thousand in 2022 and 2021, respectively.
- Note 4. The change in the average employees' salary expenses was 3.7%.
- Note 5: There was no supervisor in the Corporation, and audit committee has replaced supervisors' authority as required by law.
- Note 6: The compensation policies of the Corporation are as follows:

a. Directors

In accordance with Article 28 of the Corporation's articles of incorporation, if the Corporation has a profit before tax in the current year, the Corporation shall allocate no less than 2% of the profit as employees' compensation and no more than 2% of the profit as remuneration of directors. However, if the Corporation has accumulated losses, it should first reserve an amount for the offset of the loss. The above-mentioned distribution ratios are adopted by the resolution of the board of directors with more than two-thirds of the board of directors present and with the consent of more than half of the directors that are present, and are reported at the shareholders meeting. In addition, the "Board Performance Evaluation Method" of the Corporation is used as a reference for the remuneration of directors.

b. Managers

The salary level of the Corporation's managers must be competitive in order to attract external outstanding talent and retain existing talent. Managers' salaries are differentiated based on job responsibilities and performance in order to encourage managers to assume greater responsibilities and meet their performance goals. Managers are responsible for operations performance, and incentives should take into account the Corporation's long-term and short-term performance.

c. Employees

The overall salary of the Corporation's employees, which includes fixed and variable salary, is based on the principle of balancing internal fairness and external competitiveness. In addition, bonuses are promptly issued to share the results of operations with colleagues to attract, motivate and retain talent. Pursuant to the Corporation's articles of incorporation, no less than 2% of annual pre-tax net income before deduction of employees' compensation and remuneration of directors and supervisors shall be allocated as employees' compensation. Employees' compensation is determined based on job responsibilities and professional skills, and the amount of salary and bonus paid is based on individual performance and level of contribution to the Corporation.

VI. The impact on the company's financial condition shall be listed for the company and its affiliated companies that have encountered difficulty in financial turnover in the most recent year and up to the published date of this annual report: N/A

Seven. Discussion and Analysis for the Financial Position and Operating Results and Risks

I. Financial Position

Comparative Analysis of the Financial Position

Unit: NT NTD in thousands

Year			Deviance	
Item	Year 2021	Year 2022	Increase (Decrease)	Change
			Amount	Ratio%
Current Assets	38,754,641	35,989,828	(2,764,813)	(7.13)
Investments by the Equity Method	1,638,812	1,591,585	(47,227)	(2.88)
Property, Plant and Equipment	3,210,072	3,089,497	(120,575)	(3.76)
Other Non-Current Assets	4,484,638	4,468,986	(15,652)	(0.35)
Total Assets	48,088,163	45,139,896	(2,948,267)	(6.13)
Current Liabilities	17,472,075	14,451,715	(3,020,360)	(17.29)
Non-current Liabilities	7,687,342	8,011,957	324,615	4.22
Total Liabilities	25,159,417	22,463,672	(2,695,745)	(10.71)
Share Capital	15,308,998	15,308,998	0	0.00
Capital Reserves	73,884	74,648	764	1.03
Retained Earnings	7,676,432	7,698,310	21,878	0.29
Other Equity	(223,791)	(477,143)	(253,352)	113.21
Equity Attributed to the Owners of	22,835,523	22 604 912	(220.710)	(1.01)
the Parent Company	44,033,343	22,604,813	(230,710)	(1.01)
Non-controlling Equity	93,223	71,411	(21,812)	(23.40)
Total of Shareholders' Equity	22,928,746	22,676,224	(252,522)	(1.10)

The main reasons for the increase or decrease and its impact and future response plan:

The decrease in the total amount of other equity was mainly due to the recognition of the exchange difference in the translation of the financial statements of foreign operating institutions and the recognition of unrealized gains and losses of financial assets of invested companies.

II. Financial Performance

(I) Comparison and analysis of operating results.

Unit: NT NTD in thousands

			Davier	
Item	Year 2021	Year 2022	Deviar Increase (Decrease) Amount	Change Ratio%
Operating Revenue	17,196,685	15,093,372	(2,103,313)	(12.23)
Operating Costs	16,856,799	13,715,550	(3,141,249)	(18.63)
Gross Operating Profit	339,886	1,377,822	1,037,936	305.38
Operating Expenses	698,505	601,807	(96,698)	(13.84)
Operating Income (Loss)	(358,619)	776,015	1,134,634	(316.39)
Non-operating Revenue and Expenses	2,837,088	225,093	(2,611,995)	(92.07)
Pre-tax Net Profit	2,478,469	1,001,108	(1,477,361)	(59.61)
Income Tax Expenses (Incomes)	(183,707)	195,952	379,659	(206.67)
Net profit for the year	2,662,176	805,156	(1,857,020)	(69.76)
Other Comprehensive Incomes and Losses	239,037	(234,121)	(473,158)	(197.94)
Total Comprehensive Incomes and Losses	2,901,213	571,035	(2,330,178)	(80.32)

- 1. The increase in operating profit and operating profit was mainly due to the decrease in operating costs.
- 2. The increase in other comprehensive profit and loss losses was mainly due to the increase in unrealized evaluation losses on equity instrument investments.
- 3. The increase in income tax expenses is mainly due to the recognition of the number of investment losses related to capital reduction to cover losses of the invested company in 2021, which has not been realized in tax, and the resulting tax losses are recognized as income tax benefits due to the reserve of losses, which will be recognized as tax gains after calculation in 2022.

(II) Analysis of Changes in Gross Operating Profit:

Year	Year 2021	Year 2022	Percentage of Increase (Decrease) (%)
Operating Margin (%)	1.97	9.12	362.94
Analysis and explanation for the changes of increase/decrease percentage: Mainly due to the increase in			

operating costs in 2022 and the decrease in operating gross profit.

III. Cash Flow

(I) Analysis for the Liquidity of the Recent Two Years

Year	Year 2021	Year 2022	Percentage of Increase (Decrease) (%)	
Cash flow ratio (%)	1.12	-	-100	
Cash flow adequacy ratio (%)	10.23	8.65	-15.44	
Cash re-investment ratio (%)	-	-	-	
Analysis and explanation for the changes in increase/decrease percentage: Mainly due to the decrease in net cash inflow from operating activities.				

- (II) Analysis for the cash liquidity for the next year
 - 1. Analysis for the changes in cash flow for the year (next year)

Unit: NT NTD in thousands

Cash and cash equivalents at the	Net cash flow from the	Cash outflow for	Remaining cash (insufficient)		nedy nt cash amount
beginning of the year Balance	operating activities for the	the full year		Investment	Wealth management
①	full year ②	3	0+2-3	Plan	Plan
4,189,543	227,514	2,790,331	1,626,726	-	-

- (1)Operating activities: actively contracting public construction and individual construction projects; well controlling the construction progress and promoting the development, sales and leasing business in industrial zones, in order to contribute to the operating revenue and funds (2)Investment activities: continuously implementing the streamline of the Company and carefully
- selecting the underlying investees.
- (3) Financing activities: repaying the borrowings due gradually
- 2. The expected remedy for insufficient cash amount and the analysis for liquidity: N/A

IV. The impact from annual material capital expenses to the financial business: None

V. The main reasons for the profit or loss of the re-investment policy for the recent year, the improvement plan and the investment plan for the next year:

Unit: NT NTD in thousands

Explanation Item	Amount	Policy	Main reasons for the profit or loss	Improveme nt plan	Other investment plan for the next year
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Core Pacific World Co., Limited.	1,742,545	Diversified operation	The Company has started to earn profit from 2022	_	_
Core Asia Human Resources Management Co., Ltd.	90,345	Diversified operation	The Company has started to earn profit from 2022	_	_
Chung Kung Safeguarding & Security Corp.	52,522	Diversified operation	The company has started to lose money since 2022	_	_

VI. Analysis and Assessment of the Risks for the Recent Year up to the Publication Date of the Annual Report

(I) Impacts to the income and loss of the Company from changes of interest rates, foreign exchange rates, and inflation, and the countermeasures

1.Interest rates

- A. International main economies continue to implement tightening monetary policy, such that the global economy clearly slows down, but the global inflation increasing pressure is mitigated. With the continuous increase in interest rates in the economies of the U.S. and Europe, the global economic recession may become worse, such that the global financial stability can be affected by the increasing risk of decline of the global economy. The central bank evaluates and considers that the domestic CPA annual interest rate may be reduced and also expects that the global economy will slow down with an increasing risk of recession. As the main economies of the U.S and Europe may continue to maintain the increase in interest rate, the domestic economic growth slows down, and the tightening currency policy will continue to be implemented while the government may also maintain the increase in interest rate policy, in order to suppress the domestic inflation and to stabilize prices. For the loan interest rate of the Company, due to the increasing trend of the central bank's interest rate policy, the Company will continue to monitor the bank interest rate change trend closely.
- B. With regard to the financing activities with financial institutions, to prevent the impact of interest rate fluctuation on the Company's capital cost, the Company pays attention to the interest rate trend and maintains proper relationships with banks in order to actively negotiate for an interest rate reduction and to obtain preferable interest rate. Furthermore, the Company also monitors the impact of the financing market interest rate change on the fund of the Company, in order to adopt response measures timely. The Company continues to repay parts of the bank loan annually, in order to reduce the interest expense incurred due to the loan balance. Accordingly, the change in interest rate has no material impact on the profit or loss of the Company.
- 2 Foreign exchange rates: The Company has very insignificant foreign currency assets in the total assets; therefore, foreign exchange rates have limited impacts to the Company.

3.Inflation:

- A.In recent years, under the impact of the increase in the energy and raw material prices, the domestic prices also increase. However, holistic economics and industries are expected to grow steadily, and thus inflation is still in check. Also, the Company actively maintains good relationships with clients and suppliers, and timely adjusts the sales prices and material inventory corresponding to the movement of prices, for the purpose of lowering the influence of inflation.
- B. The Company closely observes the market conditions of the bulk commodity, as well as enhances analyses of the trends and movements of the domestic and overseas market. Procurements are made in batches or once-for-all to lower the costs, and subcontract the professional works to avoid the risks of the inflations
- C. When contracting out for jobs, the Company negotiates to increase the price-adjustment payment, to decrease the erosion of the profit as much as possible. Therefore, the impact of inflation to the Company is limited.
- (II) Policies for investments with high risks and leverage, loaning of funds to others, endorsement and guarantee, and the derivative trading, the main reasons for the profit or loss, and future countermeasures:
 - 1. The Company currently does not engage in any investments with high risks and leverage, nor derivative trading.
 - 2.The endorsement/guarantee cases up to now: Up to the deadline of December 31, 2022, the Company has not provided any external endorsements and guarantees. Regarding the subsidiary Cinemark-Core Pacific, Ltd., the board of directors' meetings held in April and October 2021 and August and September 2022 approved that based on the criteria of a company with more than 50%

of voting shares directly or indirectly held by the Company, for the theater renovation and sound working capital loan applied by Cinema 7 Theater Co., Ltd., endorsement/guarantee was provided for an amount of NT\$16,415 thousand applied with Taishin D.A. Finance Co., Ltd., an amount of NT\$20,000 thousand with E.SUN Bank (providing certificate of deposit of RMB 5,000 thousand for setting of pledge) and an amount of NT\$57,885 thousand with Taishin International Bank (providing certificate of deposit of RMB 11,000 thousand for setting of pledge). Up to December 31, 2022, the actual drawing amount for such endorsement/guarantee was NT\$74,507 thousand. The meeting of the Board of Director in December 2022 passed that the subsidiaries, Core Pacific Consulting (Changshu) Co., Ltd. and Hua Cheng Consulting (Changshu) Co., Ltd. applied NT\$ 550,000,000 from Taipei Branch, the Bank of East Asia, Limited, for their business needs. The subsidiaries provided the RMB certificate of deposit, as a collateral for the financing facility of the Company from Suzhou Branch, the Bank of East Asia (China), Limited for a standby L/C of the amount of 142,000,000 RMB for two years. The guaranteed amount complies with the Guidelines of Loaning of Funds and Making of Endorsements/ Guarantees. As of December 31, 2022, the actual drafted amount by both companies is NT\$520,000 thousand. The meeting of the Board of Director in July 2022 passed that the subsidiary, Chung Kung Safeguarding & Security Corporation to be the joint guarantor for the companies it has directly and indirectly held more than 50% of voting rights, BES Consultant Corporation and BES Apartment Maintenance and Management, for the joint financing facility of NT\$ 50,000 thousand from the Shanghai Commercial & Savings Bank, Ltd. The endorsement/guarantee amount complies with the Guidelines of Loaning of Funds and Making of Endorsements/ Guarantees. As of December 31, 2022, the actual drawing amount for the endorsements/guarantees provided the two companies to BES Consultant Corporation was NT\$2,000 thousand.

3. Loaning funds to others: Up to December 31, 2022, there was one company for loaning of funds to others provided by the Company: According to the resolution of 8th meeting of the 26th term of board of directors of the Company on June 10, 2021: to cope with the business expansion of BES Vietnam LLC, the Company extended the loan of US\$1,050 thousand to BES Vietnam LLC, and the actual drawing amount was US\$1,050 thousand. The aforementioned loan has been repaid in full and the case was closed on April 1, 2022. Due to the Company's execution of merger with subsidiary BES Machinery Co., Ltd., the Company generally assumed the loan and the creditor's right of BES Machinery Co., Ltd. on HRDD Logistics Co., Ltd. for an amount of NT\$21,550 thousand on March 25, 2022. The aforementioned loan has not yet been repaid upon the deadline of September 3, 2022. After assessing HRDD Logistics Co., Ltd.'s operating performance and the possibility of collecting the receivables, the Corporation set aside an allowance for bad debt for the receivables and interest receivables from HRDD Logistics Co., Ltd., totaling NT\$22,628 thousand, at the end of September 2022. HRDD Logistics Co., Ltd. signed and negotiated with the Company for the Borrowing Return Supplementary Agreement on October 14, 2022. Up to December 31, 2022, the loaning of funds provided by the Company to the external was NT\$21,550 thousand. Up to December 31, 2022, there were a total of 2 companies to which the subsidiaries provided loaning of funds: Chung Kung Safeguarding and Security Corp. provided loaning of funds to others at a balance of NT\$30,000 thousand, and such balance included the loaning of funds to BES Consultant Corporation for an amount of NT\$15,000 thousand and loaning of funds to Chung Kung Management and Maintenance of Apartment Co., Ltd., and up to December 31, there was no actual drawing amount. The loaning of funds provided by Cinemark-Core Pacific, Ltd. to Cinema 7 Theater Co., Ltd. was of the balance of NT\$30,000 thousand, and up to December 31, 2022, the actual drawing amount was NT\$4,000 thousand.

(III) Future plans of R&D and R&D investment expected:

- 1.Establishment of leasing modules for construction equipment.
- 2. Establishment of the smart site management mechanism.
- 3.Implementation of customer relationship management system
- 4.Establishment of construction project management system
- 5.Enterprise Information Portal (EIP) revision
- 6. The expected investment of R&D for the next year is NT\$18 million.
- (IV) The Impact to the finance and business of the Company from the changes of domestic and overseas key policies and laws, and the countermeasures
 - 1. Analysis and Assessment of Risks

- (1) The levy of taxes on multiple properties of the same owner, the restriction of loan-to-value ratios, the implementation of Housing and Land Transaction Tax and the policy in social housing in Taiwan and the continued spread of COVID-19 around the world pandemic are all affecting the fundamentals. The Russia-Ukraine war and sanctions from western countries have dramatically reduced trades with Russia and disrupted the global supply chain of commodities, crude oil, natural gases, metals and mining. Rapidly rising commodity price are pushing global inflation and undermining global trade growth. Major international institutions have all downgrades the forecasts about the global economy and trade growth. All these factors may significantly affect Taiwan's trade performance. The economic growth from last year is unlikely to maintain. Domestic price levels and interest rates are unlikely to hold stable given the rising commodity prices and currency rate fluctuations in the global market. Inflation and rising prices will impact the economy and likely all industries.
- (2) The government has started to contract work for small projects and local constructors are able to bid. As a result, large engineering companies become less competitive in projects of small contract values.
- (3) Government policies, macroeconomy, interest rates, oil prices and water/electricity supply have influence on the Company's profit or loss.

In summary, the following risk and countermeasures are derived.

- 2. Risks affecting the Company's incomes:
 - (1) Market environment competition risk: The excessive supply of similar products in the market results a fierce marketing competition, and finally risks of increasing marketing costs and slow sales of products are derived. The risks are generated from insufficient market research and analysis and product competitiveness, as well as the incapability of grasping the market.
 - (2) Financial allocation risk: The developers are unable to recover its returns on the investment as scheduled or on schedule, resulting in the use of financial leverage.
 - (3) Governmental policy direction risk:
 - A. The direction of the industrial land policy white paper continues to be implemented, along with active prevention of industrial area land hype, guidance for legal improvement of illegal factories and encouragement for Taiwanese business operators to return to Taiwan, and the program for promoting the returning Taiwanese business operators to engage in investment activity will be extended for implementation by a period of three years to the end of 2024. All of the aforementioned policies are advantageous to the relocation of illegal factories, returning of Taiwanese business operators and domestic company factory expansion. With the active provision of lands necessary for the factory establishment of companies and the fund resource assistance, the investment willingness of companies in the establishment of factories is also increased, which is also beneficial to industrial real estate sales. To cope with the insufficient industrial lands, the government increases the supply of industrial lands and also promotes the industrial area grad-separated plan, public lands with a discount release, and guidance of the private sector to release idle lands. In addition, the government also cooperates with Taiwan Sugar Corporation to develop Chiayi Zhongpu Park, such that it will cause competition in the sales of the land in this area. Meanwhile, to prevent artificial demand due to industrial land speculation, the government controls the land development and supply for new industrial zones by requiring preregistrations for sale and lease. This has obviously affected the mid-to-long term land reserve planning and purchase willingness of manufacturers. It will influence the timing of industrial land sales.
 - B. The government's energy transformation plan, public infrastructure projects and private participation in public projects are all contributing significantly to the development of the industries focusing on the domestic market and the creation of job opportunities. Many large corporations domestic and overseas have purchased green electricity. The government is also promoting the development of wind and solar industries with enhanced R&D and manufacturing capacities. Given the policy push for use of green energy, the large consumption of green energy will increase the Company's operation cost.

- C. Due to the factors of the government's house price suppression policy, the third reading of the amended Equalization of Land Rights Act, restriction on the contract exchange or resale for pre-sale houses or newly constructed houses, tougher financing criteria and increase in down payment for mortgage, investors' willingness in the real estate investment is affected, which in turn also affects the Company to face difficulty in the subsequent release of new projects. Furthermore, the government has also implemented numerous restrictions on the private legal person's purchase of houses, including restrictions on the transfer, pre-registration within five years of the holding period, increase in tax burden and greater difficulty in the subsequent resale of houses.
- D. Regarding overseas development (Vietnam and Myanmar), the overseas local government's investment policies and regulations have a significant impact on foreign investments entering the local market for investment and development. Based on the consideration of the local government's policy impact, regardless of the restrictions on whether there are investment laws and regulations, determination of domestic or foreign investment, tax discount, land holding period and the ratio of real properties held by foreign investments, all of the factors affect the return of investment. Accordingly, the Company will pay close attention to the local government's policy and regulatory changes, in order to prevent investment loss.

(4) Macro-economic risk:

- A. With regard to the global economic status, in 2022, the world was affected by numerous factors of the Russo-Ukrainian War, a significant increase in interest rate adopted by the U.S. Fed, high inflation, conflict between the U.S and China, and city lockdown in China, causing global supply chain crisis. The overall economy was seriously affected by numerous and complicated factors. Up to the beginning of 2023, the international inflation pressure was still unresolved. The global main economies further increased the interest rate to suppress price increasing trend, and the economic growth forecast for 2022~2023 continued to be revised down. In addition, global inflation also affected the increase in international raw materials, such that global economic growth slowed down, and the terminal demands declined, causing manufacturers to face destocking pressure. In addition, the U.S. has passed the chip manufacturing act to attract semiconductor giants to establish factories in the U.S., in order to eliminate China from the supply chain and to stop the development of high-end semiconductors in China, particularly for high-speed AI chips, etc., such that the domestic and foreign semiconductor industries are facing a difficult situation. In addition, under the condition of a shortage of equipment and talent for semiconductor development, Chinese business operators had to implement self-development to overcome the harsh environment. As the supply chain continued to move to Southeast Asian countries and under the zero-case epidemic control adopted by the Chinese government, city lockdown caused public complaints and the white paper revolution, and China faced weak domestic demand, leaving foreign investments and the collapse of the real estate market. Consequently, the future economic outlook of China is not optimistic.
- B. In terms of the domestic situation, due to the numerous factors of inflation, increase in interest rate, decrease in consumer demands, the rapid decline of global economy and trading, the export of our nation continues to decline in the recent period. Furthermore, as the central bank follows the increase in interest rate policy of the U.S Fed, the interest rate for the whole year of 2022 has been increased. Although the level of increase is far lower than the increase adopted by the U.S. Fed, such increase has caused an impact on the domestic economy, including the reduction of corporates' investment willingness and the significant increase in the real estate mortgage interest rate from 1.3% during the beginning of the year to the present 2.0%, and banks' higher criteria for loan extension and extension of the loan approval period. All of these factors affect the domestic real estate market, and companies' willingness in the investment of factory expansion has also changed from the active purchase of land and investment to a conservative approach. Accordingly, a lot of companies have postponed their factory expansion plans from 2021, which also increases the uncertainty of industrial real

estate demands.

- C. To achieve the "Non-nuclear homes" policy by 2025 and to cope with the emerging global carbon credit trading and green electricity trading, the Company continues to actively develop renewable energies (offshore wind power, solar photovoltaic). Large offshore power farms are mostly centralized in the Changhua region and other sea areas, such that the Changbin Industrial Zone land sales have been driven to increase with greater diversity and a better future outlook, which is beneficial to the land sales.
- D. Regarding the overall economic development trend, the U.S. and Taiwan Strait Crisis and Russo-Ukrainian War have caused an increase in raw material prices and postponement of a lot of construction projects. For the promotion of urban renewal, dangerous and old buildings and residents profit ratio, under the trend of a significant increase in prices, such profit has become insufficient to cover the basic needs, and the profit margin of the construction industry also decreases, causing unfavorable impact to the business of the Company.
- E. For overseas development, (Vietnam) achieved strong economic growth in 2022 and benefited from various manufacturing industries relocated from China due to the risk diversification under the U.S. and China conflict and the COVID-19 pandemic impact. In addition, as Vietnam was able to secure the root of its domestic service industry demand, its tourism also brought significant economic growth after the border opening. For 2023, although it may not be able to duplicate the same remarkable GDP growth in 2022, its government has set optimistic goals of GDP growth of 6.5%, GDP per capita of US\$4,400, and the consumer price index (CPI) of 4.5%. The regional economic development is deeply affected by the global economy, and the Vietnam export will also face the situation of economic recession. However, as the governance level is relatively stable, and under the political and economic environment of foreign direct investment with stable growth, Vietnam is still the country that is most worthy for investment in Southeast Asia or even the whole world. Myanmar is one of the countries with the greatest growth dynamics in Asia. The Thilawa Special Economic Zone invested by Japan is beneficial to the expansion of the main commercial operating area of Yangon. In addition, its rapid growth of telecommunication industry also promotes investments and drives the performance improvement of other industries. In the future, the economic growth will continue to be benefited from large investment projects of foreign investors, and particularly the infrastructure, manufacturing industry and energy solutions, etc. The military coup occurred in February 2021 further pulled the democratic and economic developments of Myanmar backward. Due to its political instability, foreign investors also follow the sanctions of Europe and the U.S. to retreat from or act conservatively for Myanmar. Since the investment projects and amounts have significantly decreased from the time before the coup, the social and economic developments come to a halt. Presently, the Myanmar Kyat circulation has decreased significantly, and the demand of USD increases. Local banks (and ATM) also frequently restricts withdrawal amount or people may even have problem in withdrawing their saving.
- (5) The U.S. Fed said at the March 2022 meeting that it will reduce the position of debt securities at the maximum speed of US\$95 billion per month, in order to slow down the highest inflation over the past 40 years. In response to the aggressive interest rate hikes, reduction in debt securities holdings and quantitative tightening in the U.S., the central bank in Taiwan also increased interest rates. The rising cost of capital will increase the borrowing interest ratees and may affect operational profits. The global economic industry is still under recession, and the inflation pressure may force the U.S Fed to increase the interest rate again, and local central bank may also follow. Consequently, business operators' financing costs for purchase of land will also increase. Due to the impact of previous pandemic and war, the overall international inflation has affected the Fed to increase the interest rate by 0.75 percentage point, and the interest rate increase exceeds 1.5%. The central bank also adopts the strategy of increase in interest rate and implements financial control. Consequently, the fund heads toward the tightening state.

Vietnam government may still try to maintain the strength of its Myanmar Kyat (MMK) under the premise of preventing any harm to its trading competitiveness. Presently, the exchange rate is approximately MMK 24,000 to USD 1, an increase in approximately 5% from the beginning of 2022. In September 2022, the Vietnam base rate significantly increased by 1.00 percentage points. The goal was to act in response to the strong USD; therefore, under the condition where the interest rate increase in USD continues, the increase in interest rate in Myanmar is considered reasonable. The exchange rate in Myanmar once reached its highest point of MMK 1,624 to USD1 in 2019, followed by a subsequent decrease, and the lowest of MMK 1,274 to USD 1 occurred in 2020. After February 2021, due to the instability of political and economic conditions affected by the military coup, the demand for USD increased significantly, and the market (black market) even indicated the highest exchange rate of MMK 2,000 to USD 1 (the maximum depreciation of MMK before and after 2020~2021 reached 57%). In addition, there were also rumors in the market that the Myanmar government would issue new bills. As a countermeasure to the continuous depreciation of MMK, its central bank sold USD in the market numerous times; however, the outcome was still ineffective. Accordingly, the central bank has announced to establish the middle price for foreign currency CMB base rate, and regardless whether it is or buy, sell or trade/exchange foreign currency, the trading price must not exceed 0.8% of the middle price. Presently, the official exchange rate is 2100 (the actual black market trading exchange rate will be higher). Myanmar government's policy on the interest rate once reached the highest of 12.50% in 1996, and maintained at 12% during 2008~2013. As for recent years, the annual interest rate is fixed at 10%. Currently, the actual deposit interest rate for the banking industry in Myanmar is approximately between 8%~12%, and the loan interest rate is between 15%~18%.

- (6) Oil price change risk:Due to the Russo-Ukrainian War, the international crude oil price increased continuously during the early stage of the war as the supply was expected to be affected significantly. However, after approximately half a year from the beginning of the war, the crude oil price started to fall. Nevertheless, the overall international oil price is still high. In addition, as the Chinese government lifts all city lockdowns and stops the zero case policy, the local economic activities have resumed to normal progressively. Accordingly, for a long term, the oil price will still continue to increase, which is likely to cause increase in production costs of companies.
- (7)Due to a lack of natural resources in Taiwan and the growing emphasis on clean energy in the international community, new energy development has become an imperative. During recent years, the government has been promoting the installation of solar and offshore wind in Changhua Coastal Industrial Park, to attract new energy companies. In addition, international corporations have been asking the supply chain to gradually reduce carbon emissions and the trading of green electricity has emerged. However, there are risks to investments and expansions associated with the weather and supply uncertainty.

3. Future countermeasures:

(1) Countermeasures for market environment competition risk:

A. Introduction of the turnkey model:

The traditional item-sub-contracting structure can no longer satisfy the needs of the clients. The comprehensive engineering service company's capabilities and characteristics can provide the comprehensive and holistic professional engineering services responding to market demands. With increasing disputes and time pressures of new construction projects, the engineering industry actively thinks about introducing the new "outsourcing strategy" to resolve these issues. Therefore, the "turn-key" model that has been adopted in foreign countries for many years is introduced to Taiwan, aiming to mitigate the impacts from the streamlining of governmental staff to the public construction projects, to proceed on time with quality.

B. Contracted Constructions become internationalized and larger:

After Taiwan joined the World Trade Organization, the domestic market has been opened

to the foreign construction companies to enter for fair competition. To respond to this trend, the domestic players will also strengthen the company by cooperating with foreign companies in Taiwan or exploring international markets and foreign local players in response to this trend. Competitiveness. In response to the increase in global demand, the supply volume needs to be relatively increased. In view of the economies of scale, various engineering companies are also vying to upgrade their technology for large-scale projects.

C. Emphasis on research and development

As the construction industry develops toward to the large scale, under the fierce market competition, technology research and development work is bound to be gradually valued. The Company develops new work methods, new materials, and provide customers with multiple added value, while providing design ideas to reduce costs, in order to improve their competitiveness in the market, and establish the differentiated direction of efforts for each engineering company.

D. Establish an exclusive construction brand

Establishing dialogues between people, art and the environment, as well as the brand value of the Company is not only the demands of purchasers for quality improvements regarding the living environment including the building design, internal layout, building materials, equipment and public facilities, but also the safety demands of consumers for their home. The Company stays true to the concept of human-oriented and the environmental, while upgrading the demands of consumers, for the product planning, the new products are launched according to "artistic," "innovative," "practical" and "humanity" to meet market demands; the after-sales service is also strengthened to stablish the brand awareness in the minds of consumers.

E. Global position for the international market

With the boundary-less internet, the international global village era comes; the planning and design of architectural product follow the trend of the world, and is no longer confined to specific regions. The cross-border real estate transactions have become more convenient, and the Taiwanese real estate market will also step forward to the international open market, and thus further promotes the formation of a common circulation platform for the real estate market in the Asia-Pacific region and four markets crossed the straight. Therefore, the company will be globally deployed to the international market and launch real estate products.

(2) Countermeasures for the risks of financial allocation:

- A. For real estate developers, under the current circumstance that lands are not easy to obtain, actively looking for urban renewal and joint construction is the most beneficial way for mitigating and covering for investment losses.
- B. For the purpose of strengthening the cost control and avoiding the vicious low-price bidding in the industry, the Company actively engages in urban renewal and the development of MRT stations, to enhance the Company's profit; meanwhile, we bid the tenders with technical requirements, special construction methods and specific qualifications to improve the chances of winning.
- C. The Company continues to implement the streamlining plan for health of the Company, and restructures the reinvested companies with poor operational performance or no obvious profit.

(3) Countermeasures for government policies:

- A. Continued development of projects in Changhua Coastal Industrial Park and reduce significant capital outlays by recovering advances on a rolling basis. Strive for land incentives by helping manufacturers to communicate with government agencies, in order to accelerate land sales Attracting relaxations on land use restrictions
- B. With regard to the promotion of the newly amended Equalization of Land Rights Act, the pre-sale house market is relatively less optimistic, Accordingly, it is recommended to focus on the market development and to slow down the construction progress, in order to avoid the

overall economic tightening period.

- C. Undertaking (where appropriate) high-quality public construction projects
- D. The Company will cooperate with the local policies of the Vietnamese government, and will seek the opportunity for establishing alliances with local well-known construction consultants/constructors recommended by the public construction association, in order to provide the technology advantages of BES Engineering to cooperating partners, thereby seizing the public construction business opportunities and develop deep-rooted local political and business relationships. Presently, the governance of the Myanmar military government in its political, social and economic aspects is still uncertain, such that it is under unstable conditions. In addition, whether the government will continue to cooperate with the military government is still doubtful with great uncertainty. Accordingly, for business dealings with government agencies, the Company will continue to monitor and adopt the responsive approach of re-evaluation and assessment.

(4) Countermeasures for the economic environment:

- A. Attraction of domestic and overseas industry players, particularly in foreign investors in renewables, to Changhua Coastal Industrial Park given its large hinterland and in support of the government's policy for nuclear-free homes by 2025 Offering of a diversity of products and services to address the land use requirements of customers For example, Lunwei East District (coastal) serves as the solar farm area, Lunwei West District (phase 2) for production activities of SMEs (small and medium enterprises). The metal surface treatment area in Lunwei is available for local electroplating processors who are clustered in Changhua County and whose factories were not registered. Staying on top of the global economy, keeping abreast of government policies (from the Industrial Development Bureau, Ministry of Economic Affairs and Changhua County) in relation to industrial land and visits to manufacturers to understand requirements, so as to plan for product features and selling methods going forward.
- B. Although the pandemic has been mitigated, the currency condition of most countries is still relatively weak. Under the impact of the Russo-Ukrainian War and the high tension in the energy supply, the price index and inflation continue to remain high. Accordingly, the Company will adopt the policy of increasing the use of green energy and developing greater renewable energies for future construction projects.
- C. Introduction of modularization and machinery-based techniques and reduction of labor-intensive projects.
- D. In 2023, the political and economic conditions of Vietnam will face the following: (1) the nation continues to maintain the measures of tightening the issuance of bonds and real estate mortgage, (2) major amendments to land related laws (3) global market, including real estate, affected by the political turmoil worldwide in 2023 (4) global inflation status (5) continuous increase in new house sales price, which is likely exceed the bearing capability of most house buyers with actual needs. The Company will collect the government regulatory amendments and drafts from various sources, and will try to find the development model coping with the local land development new regulatory environment and new cost estimation method, prepare flexible responsive actions, establish diverse communication channels with the local government, and seek reliable fund supporting channels. In addition, the Company will propose the project feasibility probability during the early stage of projects, in order to reduce unnecessary development costs and time, and to implement effective and precise development, thereby achieving the maximum benefits with limited funds and investment. Myanmar's development will head toward business dealings with the private sector, and the Company will continue to monitor whether there is any case or land with investment value in order to perform investment.

(5) Countermeasures for changes in interest rates:

The Company continues to negotiate lower interest rates from banks, activate capital flows, and continue to repay borrowings. In order to reduce the burdens of land purchases, the

company continues to consult all major banks, for better interest rates coping with the preferential lending mechanism of the industrial areas. In addition, it is necessary to focus on the profit structure and overall planning strategy, and review the profit structure from the financial perspective as well as consider future investments.

(Vietnam) For 2023, the end point for the global interest rate increase trend is still unknown, and during various financial evaluations, it is necessary to consider all possible situations for interest rate increase, and the conservative approach will be adopted to perform a financial evaluation for minimum risk of our company. (Myanmar) To prevent continuous depreciation of MMK, the central bank of Myanmar has announced that all transactions in the jurisdiction of Myanmar shall be conducted in MMK, and foreign currencies obtained from export, it is required to be exchanged to MMK within a specified deadline, in order to increase the MMK demand within its jurisdiction. However, the exchange rate difference between the governmental official rate and the black market rate is approximately 35%. If our company remit fund in USD to Myanmar, the loss of our company will reach the exchange difference of 35%. Accordingly, for the required fund, if the loan can be obtained in Myanmar, the annual interest rate is approximately 15~18%, and the interest expense is far lower than the exchange difference loss incurred for direct inward remittance of USD. Moreover, if our company is able to apply for and obtain loans at low interest rates according to the new southbound policy and to use a non-government channel to exchange the fund into MMK (due to the preferred exchange rate), followed by inward remittance into the company's account in MMK, our company will be able to prevent exchange loss and high interest expense.

(6) Countermeasures for changes in oil prices:

High oil prices increase the production costs for companies. It is hence necessary to advocate the development of transportation systems in the surrounding areas to encourage investments in facilities.

(7) Countermeasures for movement in water and power supply:

The Changhua Coastal Industrial Park Fumazun Water Supply Plan has been completed and delivered to the Industrial Development Bureau. In the future, the Changhua Coastal Industrial Park Lunwei District industrial water supply will be stable, such that under the condition where the industries in Taiwan are facing water shortage, it is able to increase corporates' willingness to purchase lands for factory construction.

(V) The impact of technological and industrial changes on the Company's finance and business and the countermeasures:

The company is mainly engaged in contracted constructions for the civil engineering and construction, investment in the construction of real estates, and the agency of the government planning industrial zone development, to create revenue and profit. To responding the technological and industrial changes, the Company constantly grasp market movements, and actively obtains industry information through various means to expand the business. In order to accurately grasp the pulse of industrial information, in recent years, it has also been committed to digitization, for the purpose of improving working efficiency and enhancing competitiveness. Currently, the Company has no impact to finance and business resulted from the technological changes or industrial changes.

(VI)The impact of corporate image changes on corporate crisis management and countermeasures:

The Company aims to improve the quality of constructions, serve the society and promote prosperity, in order to establish a good corporate image.

- (VII) The expected effects and possible risks of mergers and acquisitions and countermeasures: In order to simplify the organizational structure, the Company and BES Machinery Co., Ltd. carried out a simple merger to achieve the benefits of saving operating costs and improving operating efficiency. BES Machinery Co., Ltd. is a 99.35% subsidiary of the Company, so there is no share exchange ratio or issue of new shares, which will not affect the rights and interests of the Company's shareholders.
- (VIII) The expected effects and possible risks of the expanding plants and countermeasures: None
- (IX) Risks and countermeasures for concentration of purchase or sales of goods:

Due to the industrial characteristics, the items and standards of purchased or sold goods are subject to different requirements of the clients, so there is no risk of concentration.

- (X) The impacts of material share transferred or changed by directors, supervisors or major shareholders holding more than 10% of the shares on the Company, risks, and countermeasures: None
- (XI) Impact of changes in operating rights on the Company and risks: None.
- (XII) litigation or non-litigation

Item	1
Name of case:	Payment of construction for library and research building in Central Taiwan University of Science and Technology
Involved Parties	Plaintiff: the Company Defendant: Central Taiwan University of Science and Technology
Summary:	The client claimed the Company has not completed the constructions, and not fix the defects, and thus refused to make the payment of construction and the reserved payment with the excuse of delay.
Subject or amount	142,096,460 NTD
Date starting the lawsuit	2010/11/02
Current status	The judgment of the first instance described that the defendant shall pay 34,531,312 NTD to the Company; for other claims, the Company failed. The Company has appealed for 72,656,685 NTD. 2019.12.30 The third trial was remanded for the first re-trial. The third instance of court trial is pending now.

Item	2
Name of case:	Dispute over contract performance for National Expressway 2 H42 tender
Involved Parties	Plaintiff: the Company Defendant: Taiwan Area National Expressway Engineering Bureau, Ministry of Transportation and Communication
Summary:	The disputes over the water drainage holes and earthwork in the items to be performed, and the additions to the contract was claimed.
Subject or amount	NT\$ 18,316,940
Date starting the lawsuit	2013/11/14
Current status	The Company was defeated in the first and second instance, partial judgments were overruled and remanded in the third instance. The trail was transferred to the first instance for retrial. Previous first instance of court ruling was unfavorable to the Company, and presently, the third instance of court trial is pending. °

Item	3	
Name of case:	Dispute over the quantity of steel structures for the expansion of	
rame of case.	Taoyuan Airport	
Involved Parties	Plaintiff: the Company	
involved Farties	Defendant: Civil Aeronautics Administration	
Cummory	The quantity of steel structures for the expansion of Taoyuan	
Summary:	Airport was insufficient, and thus the claim is made.	
Subject or amount	NT\$102,034,038	
Date starting the lawsuit	2014/10/16	
	For the first instance judgement, the defendant shall pay the	
	Company for 66,162,900 NTD; both parties appealed for	
Current status	detriments for the second instance. The second instance judgment	
	described that the administration should pay extra	

NT\$24,369,283. Both parties appealed to the third instance of
court, and the court rejected the appeals filed by both parties. The
present was affirmed to maintain the ruling of the second instance
of court. This case has been closed.

Item	4
Name of case:	Lawsuit for Chunghwa Telecom
Involved Parties	Plaintiff: the Company
involved Farties	Defendant: North District of Chunghwa Telecom
Summary:	The contract was terminated by breach and thus claim the
Summary.	damages.
Subject or amount	Principle claim: 38,936,235 NTD; counterclaim: 36,602,159
Subject of amount	NTD
Date starting the lawsuit	2019/02/14
Current status	Pending for the first instance

Item	5
Name of case:	Taichung City Hall Construction Payment Dispute
Involved Parties	Plaintiff: the Company Defendant: Taichung City Government
Summary:	Regarding the construction payment of the Telecom Building, Taichung, the Company has assigned Xiang-Chi Corporation to work and now claimed the construction payment for design changes from the Taichung City Government.
Subject or amount	340,707,789 NTD
Date starting the lawsuit	2013/07/11
Current status	The first instance of court ruling demanded the landlord to pay NT\$11,020,000, and the both parties appealed the detriments of the ruling respectively. The second instance of court maintained the original ruling, and both parties further appealed to the third instance of the court. Presently, it is under the retrial proceeding.

Item	6
Name of case:	Revocation of arbitration by ADE Technology
Involved Parties	Plaintiff: ADE Technology Inc.
involved I arties	Defendant: the Company
Cummary	ADE Technology Inc. applied for revoking arbitration 108
Summary:	Chong-Sheng No. 063 with the Company.
Subject or amount	NT\$113,063,351
Date starting the lawsuit	2020.08.25
Current status	ADE Technology Inc. applied for revoking arbitration to the court. The application was overruled in the firs instance. The request was rejected in the trial of second instance, and Ade Technology Inc. refused to accept it and appealed to a court of third instance. The request was rejected in thet trial of third
	instance. This case is closed.

Item	7
Name of case:	Arbitration on the compensation for damage from ADE Technology Inc.
Involved Parties	Petitioner: the Company Opposite party: ADE Technology Inc.
Summary:	ADE Technology Inc. terminated the contract due to breach of contract, which caused damages of the Company.
Subject or amount	NT\$50,797,176
Date starting the lawsuit	2020.11.17
Current status	The procedure of arbitration has ended. The principal claim: Ade Technology Inc. should pay the Company NT\$5,148,571; the counterclaim: The Company should pay Ade Technology Inc.

	NT\$42,443,594. This case is closed.
Item	8
Name of case:	Litigation for the non-existence of claims of ADE Technology Inc.
Involved Parties	Plaintiff: the Company Defendant: ADE Technology Inc.
Summary:	ADE Technology Inc.claims that it has the claim of NT\$96,631,789 of the Company. As the term is about to expire, ADE Technology Inc. proceeds to file a petition for a declaratory judgment.
Subject or amount	NT\$96,631,789
Date starting the lawsuit	2020.11.13
Current status	The Company lost in the first instance of court trial, and the second instance of court trial is pending now.

Item	9
Name of case:	Ade Technology Inc.'s compensation arbitration withdrawn case
Involved Parties	Plaintiff: the Company
	Defendant: Ade Technology Inc.
Summary:	Ade Technology Inc. applied for withdrawing the arbitration 109
	Chong-Sheng No. 080 with the Company.
Subject or amount	NT\$47,592,165
Date starting the lawsuit	2021.11.25
Current status	The Company lost in the first instance of court trial, and the
	second instance of court trial is pending now.

Item	10
Name of case:	CF650 Request for payment for the difference in the construction
	amount arising from direct bid awarding
Involved Parties	Plaintiff: the Company
	Defendant: First District Project Office Department of Rapid
	Transit Systems
Summary:	Both parties failed to reach an agreement on a price for changes in the contract, but the business owner awarded the bid directly and the difference from the project price arose due to the bid awarded.
Subject or amount	NT\$107,489,135
Date starting the lawsuit	2021.9.27
Current status	Pending in the first instance

Item	11
Name of case:	CF650 Request for payment for increased direct engineering
	costs due to extension of the construction period
Involved Parties	Plaintiff: the Company
	Defendant: First District Project Office Department of Rapid
	Transit Systems
Summary:	We requested for payment for the increased direct engineering
	costs, including construction surveying, safety and health
	management fees, and quality management fees, due to the
	extension of the construction period.
Subject or amount	NT\$157,154,629
Date starting the lawsuit	2021.11.1
Current status	Pending in the first instance.

Item	12
Name of case:	CL311 Management and sales fee mediation case
Involved Parties	Applicant: the Company

	Counterparty: Railway Reconstruction Bureau, Ministry of Transportation and Communication
Summary:	We requested for an extension of management and sales fees
Subject or amount	NT\$293,495,512
Date starting the lawsuit	2020.9.29
Current status	On 2022.5.26, the proprietor paid the management and sales expense of NT\$73,782,408 (tax included), and this case was closed.

Item	13
Name of case:	Yonghe Expressway 78 Tender Profit Confiscation Case
Involved Parties	Applicant: Prosecutors Office
	Counterparty: the Company
Summary:	For the Yonghe Expressway 78 tender, according to the Taiwan
	High Court 2021 Chong-Shang-Geng-I-Zi No. 40 Judgement,
	due to the 9 people including Chan-Yuan Kuo and Chih-Cheng
	Yu violated the Anti-Corruption Act and Chih-Ren Hsieh and
	Chi-Hua violated the Government Procurement Act, the profit
	gained may be confiscated.
Subject or amount	NT\$3,788,000
Date starting the lawsuit	2017.12.10
Current status	The Company lost the third instance of court trial, and presently,
	it is under the second retrial proceeding.

Item	14
Name of case:	Damage Indemnification Lawsuit
Involved Parties	Applicant: the Company
	Counterparty: Chen, Hua-Yang, Shen, Qing-Guang,
	Zhang,Shi-Wen.
Summary:	According to the 2020 Jun-Zhen No. 69 Letter of Taiwan Taipei
	District Prosecutors Office, the three people including Shen
	violated the Securities and Exchange Act and had caused
	damages to the Company.
Subject or amount	NT\$95,000,000
Date starting the lawsuit	2021.10.21
Current status	Pending in the first instance.

Item	15
Name of case:	Taiwan Power Damage Indemnification Lawsuit
Involved Parties	Applicant: Taiwan Power Company
	Counterparty: the Company
Summary:	Due to the incomplete recovery of Taiwan Power old power
	cables at the CK570D section tender of MRT Xinzhuang Line,
	Taiwan Power was audited by the Audit Department, such that it
	filed complaint against the proprietor and the Company and
	requested damage indemnification.
Subject or amount	NT\$12,280,364
Date starting the lawsuit	20217.2.16
Current status	Pending in the third instance.

Item	16
Name of case:	CF650 Soundproof Wall and Hollow Cement Wall Request for
	Construction Payment Lawsuit
Involved Parties	Applicant: the Company
	Counterparty: First District Project Office Department of Rapid
	Transit Systems
Summary:	Claim for relevant fees of the soundproof wall embedded anchor

	bolt size and base enlargement and hollow cement wall column changes.
Subject or amount	NT\$38,396,155
Date starting the lawsuit	2022.1.17
Current status	Pending in the first instance.

Item	17
Name of case:	CF650 Voluntary Traffic Warden Fee Dispute Lawsuit
Involved Parties	Applicant: the Company
	Counterparty: First District Project Office Department of Rapid
	Transit Systems
Summary:	Regarding the extension of construction period and the
	proprietor's instruction to increase the labor hourly fee for
	voluntary traffic wardens performing duties, the proprietor
	refused to pay the additional voluntary traffic warden labor
	hourly fee based on the ground that the contract indicated the fee
	calculation of a lump sum.
Subject or amount	NT\$170,612,151
Date starting the lawsuit	2022.11.11
Current status	Pending in the first instance.

Item	18
Name of case:	CF650 Dispute Lawsuits Related to Five Items of Steel Bars
Involved Parties	Applicant: the Company Counterparty: First District Project Office Department of Rapid Transit Systems
Summary:	For this case, it involved disputes on the five items of the steel bar fee calculation failed to include the fees for the working bars, additional Jingan Station security, additional fees for use of private land, the addition of steel pre-arch correction fee and the defendant's improper deduction of fees on the AC prime coat.
Subject or amount	NT\$71,291,849
Date starting the lawsuit	2022.12.27
Current status	Pending in the first instance.

Item	19
Name of case:	Lawsuit for Request of Gongguan Construction Payment,
	Performance Bond and Material Adjustment Payment
Involved Parties	Applicant: the Company
	Counterparty: ROC Air Force Combatant Command
Summary:	This case was mainly due to the delay default fine dispute, and
	the proprietor was requested to pay the 47th phase construction
	fee and 2nd phase performance bond in addition to the material
	adjustment fees for the 37th to 47th phases.
Subject or amount	NT\$196,387,072
Date starting the lawsuit	2022.11.15
Current status	Pending in the first instance.

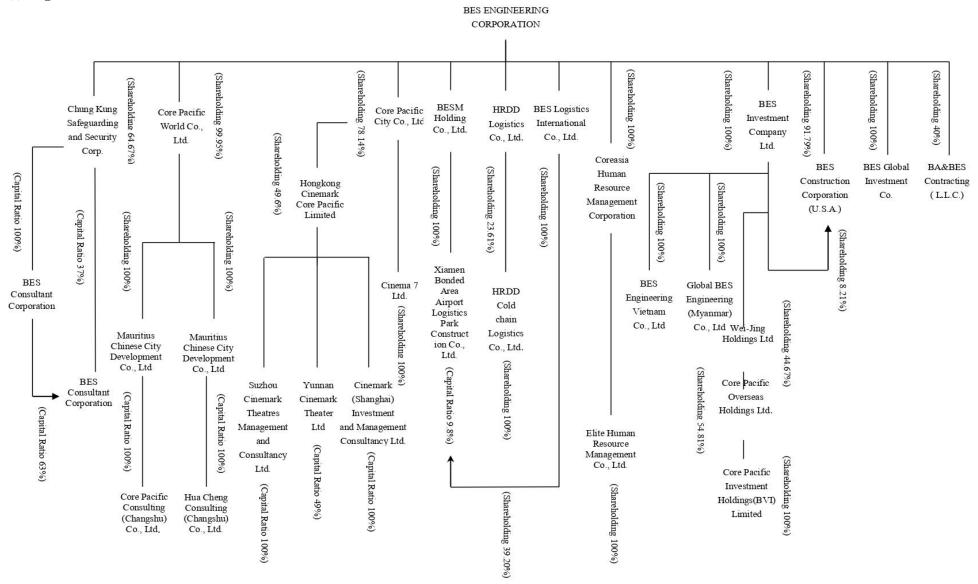
(XIII) Other material risks and countermeasures: None

VII. Other Important Matters: None

I. Information of Affiliates

(I) Organizational Chart of Affiliates

BES ENGINEERING



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(II) Consolidated Business Report

1. Basic information of Affiliates

Unit: unless	otherwise	specified,	Thousand	NT\$
M.:	1	1	.4.	

- Busic information of finances				Office diffess otherwise specified, Thousand 1419
Name of Enterprise	Date of establishment	Address	Paid-up Capital	Major business or products
Core Pacific World Co., Ltd.	1997.12.15	6F, No. 12, Dongxing Rd., Taipei City	1,160,000	Investment
Mauritius Chinese City International Investment Co., Ltd	2003.01.23	Republic of Mauritius	USD 9,500,000	Consultancy
Mauritius Chinese City Development Co., Ltd	2003.01.23	Republic of Mauritius	USD 9,500,000	Consultancy
Hua Cheng Consulting (Changshu) Co., Ltd.	2003.11.04	707, Building A, Changshu World Trade Center Plaza, Changshu City, Jiangsu Province, China	USD 9,000,000	Engineering and design consultancy
Core Pacific Consulting (Changshu) Co., Ltd.	2003.11.04	707, Building A, Changshu World Trade Center Plaza, Changshu City, Jiangsu Province, China	USD 9,000,000	Engineering and design consultancy
Chung Kung Safeguarding and Security Corp.	1995.08.04	2F, No. 12, Dongxing Rd., Taipei City	•	Security business
BES Consultant Corporation	1999.04.02	2F, No. 12, Dongxing Rd., Taipei City		Operation of parking lots and business management consultancy
BES Apartment Maintenance and Management Ltd.	2000.06.29	2F, No. 12, Dongxing Rd., Taipei City		Management service of apartment buildings
Coreasia Human Resource Management Corporation	1999.05.18	2F, No. 12, Dongxing Rd., Taipei City		Business management consultancy and investment advices
BES Global Investment Co.	1995.01.17	4F,Ellen Skelton Building 3076 Sir Francis Drake Hignway, Tortola, Bristish Virgin Islands		Overseas operations of construction, machine and electrical equipment
BES Investment Company Ltd.	1996.08.06	Suite C, 21st Floor, Lee & Man Commercial Center 169 Electric Road, North Point, Hong Kong	USD 49,600,000	Overseas operations of construction, machine and electrical equipment
BESM Holding Co., Ltd.	2005.10.18	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD 5,075,000	Investment Holding
BES Construction Corporation (U.S.A.)	1987.04.06	141 Bennington Court McDonough, Georgia 30253, U.S.A.	USD 9,261,000	Land development and investment
Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	2004.04.15	Rm. 301, Wan Xiang International Commerce Center, Building No. 2, North Building No. 1692 Gangzhong Rd., Xiamen City	RMB 250,000,000	Logistics, warehouse, and international trading
Elite Human Resource Management Co., Ltd.	2001.10.23	2F, No. 12, Dongxing Rd., Taipei City	5,000	Manpower Services
Cinemark Core Pacific Limited Hongkong Cinemark Core Pacific	1999.03.15 2011.09.27	4F, No. 102, Kuanfu S. Rd, Taipei City FLATB 3/F WING CHBONG		Domestic and overseas movie playing Investment Holding

Name of Enterprise	Date of establishment	Address	Paid-up Capital	Major business or products
Limited		COMMERCIAL BUILDING 19-25 JERVOIS STREET SHEVNG WAN HK		
BA & BES Contracting (L.L.C.)	2007.02.13	Post Box 92237, Dubai-United Arab Emirates	3,000,000(AED)	Contracting Construction
BES Logistics International Co., Ltd.	2007.03.23	Republic of Mauritius	USD 13,995,000	Investment
Cinema 7 Ltd.	2003.05.14	8-11F, No. 52, Hang-Zhong Street, Taipei City	25,000	Domestic and overseas movie playing
Cinemark-Core (Shanghai) Pacific Management and Consulting	2011.09.27	Rm. 307, No. 655, Fengzhou Rd., Ma Lu Township, Jiading District, Shanghai City		Management of movie theaters; consultancy for procurement and management
Yunnan Cinemark Theater Ltd	2013.02.20	No. 1079, Beijing Rd., Kunming City	RMB 25,000,000	Movie playing; consultancy for procurement and management
Cinemark-Core (Suzhou) Pacific Ltd	2015.07.16	Rm B4, No. 128, Dong Huang Rd., Industrial Park, Suzhou		Movie playing; consultancy for procurement and management
HRDD Logistics Co., Ltd.	2014.09.16	No. 966, Chongqing Ave, Tianjin Free Trading Area (Dong Jiang Bonded Port Area)		General warehousing industry, frozen warehousing industry and automobile freight industry
Global BES Engineering (Myanmar) Co., Ltd.	2016.05.15	NO.153/,KA,Kyun Shwe Myaing Lane(2),23 Ward,(Thuwanna),Thingangyun Township, Yangon, Myanmar	USD 500,000	Contracting Construction
BES Engineering Vietnam CO.,	2020.02.06	P I2 . 15, Toa Nha Golden King, So 15	USD 26,000,000	Contracting Construction
Ltd.		Duong Nguyen Luong Bang, P. Tan Phu, Quan 7, Tp. Ho Chi Minh, Viet Nam.		

2. Information on the same shareholders of those who are presumed to have control and affiliation: None

3. Information of Directors, Supervisors, and General Managers of Each Affiliates.

Unit: Thousands NTD unless specified otherwise; share

	5		: Thousands NTD unless specified	
Name of Enterprise	Position title	Name or Representative	Holding share	
			Number of shares	Percentage of Holding
Core Pacific World Co., Ltd.	Director	BES ENGINEERING CORPORATION Representatives: Shen, Ching-Jing; Yang, Mei-Yuan; Chen, Yu-Kuan	115,936,200	99.95
Chung Kung Safeguarding and Security Corp.	Director	BES ENGINEERING CORPORATION Representatives: Chu, Ya-Hu; Yang, Mei-Yuan; Fang, Ming-Ching; Guo, Hong-Jheng	3,880,000	64.67
	General manager	Kou, Ming-Hung	_	_
BES Consultant Corporation	Director	Chung Kung Safeguarding and Security Corp. Representative: Chu, Ya-Hu	10,000 (Capital Contribution)	100
BES Apartment Maintenance and Management Ltd.	Director	BES Consultant Corporation Representative: Chu, Ya-Hu	6,300 (Capital Contribution)	63
Coreasia Human Resource Management Corporation	Director and Supervisor	BES ENGINEERING CORPORATION Representatives: Chiang, Hung-Chiao; Chen, Yu-Kun; Yang, Mei-yuan Representative of Supervisors: Wang, Ting-Ze	6,000,000	100
	General manager	Wang, Ying-Chuan	_	_
BES Global Investment Co.	Director	BES ENGINEERING CORPORATION Representative: Shen, Ching-Jing	1,510,100	100.00
BES Construction Corporation (U.S.A.)	Director	BES ENGINEERING CORPORATION Representatives: Shen, Ching-Jing; Lo, Chun-Fu	8,509	91.79
BESM Holding Co., Ltd.	Director	BES Machinery Co., Ltd. Representative: Shen Ching-Jing BESM Holding Co., Ltd. and BES Logistics International	5,075,000	100.00
Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Director	BESM Holding Co., Ltd. and BES Logistics International Co., Ltd Representatives: Chen Rui-Long; Wang, Ting-ze; Guo, Hong-Jheng Supervisor representative: Wang, Ying-Juan BES ENGINEERING CORPORATION	RMB 122,500,000 (Capital Contribution)	49.00
BES Investment Company Ltd.	Director	Representatives: Shen, Ching-Jing; Fang, Ming-Ching	49,600,000	100.00
Core Pacific Consulting (Changshu) Co., Ltd.	Director	Mauritius Chinese City Development Co., Ltd Representatives: Shang, Du-Wu; Chen, Yu-Kuan; Hu, Wen-Kuo	USD 9,000,000 (Capital Contribution)	100.00
Hua Cheng Consulting (Changshu) Co., Ltd.	Director	Mauritius Chinese City International Investment Co., Ltd Representatives: Shang, Du-Wu; Chen, Yu-Kuan; Hu, Wen-Kuo	USD 9,000,000 (Capital Contribution)	100.00
Elite Human Resource Management Co., Ltd.	Directors concurrent Supervisors	Coreasia Human Resource Management Corporation Representatives: Lin, Yu-Bin; Chiang, Shu-Yi; Hsu, Chia-Lin Representative of Supervisors: Huang, Shi-Shun	500,000	100.00
	General manager	Lin, Yu-Bin	_	_
Cinemark Core Pacific Limited	Supervisor	BES ENGINEERING CORPORATION Representatives of Supervisors: Fang, Ming-Ching; Chang,	7,593,680	62.76

Name of Enterprise	Position title	Name or Representative	Holding shares			
•			Number of shares	Percentage of Holding		
		Chia-wen				
Mauritius Chinese City Development Co., Ltd	Director	Shen, Ching-Jing; Shen, Huei-Ting	9,500,000	100.00		
Mauritius Chinese City International Investment Co., Ltd	Director	Shen, Ching-Jing; Shen, Huei-Ting	9,500,000	100.00		
BES Logistics International Co., Ltd.	Director	BES ENGINEERING CORPORATION Representatives: Shen, Ching-Jing	13,995,389	100.00		
Hongkong Cinemark Core Pacific Limited	Director	Shen, Ching-Jing	61,503,000	49.60		
Cinema 7 Ltd.	Director and Supervisor	Cinemark Core Pacific Limited Representatives: Shen, Ching-Jing; Chu, Ya-Hu; Chen, Yi-Shang Representative of Supervisors: Fang, Ming-Ching	25,000	100.00		
Cinemark (Shanghai) Investment and Management Consultancy Ltd.	Director and Supervisor	Hongkong Cinemark Core Pacific Limited Representatives: Shen, Ching-Jing; Shen, Huei-Ting; Chen, Yi-Shang Representative of Supervisors: Shen, Huei-Ting	USD 900,000 (Capital Contribution)	100.00		
Yunnan Cinemark Theater Ltd	Director and Supervisor	Hongkong Cinemark Core Pacific Limited Representatives: Chiu, Wen-Yi; Shen, Huei-Ting; Tang, Yao-Ming Representative of Supervisors: Chen, Yi-Shang	RMB 12,250,000 (Capital Contribution)	49.00		
Suzhou Cinemark Theatres Management and Consultancy Ltd.	Director and Supervisor	Hongkong Cinemark Core Pacific Limited Representatives: Shen, Ching-Jing; Chiu, Wen-Yi Representative of Supervisors: Shi-Xiang; Shen, Huei-Ting	USD 5,000,000 (Capital Contribution)	100.00		
HRDD Logistics Co., Ltd.	Director and Supervisor	BES ENGINEERING CORPORATION Representatives of Supervisors: Yang, Chia-Chun; Wang, Ying-Chuan Representative of Supervisors: Fang, Ming-Ching;	RMB 34,000,000 (Capital Contribution)	23.61		
Global BES Engineering (Myanmar) Co., Ltd.	Director	BES Investment Company Ltd. Representatives: Yang, Chia-Chun, Chu, Ya-Hu	USD 500,000 (Capital Contribution)	100.00		
BES Engineering Vietnam Company Limited	Director	BES Investment Company Ltd. Representative: Shen, Ching-Jing	USD 26,000,000	100.00		

4. Overview of the Operations of Each Affiliates, 2022

						Uı	nit: unless otherwise specif	ied, Thousand NT\$
Name of Enterprise	Amount of capital	Total value of assets	Total Liabilities	Net Value	Operating Revenue	Operating Profit (loss)	Profit/Loss of the Term (Before tax)	Profit/Loss of the Term (After tax)
Core Pacific World Co., Ltd.	1,160,000	1,807,259	63,843	1,743,416	0	(5,078)	392,569	393,063
Chung Kung Safeguarding and Security Corp.	60,000	136,072	54,857	81,215	298,242	2,263	4,008	3,618
BES Consultant Corporation	10,000	20,955	6,774	14,181	13,509	1,096	2,523	1,253
Chung Kung Management and Maintenance of Apartment Co., Ltd.	10,000	41,340	27,024	14,316	126,084	3,551	3,177	2,542
Coreasia Human Resource Management Corporation	60,000	108,967	18,622	90,345	661,676	(1,443)	3,002	3,075
BES Global Investment Co.	12,746,301 (RMB)	3,975,201 (RMB)	7,940 (RMB)	3,967,261 (RMB)	0 (RMB)	(45,268) (RMB)	67,775 (RMB)	67,775 (RMB)
BES Investment Company Ltd.	386,198,465 (HKD)	339,475,055 (HKD)	44,000 (HKD)	339,431,055 (HKD)	0 (HKD)	(61,300) (HKD)	(9,450,563) (HKD)	(9,450,563) (HKD)
BES Construction Corporation (U.S.A.)	5,000,000 (USD)	1,244,007 (USD)	289,075 (USD)	954,932 (USD)	(USD)	(18,179) (USD)	(12,632) (USD)	(12,632) (USD)
Elite Human Resource Management Co., Ltd.	5,000	19,001	6,774	12,227	138,656	3,874	4,206	3,365
Cinemark Core Pacific Limited	121,000	321,918	122,603	199,315	28,535	(38,503)	(75,428)	(73,319)
Mauritius Chinese City International Investment Co., Ltd	78,631,500 (RMB)	112,139,101 (RMB)	52,363 (RMB)	112,086,738 (RMB)	0 (RMB)	(85,127) (RMB)	944,910 (RMB)	944,910 (RMB)
Mauritius Chinese City Development Co., Ltd	78,631,500 (RMB)	111,046,879 (RMB)	52,363 (RMB)	110,994,516 (RMB)	0 (RMB)	(85,127) (RMB)	918,086 (RMB)	918,086 (RMB)
Hua Cheng Consulting (Changshu) Co., Ltd.	74,490,300 (RMB)	121,343,989 (RMB)	11,361,441 (RMB)	109,982,548 (RMB)	1,538,027 (RMB)	(401,489) (RMB)	1,118,679 (RMB)	839,009 (RMB)
Core Pacific Consulting (Changshu) Co., Ltd.	74,490,300 (RMB)	120,327,223	11,418,024	108,909,199 (RMB)	1,348,575 (RMB)	(437,843) (RMB)	1,084,576 (RMB)	813,825 (RMB)
BESM Holding Co., Ltd.	31,977,068 (RMB)	(RMB) 56,290,172 (RMB)	(RMB) 715,456 (RMB)	55,574,716 (RMB)	(RMB)	(33,289) (RMB)	1,637,195 (RMB)	1,637,195 (RMB)
Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	250,000,000 (RMB)	688,544,824 (RMB)	268,906,929 (RMB)	419,637,895 (RMB)	119,866,173 (RMB)	(2,682,049) (RMB)	22,813,641 (RMB)	17,019,967 (RMB)
BA & BES Contracting (L.L.C.)	3,000,000 (AED)	(ru:12)	— (Tu:ID)	_	_	_	_	_
BES Logistics International Co., Ltd.	99,443,035 (RMB)	165,800,603 (RMB)	10,209 (RMB)	165,790,394 (RMB)	0 (RMB)	(44,260) (RMB)	6,721,867 (RMB)	6,693,422 (RMB)
Hongkong Cinemark Core Pacific Limited	89,636,565 (RMB)	40,390,863 (RMB)	55,722 (RMB)	40,254,141 (RMB)	0 (RMB)	(4,035) (RMB)	(7,735,696) (RMB)	(7,735,696) (RMB)
Cinemark (Shanghai) Investment and Management Consultancy Ltd.	5,685,600 (RMB)	756,871 (RMB)	979,716 (RMB)	-222,845 (RMB)	0 (RMB)	(2,000) (RMB)	(2,000) (RMB)	(2,000) (RMB)
Yunnan Cinemark Theater Ltd	25,000,000 (RMB)	29,864,225 (RMB)	3,071,443 (RMB)	26,792,782 (RMB)	5,379,180 (RMB)	(3,373,820) (RMB)	(4,676,158) (RMB)	(4,676,158) (RMB)
Cinema 7 Ltd.	25,000	171,507 (RMB)	210,223 (RMB)	-38,716 (RMB)	61,423 (RMB)	(20,699) (RMB)	(23,438) (RMB)	(23,421) (RMB)
Suzhou Cinemark Theatres Management and Consultancy Ltd.	73,124,130 (RMB)	124,508,567 (RMB)	102,773,839 (RMB)	21,734,728 (RMB)	7,600,367 (RMB)	(1,082,079) (RMB)	(5,438,535) (RMB)	(5,438,535) (RMB)
HRDD Logistics Co., Ltd.	144,000,000	210,143,774	163,315,970	46,827,804	26,130,630	(20,897,577)	(19,495,348)	(19,495,348)

Name of Enterprise	Amount of capital	assets lotal Liabilities Net value Revenue		Operating Profit (loss)	Profit/Loss of the Term (Before tax)	Profit/Loss of the Term (After tax)		
	(RMB)	(RMB)	(RMB)	(RMB)	(RMB)	(RMB)	(RMB)	(RMB)
Global BES Engineering (Myanmar) Co., Ltd.	748,635,000	852,645,463	4,546,524	848,098,939	0	(22,933,365)	107,057,657	117,793,908
	(MMK)	(MMK)	(MMK)	(MMK)	(MMK)	(MMK)	(MMK)	(MMK)
BES Engineering Vietnam CO., Ltd.	588,535,000		715,487	575,663,340	0	(16,651,471)	(13,863,654)	(14,092,351)
	(Thousand VND)	(Thousand VND)	(Thousand VND)	(Thousand VND)	(Thousand VND)	(Thousand VND)	(Thousand VND)	(Thousand VND)

Note: The overview of each affiliate is based on the financial statement of them.

5. Information of derivative trading: The Company has not conducted any derivative trading

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of the Company (from January 1, 2022 to December 31 2022), under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the IFRS No. 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, BES Engineering Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby statement

Name of Company: BES Engineering Corporation

Representative: Chou Chih-Ming

March 13, 2023

- 1. Overview of the relationship between the subordinating companies and the controlling company: None
- 2. Transaction of purchases and sales of goods: None
- 3. Transaction of properties: None
- 4. Asset Leasing: None
- 5. Financing:

BES Engineering Corporation and Subsidiaries Loaning of funds January 1, 2022 to December 31, 2022

Unit: NT NTD in thousands

										Nature				Coll	ateral			
ľ	No. Fu	d loaner	Fund borrower	Item for transaction	Relate d party or not	Maximum balance of the year (Note1)	Balance at the end of year (Note1)	Amount actually drafted	Interest rate Range	of Loaning of funds (Note3)	Business relations hip Amount		Amount to be provided for bad loans	Name	Value	Limit of loaning of funds to one single counterparty	Nature of Total Limit	Note
	0 BES Er Corpor	gineering tion	BES Engineering Vietnam Co., Ltd.	Other receivables	Yes	\$29,291	\$-	\$-	_	2	_	Operating Turnover	\$-	_		\$ 904,193 (4% of BES Engineering Corporation)	\$ 9,041,925 (40% of BES Engineering Corporation)	5
	0 BES Ei Corpor		HRDD Logistics Co., Ltd.	Payables from related party	Yes	21,550	21,550	21,550	5	2	_	Operating Turnover	21,550	_		\$ 904,193 (40% of BES Engineering Corporation)	\$ 9.041,925 (40% of BES Engineering Corporation)	Note4
	1 Chung Safegus Securit	rding and	BES Consultant Corporation	Payables from related party	Yes	15,000	15,000	_	_	2	_	Operating Turnover	_	_		\$ 32,486 (40% of BES Safeguarding and Security Corporation)	\$ 32,486 (40% of BES Safeguarding and Security Corporation)	1
	1 Chung Safegus Securit	rding and	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Payables from related party	Yes	15,000	15,000	_	_	2	_	Operating Turnover	_	_		\$ 32,486 (20% of BES Safeguarding and Security Corporation.)	\$ 32,486 (40% of BES Safeguarding and Security Corporation)	1
	2 Cinema Pacific	rk Core Limited	Cinema7 Theater Co., Ltd.	Payables from related party	Yes	30,000	30,000	40,000	4	2	1	Operating Turnover	_	_		\$79,726 (40% of Cinemark Core Pacific Limited.)	\$79,726 (40% of Cinemark Core Pacific Limited.)	

Note 1: The limit of loaning of funds passed by the Board of Directors of the Company and subsidiaries.

Note 2: In the preparation of the consolidated financial statements, except for the receivables due from related parties from BES Engineering Corporation to Huarui All Ridge Logistics Co., Ltd., all of them have been written off.

Note4: After assessing HRDD Logistics Co, Ltd's operating conditions and the possibility of receivables, the company has set aside a total of NT\$22,628,000 for its receivable and interest receivables in September, 2022 as a provision for bad debts.

Note3: The description of the loan and its nature is as follows: 1. Those who do business; 2. Those who need short-term financing.

Endorsements and guarantees for others

provided by BES Engineering Corporation and subsidiaries January 1, 2022 to December 31, 2022

Unit: NT NTD in thousands

		Counterparty of end	lorsements and guarantees								Endorsemen	Endorsement		
	Endorsements and guarantees provider Name of the Company	Company Name	Relationship	Limit of endorsements and guarantees to one single enterprise	Maximum balance of endorsements and guarantees for the period	Endorsements and guarantees at the end of the period	Amount actually drafted			Maximum limit of endorsements and guarantees	ts and guarantees from the Company to subsidiaries	s and guarantees from subsidiaries	Endorsements and guarantees in Mainland China	
1	Cinemark Core Pacific Limited		Companies to which the Company holding more than 50% voting rights directly or indirectly	\$ 199,315 (Note2)	\$ 94,300	\$ 94,300	\$ 74,50'	7 \$ 71,198	47.31%	597,946 (Note6)	-	_	_	
2	Hua Cheng Consulting (Changshu) Co., Ltd	BES Engineering Corporation	The parent company holding more than 50% common shares directly or through a subsidiary indirectly	\$ 484,803 (Note3)	\$ 312,073	\$ 312,073	\$ 260,000	\$ 312,073	64.37%	969,606 (Note7)	-	Y	_	
3	Core Pacific Consulting (Changshu)C o., Ltd.	BES Engineering Corporation	The parent company holding more than 50% common shares directly or through a subsidiary indirectly	\$ 480,072 (Note4)	\$ 312,073	\$ 312,073	\$ 260,000	312,073	65.01%	960,144 (Note7)	-	Y	_	
4			Companies to which the Company holding more than 50% voting rights directly or indirectly	\$ 203,037 (Note5)	\$ 25,000	\$ 25,000	_	_	30.78%	243,644 (Note8)	Y	_	-	
4	and Security Corp	Corporation	Companies to which the Company holding more than 50% voting rights directly or indirectly	(Notes)	\$ 25,000	\$ 25,000	\$ 2,000) —	30.78%	243,644 (Note9)	Y	_	_	

Note 1: Indicate "Y" if the endorsement and guarantee is given in Mainland China.

Note 2: The limit is 100% of the net value of Cinemark Core Pacific Ltd in the latest financial statement.

Note 3: The limit is 100% of the net value of Hua Cheng Consulting (Changshu) Co., Ltd. in the latest financial statement.

Note 4: The limit is 100% of the net value of Core Pacific Consulting (Changshu) Co., Ltd. in the latest financial statement.

Note 5: The limit is 250% of the net value of BES Safeguarding and Security Corporation in the latest financial statement.

Note 6: The limit is 300% of the net value of Cinemark Core Pacific Ltd in the latest financial statement.

Note 7: The limit is 200% of the net value of Hua Cheng Consulting (Changshu) Co., Ltd. in the latest financial statement.

Note 8: The limit is 200% of the net value of Core Pacific Consulting (Changshu) Co., Ltd. in the latest financial statement.

Note 9: The limit is 300% of the net value of BES Safeguarding and Security Corporation in the latest financial statement.

- II. For the current year up to the publication date of the annual report, the private placement of securities: N/A
- III. For the current year up to the publication date of the annual report, the disposal of the Company's share by any subsidiary: N/A
- IV. Other necessary supplementary matters: N/A

Nine. For the current year up to the publication date of the annual report, any matter having material impact to the shareholders' equity or price of securities specified in Subparagraph 2, Paragraph 3, Article 36 of the Securities Exchange Act.

BES ENGINEERING CORPORATION

Principal: Chou Chih-Ming