

Taiwan Stock Exchange code: 2515

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BES ENGINEERING CORPORATION

ANNUAL REPORT 2023

DATE OF PUBLICATION: APRIL, 30, 2024

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One. Letter to Shareholders

Dear Shareholders,

The Company is committed to the overarching corporate objective of "establishing a sound and habitable housing stock, fostering global market penetration, and establishing a sustainable environment." BES Engineering's management team has maintained its commitment to sustainability, innovation, and reform amidst obstacles including soaring prices and global financial market volatility over the past year. To this end, the Company has established four profit centers: "private construction," "public construction," "real estate" and "overseas operations." By implementing vertical integration within the appropriate industrial chain and establishing horizontal connections, the Company can optimize profits by leveraging the benefits of resource integration and stimulate a cycle of continuous improvement and growth. Additionally, it can leverage digital technology to create an intelligent decision-making platform that enhances operational efficiency and actively monitor worldwide ESG trends that pertain to corporate governance, environmental and social sustainability. Under the shadow of global political and economic uncertainty, business operations will face more challenges. In the future, the Company will focus on its core business to accelerate the digital transformation of the enterprise, deepen core technology capabilities and quality requirements, provide landlords and customers with quality services, create greater value for shareholders and firmly march toward the corporate goal of sustainable development. The Company's consolidated operating revenue reached NT\$18.996 billion in 2023 and profit after tax was NT\$626 million.

I. 2023 Business results

Project bids won in 2023 include: emergency new temporary pipeline project from Pingtung Technology Industrial Park to Gaoping River weir, Tunghsiao Power Plant Phase 2 renovation project cooling circulating water system pump room and retarded flow basin project, Air Liquide Far Eastern bridge construction project at the intersection of AL1 and AL2 plants, Kaohsiung New Town Road 1-1, 1-2 and 1-3 cross the highway project (tender X101G), construction of Songhu Ultra-High Voltage Substation and Multi-Purpose Building, etc. The contract amount reached NT\$14.570 billion.

II. 2024 Business Plan

In 2023, the global economy faced unprecedented challenges, mainly due to the imbalance between supply and demand, the conflict between Ukraine and Russia and the fluctuations in international politics and economy. In particular, the chaotic supply chain of raw materials intensifies the plight of global inflation. This crisis is not only caused by labor shortage and rising raw material costs, but also because many countries have adopted loose monetary policies of large-scale money printing and the U.S. Federal Reserve has implemented a series of interest rate hikes to curb inflation, which has driven up financing costs and has also created construction companies that are already facing shortage of manpower and materials will bring further operating pressure.

In the face of macroeconomic and external environment uncertainties, the Company still adheres to the goal of active growth, continues to increase the number of engineering contracts and is committed to improving the quality of construction and engineering technology to consolidate and enhance the corporate brand reputation. In addition, we proactively develop urban renewal projects that are in line with environmental, social and governance (ESG) trends, while rapidly accumulating rich experience in overseas large-scale land development to further expand our business territory. The following is a description of the operating plan of each profit center:

(I) Public construction business: Continue to seize opportunities for major construction projects released by the government, including:

1. Railway construction projects: such as the northern section, southern section and eastern section of the circular line of the MRT system in the Taipei metropolitan area, the Wanda Zhonghe line, the Taoyuan railway underground project, etc.
2. Water environment construction projects: such as desalination plants and other projects.
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 Cloud Universe is expected to start the curtain wall construction project in the first quarter of 2024 and complete the grouting project for the superstructure floor in the second quarter of 2024; the Phase 3 urban renewal project "Bi Yen Ge" in Minsheng Community is expected to obtain the use permit in November 2024; the urban renewal project in Minsheng Community the diaphragm wall construction of the phase 4 "Ming Sen Yuan" of the renovation project has been completed in the fourth quarter of 2023, and the first floor slab is expected to be completed in the third quarter of 2024. In the future, the Company plans to significantly improve its reputation for building quality while prioritizing engineering technology development. It intends to take on self-built projects on a cost-plus basis. Externally, it will use both cost-plus and lump-sum contract models for private construction projects, depending on the circumstances. The Company will continue to strive for and achieve diverse successes in the field of construction products.

(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 view of the slowdown in global economic growth and trade activities after the pandemic after 2023, the recovery is far below expectation. Manufacturers adjust production capacity and slow down investment. Banks have not cut interest rates yet and maintain tight financing controls, resulting in a decline in industrial real estate transaction volume. In 2024, when inflation is moderated, the Central Bank is expected to suspend the interest rate hike cycle,

the confidence in the economic recovery will increase and the recent industrial real estate transactions are observed to be characterized by rigid demand and mainly buyers for own occupancy. And the introduction of diversified land products for new industrial park projects in 2024, such as Phase 1, District 1, Lunwei West, Phase 1, Phase 5 and Phase 3 of Lunwei Metal Zone and accelerate the construction of necessary, urgent and safe projects. The investment in maintenance projects is conducive to the continuous investment of funds in development.

(IV) Overseas business:

In the face of the Vietnamese government's strict supervision of the real estate development industry and the double blow of the pandemic, the real estate market has shrunk and bank credit has tightened. Most real estate developers are faced with declining stock prices and funding difficulties. The Company strives to overcome difficulties and conduct in-depth analysis of potential projects in Ho Chi Minh City and Hanoi, Vietnam, review legal documents, and cooperate with local competent developers to accelerate the acquisition of large-scale land development opportunities. Meanwhile, the Company is actively exploring large-scale development projects in northern Vietnam by setting up a new office in Hanoi.

Looking forward to 2024, the Company will continue to consolidate its public construction business, actively expand private construction projects, strengthen the real estate business and strive for overseas large-scale land development business. In terms of operating management, the Company will promote the modularization of operating procedures, enhance the technical capabilities of the team, emphasize on the control of project quality and adopt prudent and flexible strategies to respond to various challenges in the market.

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 re-organized.

● 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 2023:

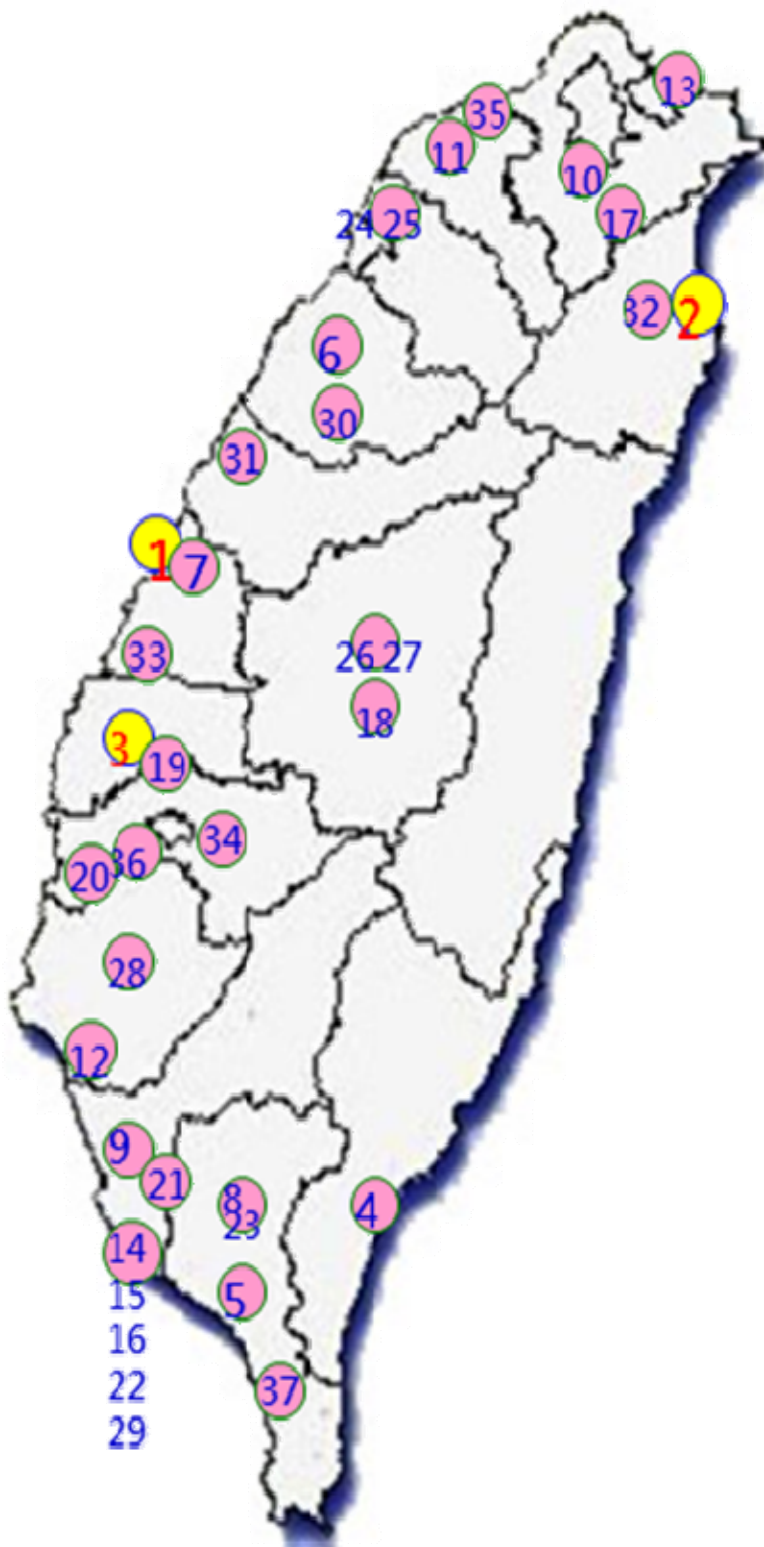
- (I) Taoyuan Airport MRT A14 station (terminal 3) and extension section to Zhongli Railway Station's E&M system project (tender ME06A) (108)
- (II) Tseng Wen Nan Hua Leveling Pipe Turnkey Project A1
- (III) Turnkey project for renovation of the First Vegetable and Fruit Market (in-embankment relay) 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) Niazueitan 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) Niazui 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, Lunwei District)
- (XXXIV) Changhua Coastal Industrial Park - Lunwei West District 1 (Phase 2) road and public pipeline project
- (XXXV) Changhua Coastal Industrial Park - Lunwei West District 1 Phase 2 drainage channel and gate project
- (XXXVI) Changhua Coastal Industrial Park - Lunwei West District Metal Surface Treatment Special Area Road and Public Pipeline Project (Phase 1)
- (XXXVII) Changhua Coastal Industrial Park - Lunwei West District 2 environmental protection land public facility project

- (XXXVIII) Development Project in Changhua Coastal Industrial Park - Lunwei West District 1 (Phase 3) Road and Public Plumbing Project - road construction
- (XXXIX) Public Facilities and Plant Maintenance Project in Yunlin Science and Technology Industrial Park (Dabeixi Area)
- (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 (Zhonggong Ming Sen Yuan)
- (XLV) Chongyang Road, Nangang
- (XLVI) Xing'an street urban renewal project
- (XLVII) Yun Universe Industrial Park
- (XLVIII) Shulin Dongsheng Section Public Urban Renewal Project
- (XLIX) Chengnan Shuiyuan Section Public Urban Renewal Project
- (L) Banqiao Welfare Station Public Urban Renewal Project
- (LI) Section 3, Minsheng E Rd Urban Renewal Project
- (LII) Sanmin Rd, Tucheng District Urban Renewal Project
- (LIII) Section 2, Da'an Rd Urban Renewal Project

IX. The development in the industrial park over the years



■ 1980~2024 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

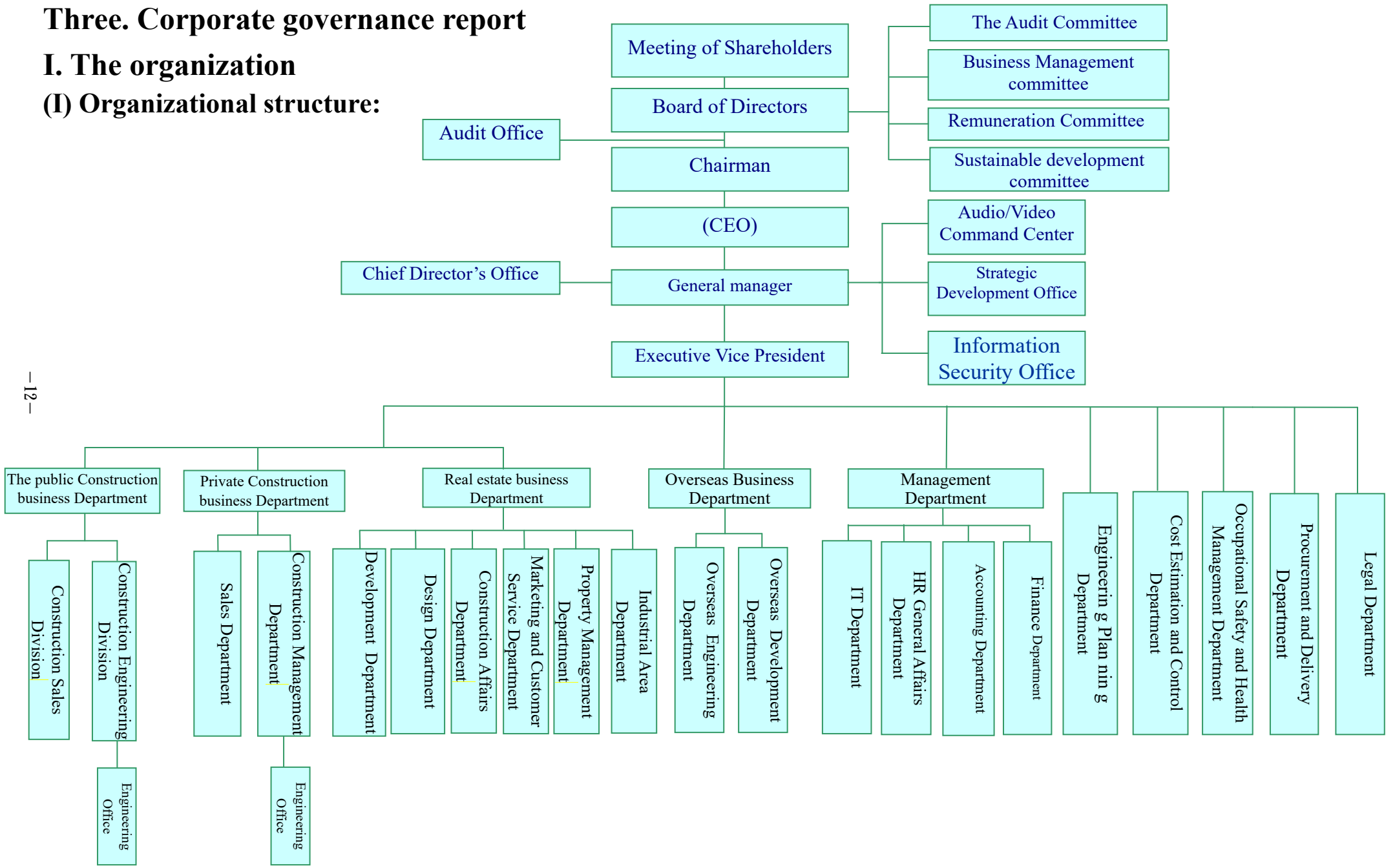
■ 1970~1980 Development of Industrial Park

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 Minxiang Industrial Park
35. 55 hectares in industrial park in Gongkou
36. 21 hectares in Puzi Industrial Park
37. 276 hectares in Pingnan Industrial Park

Three. Corporate governance report

I. The organization

(I) Organizational structure:



(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 matters.
 - (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 qualification document sorting and preparation, tender submission and participation in tender opening operation.
 - (4) Customer visit, business contact and commercial information database establishment and management.
 - (5) Tender contract negotiation and signing related affairs.
 - (6) Assist with estimation, job site survey and construction quality during construction process and related affairs.
 - (7) Construction project cost database modularization development and application.
 - (8) Construction contract market product positioning, strategy analysis, filing and archive.
 - (9) Outsourcing project professional consultant and architecture cross-industry alliance recommendations.
 - (10) Commercial documents (non-disclosure agreement, letter of intent, pre-tender agreement, subcontract agreement) signing and management.
 - (11) Tender project preparation progress control and follow-up.
 - (12) Clarification for doubts related to design drawings and documents during tender preparation period.
 - (13) 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 follow-up 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 demolition 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 service
 - (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 regard 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) Amendment to the regulations governing Board of Directors' and shareholders' meetings.
 - (2) Matters with regard to the meeting of board of directors.
 - (3) Matters with regard to the meeting of shareholders.
 - (4) The relevant business contact and coordination of the Board of Directors' and the shareholders' meeting.
 - (5) Amendment and disclosure of corporate sustainability reports.
 - (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 1, 2024

Title (Note 1)	Nationality and place of registration	Name	Gender Age (Note 2)	Elected Date	Term	Date of first elected (Note 3)	Shares held when elected		Shares currently holding		Shares held by spouse and minors		Shares held in the name of others		Experience (Education) (Note 4)	Current Positions held in the Company and other companies	Executives, directors, or supervisors who are spouses or relatives within the 2 nd degree of kinship			Note (Note 5)
							Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Share holding %	Number of shares	Share holding %			Title	Name	Relatio nship	
Chairman (26 and 27 th)	Republic of China	Yang Jen Industrial Co., Ltd Representative: CHOU, CHIH-MING (took office on September 16,2022)	Male / 71~80	June 07,2023	3 years	June 23,2020	466,000	0.0304%	466,000 0	0.0304% 0	None0	None0	None0	None0	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)
Director (26 and 27 th)	Republic of China	Formostar Factory Co., Ltd. Representative: TSAI, CHAO-LUN	Male / 71~80	June 07,2023	3 years	June. 17,2005	327,991	0.0241%	218,991 56,641	0.0143% 0.0037%	None 0	None 0	None 0	None 0	Chairman of Formostar Garment Co. Ltd; Director of ShenYi Co., Ltd; Supervisor FreshDelight Co., Ltd	Also serves concurrently as: None ° Hairman of Formostar Garment Co. Ltd	None	None	None	-
Director (26 and 27 th)	Republic of China	Changli Co., Ltd. Representative: LIOU, LIANG -HAI	Male / 51~60	June 07,2023	3 years	March. 15,2010	1,500,000	0.0980%	1,500,000 0	0.0980% 0	None 0	None 0	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	-

Title (Note 1)	Nationality and place of registration	Name	Gender Age (Note 2)	Elected Date	Term	Date of first elected (Note 3)	Shares held when elected		Shares currently holding		Shares held by spouse and minors		Shares held in the name of others		Experience (Education) (Note 4)	Current Positions held in the Company and other companies	Executives, directors, or supervisors who are spouses or relatives within the 2 nd degree of kinship			Note (Note 5)
							Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Share holding %	Number of shares	Share holding %			Title	Name	Relatio nship	
Director (26 and 27 th)	Republic of China	China Petrochemical Development Corporation Representative: CHEN RUI-LONG	Male / 71~80	June 07,2023	3 years	June. 07,2011	164,348,449	10.7354%	164,348,449 0	10.7354% 0	None 0	None 0	None 0	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 (26 and 27 th)	Republic of China	Tianjing Investment Co., Ltd. Representative: CHEN, WEN-KE	Male / 71~80	June 07,2023	3 years	January. 25,2016	12,179,632	0.7956%	12,179,632 0	0.7956% 0	None 0	None 0	None 0	None 0	Engineering and Development Manager, Taiwan Land Development Corporation Senior Specialist Taiwan Land Development Corporation, concurring Director of Information Chief Architect, Wang, Jia-Yu Architect's Firm Chief Architect, Chen, Wen-ke Architect's Firm	Also serves concurrently as: none. Architect of Tian-He Construction Co., Ltd..	None	None	None	
Director (26 and 27 th)	Republic of China	Tianjing Investment Co., Ltd. Representative: BAI JUN-NAN	Male / 81~90	June 07,2023	3 years	November .01,2011	12,179,632	0.7956%	12,179,632 0	0.7956% 0	None 0	None 0	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 (26 th)	Republic of China	LU, HE-YI (discharged on June 07,2023)	Male / 81~90	June 07,2023	3 years	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	-

Title (Note 1)	Nationality and place of registration	Name	Gender Age (Note 2)	Elected Date	Term	Date of first elected (Note 3)	Shares held when elected		Shares currently holding		Shares held by spouse and minors		Shares held in the name of others		Experience (Education) (Note 4)	Current Positions held in the Company and other companies	Executives, directors, or supervisors who are spouses or relatives within the 2 nd degree of kinship			Note (Note 5)
							Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareh olding %	Number of shares	Shareh olding %			Title	Name	Relatio nship	
Independent director (27th)	Republic of China	LIU, DENG-CHENG (Inaugurated on 2023.06.07)	Male (71-80)	2023. 06.07	3 years	2023. 06.07	0	0	0	0	None 0	None 0	None 0	None 0	Chairman, Taiwan Financial Holdings Co., Ltd and Bank of Taiwan; Chairman, Hua Nan Financial Holdings Co., Ltd. and Hua Nan Commercial Bank, Ltd.; Chairman, National Credit Card Center of R.O.C.	Also serves concurrently as member of the Remuneration Committee, Audit Committee and Sustainable Development Committee.	None	None	None	
Independent director (26 and 27th)	Republic of China	KO, SHU-JEN	Male / 61~70	June 07,2023	3 years	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 Chairman, Chinese IPTV Channel Operators Association; Adjunct Professor, Shih Hsin University	None	None	None	-
Independent director (26 and th)	Republic of China	CHANG, FAN	Male / 61~70	June 07,2023	3 years	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	Also serves concurrently as: member of the Audit Committee Curriculum Professor, Department of Public Finance and Taxation and Real Estate Investment and	None	None	None	-

Title (Note 1)	Nationality and place of registration	Name	Gender Age (Note 2)	Elected Date	Term	Date of first elected (Note 3)	Shares held when elected		Shares currently holding		Shares held by spouse and minors		Shares held in the name of others		Experience (Education) (Note 4)	Current Positions held in the Company and other companies	Executives, directors, or supervisors who are spouses or relatives within the 2 nd degree of kinship			Note (Note 5)
							Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareh olding %	Number of shares	Shareh olding %			Title	Name	Relatio nship	
														Minister, MOF	Management Diplomat; 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. Due to the ongoing search for a General Manager who meets the Company's requirements, and in the interest of decision-making efficiency, the Chairman is temporarily assuming the role of General Manager. Efforts are actively underway to identify suitable candidates for the position of General Manager. If a suitable candidate cannot be found within the legally specified timeframe, the company will appoint an Independent Director accordingly.

Form I: Major shareholders of a juridical person shareholder

April 1, 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 Corporation	BES Engineering Corporation 4.84%; Chao-Shun Hong 2.26%; Core Pacific Co., Ltd 1.43%; JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds 1.21%; Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds 1.03%; Core Pacific-Yamaichi International (HK) Limited-Client A/C 0.84%; Core Pacific World Corporation 0.81%; Ming-Da Lin 0.79%; Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II 0.66%
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 1, 2023

Name of Juridical Person Shareholder (Note 1)	Major shareholder of a Juridical Shareholder (Note 2)
Frieman (Cayman)Co., Ltd, British West Indies Company	Stuart Wang 100%
BES Engineering Corporation	China Petrochemical Development Corporation (CPDC) 10.735%; Core Pacific Group 2.174%; Lin, Wen-Yang 1.622%; Hsu, Hsiu-Mei 1.445%; Citibank in Custody for UBS Europe SE Investment Account 1.445%; Tong Development Industrial Co., Ltd. 1.344%; Standard Chartered in Custody for iShares Emerging Markets ETF 1.307%; JPMorgan Chase Bank N.A. in Custody for Vanguard Total International Stock Index Fund 1.221%; Kuo Ching Investment Co., Ltd. 1.210%; JPMorgan Chase Bank N.A. in Custody for Vanguard Emerging Markets Stock Index Fund Investment Account 1.173%
Tony Development Industrial Co., Ltd.	Jinghua Supermarket Co., Ltd.: 9.76%;Fanyu Industrial Co., Ltd.: 29.71%;Jinghua Investment Co., Ltd.: 10%;Zhenhui Co., Ltd.: 9.65%;Fuxing Management Consultant Co., Ltd.: 9.94%;Xingrong Co., Ltd.: 8.94%
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. 18.33%; Jinghua Rent Corp. 17.00%; Cheng Yao Enterprise Co., Ltd. 17.00%; Chang Po Enterprise Co., Ltd. 10.00%; Jinghua Supermarket Co., Ltd. 8.13%; Kuo Ching Investment Co., Ltd. 6.67%; Cheng Chih Enterprise Co. 6.67%; Tang Lin-Mei 5.00%; Wu Ting 3.33%; Chang Tung-An 3.33%
Core Pacific World Co., Ltd.	BES Engineering Corporation 99.95%
Hung Yi Construction Co., Ltd	Jindu Construction and Development Corp. 24.17%; Tian-Jing Investment Corporation 17.42%; Ching Ding Technology Co. 15.15%; Cheng Chih Enterprise Co. 15.15%; Yao, Zhe-Sheng 6.06%; Core Pacific City Co., Ltd 4.27%; Core Pacific Co., Ltd 5.05%; Jen Huei Enterprise Co., Ltd. 2.53%; Jinghua Rent Corp. 2.53%; Core Pacific Investment Corp 2.53%; Chang Tung-An 2.53%; Jinghua Supermarket Co., Ltd. 2.53%
Kuo Ching Investment Co., Ltd.	Golden Wheel Co., Ltd. 27.17%; Core Pacific Rent Corp. 15.58%; Jindu Construction and Development Corp. 14.44%; Chang Po Enterprise Co., Ltd. 10.68%; Ching Ding Technology Co. 10.03%; Glory Construction Co., Ltd 7.78%; Gaoshangang Co., Ltd 5.01%; Cheng Chih Enterprise Co. 4.19%; Fan Yu Industrial Co., Ltd. 4.09%; Tony Development Industrials Co., Ltd 1.03%
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%

Name of Juridical Person Shareholder (Note 1)	Major shareholder of a Juridical Shareholder (Note 2)
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%
Gaoshangang Co., Ltd.	Chang Li Co., Ltd. 50.00%; Cheng, Li-Fen 30.00%; Wu, Tsung-Hsun 20.00%

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".

Information of Directors and Supervisors (2)

April 9, 2023

(1) Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors :

Qualifications Name	Professional qualifications and experience (Note1)	Independence Criteria (Note2)	Number of other companies served concurrently as an independent director
Yang Jen Industrial Co., Ltd. Chou Chih-Ming	Director Chen Rui-Long has served as the 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. Lead the company to continue to grow and create good benefits, and does not have the provisions of Article 30 of the Company Law.	Chairman Chou Chih-Ming did not have any of the situations specified in Article 3, Paragraph 1, Subparagraphs 1 and 6 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed".	0
China Petrochemical Development Corporation (CPDC) Chen Rui-Long	Director Chen Rui-Long has served as the chairman of the Information Industry Policy Promotion Association of the Consortium, the Chairman of the Business Development Research Institute of the Consortium, the Minister of the Ministry of Economic Affairs, the Deputy Minister of State Affairs of the Ministry of Economic Affairs, the Executive Deputy Minister of the Ministry of Economic Affairs, and the 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.	Director Chen Rui-Long did not have any of the situations specified in Article 3, Item 1, Subparagraphs 1 and 6 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed".	0
Tian-Jing Investment Corporation Bai Jun-Nan	Director Bai Jun-Nan is currently the vice chairperson of China Petrochemical Development Co., Ltd. He used to be the general manager of BES Engineering Co., Ltd, the chairman of Jinghua Securities Investment Trust Co., the deputy general manager of Bank of Communications, a special member of the Economic 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.	Director Bai Jun-Nan did not have any of the situations specified in Article 3, Item 1, Subparagraphs 1 and 6 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed".	0

Qualifications Name	Professional qualifications and experience (Note1)	Independence Criteria (Note2)	Number of other companies served concurrently as an independent director
Tian-Jing Investment Corporation Chen Wen-Ke	Director Chen Wen-Ke is currently the chief architect of Chen Wenke Architects. He used to be the manager of the engineering development department of Taiwan Land Development Corporation, a special member and information director of Taiwan Land Development Corporation, and the chief architect of Wang Jiayu Architects. Develop the required expertise and experience. And does not have the provisions of Article 30 of the Company Law.	Director Chen Wen-Ke did not have any of the situations specified in Article 3, Item 1, Subparagraphs 1 and 6 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed".	0
Formostar Garment Co. Ltd Tsai Chao-Lun	Director Tsai Chao-Lun is currently the chairman of Fuxing Garment Factory Co., Ltd. He has the expertise and experience required for business management and the development of the company. And does not have the provisions of Article 30 of the Company Law.	Director Tsai Chao-Lun did not have any of the situations specified in Article 3, Item 1, Subparagraphs 1 and 6 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed".	0
Chang-Li Co., Ltd. Liou Liang-Hai	Director Chen Liou Liang-Hai is currently the chairman of Mega International Financial Consulting Co., Ltd. He used to be the chairman of Hualien SME Bank. He has professional knowledge and background in finance, accounting and corporate governance. And does not have the provisions of Article 30 of the Company Law.	Director Liou Liang-Hai did not have any of the situations specified in Article 3, Item 1, Subparagraphs 1 and 6 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed".	0
LU, HAN-YI (discharged on 2023.06.07)	Independent Director Lu, Han-Yi had served as Managing Director of Land Bank of Taiwan and President of TAIWAN BUSINESS BANK,LTD. He has professional knowledge and background in finance, accounting and corporate governance. Not a person of any conditions defined by the provisions of Article 30 of the Company Act.	Independent Director Lu, Han-Yi did not have any of the circumstances described in Article 3, Paragraph 1, Subparagraphs 1 and 6 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. The shareholders themselves, their spouses and relatives within the second degree of kinship do not serve as directors of the Company or any of its affiliated companies, nor do they hold shares in the Company (nor in the name of others).	0

Qualifications Name	Professional qualifications and experience (Note1)	Independence Criteria (Note2)	Number of other companies served concurrently as an independent director
LIU, DENG-CHENG (Inaugurated on 2023.06.07)	Independent Director Deng Cheng has served as Chairman of National Credit Card Center of R.O.C., Chairman of Hua Nan Financial Holdings Co., Ltd. and Hua Nan Commercial Bank, Ltd., Chairman of Taiwan Financial Holdings Co., Ltd and Bank of Taiwan, etc. He has professional knowledge and background in finance, legal and corporate governance. Not a person of any conditions defined by the provisions of Article 30 of the Company Act.	Independent Director Liu, Deng-Cheng, did not have the circumstances described in Article 3, Paragraph 1, Sub-paragraph 1 and Sub-paragraph 6 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and he, his spouse and relatives within 2nd degree of kinship do not serve as directors The directors of the Company or its affiliates and the number and weight of the shares of the Company (the shares are not held in the name of others).	2
Ko, Shu-Jen	Independent Director Ko, Shu-Jen is currently the chairman of Chinese IPTV Channel Association, adjunct professor of Shih Hsin University. He used to be the chairman of Mama Bear E-commerce Company, has the expertise and experience required for business management and the development of the company. And does not have the provisions of Article 30 of the Company Law.	Independent Director Ko, Shu-Jen did not have any of the situations specified in Article 3, Item 1, Subparagraphs 1 and 6 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed"., and that he, his spouse, and relatives within the 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).	1
Chang Fan	Independent Director Chang Fan currently the Vice Chairman of Dongsan TV Co., Ltd., Professor of Private Deming University of Finance and Economics, chairman of Han Xiang Development Co., Ltd. He used to be the Deputy Minister of Finance of the Executive Yuan, Director of the Urban and Rural Development Bureau of the New Taipei City Government, has the expertise and experience required for business management and the development of the company. And does not have the provisions of Article 30 of the Company Law.	Independent Director Chang Fan did not have any of the situations specified in Article 3, Item 1, Subparagraphs 1 and 6 of the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to be Followed"., and that he, his spouse, and relatives within the 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).	0

(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 order to enhance the diversity of directors, the target for the number of female Directors is at least 1 at this stage and efforts are made to add one more female director in 2024 .

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:

Name Of Diversified Core Projects	Basic Component								Industry Experience					Professional Ability						
	gender	also employed by the company	Age				Tenure of Directors			Bank	Public Relationship	Media	Traditional Industries	Technology and New Ventures	Business Management	Leadership Decision-making	Industry Knowledge	Financial Accounting	Law	Engineering and Construction
			51-60	61-70	71-80	81-90	Under 3 years	3 to 9 years	Over 9 years											
CHOU, CHIH-MING	Male	▲ (Acting General Manager)			▲		▲					▲		▲	▲	▲	▲			
BAI JUN-NAN	Male				▲			▲	▲					▲	▲	▲	▲	▲		
CHEN RUI-LONG	Male			▲				▲		▲		▲		▲	▲	▲	▲			
TSAI, CHAO-LUN	Male			▲							▲			▲	▲	▲	▲			
LIU, LIANG -HAI	Male		▲						▲					▲	▲	▲	▲			
CHEN, WEN-KE	Male			▲							▲			▲		▲			▲	
KO, SHU-JEN	Male			▲							▲			▲	▲	▲				
CHANG, FAN	Male			▲				▲		▲				▲	▲	▲	▲			
LIU, DENG-CHENG	Male				▲		▲		▲					▲	▲	▲	▲	▲		

(II) independence of the board of directors:

The company has a total of 9 directors (including 3 independent 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.

April 1, 2024

Position title (Note 1)	Nationality	Name	Gender	Appointed (on board) date	Holding shares		Shares holding by spouse and minor children		Shares holding in the name of others		Main experience and education background (Note 2)	Concurrently served as the position of other companies	Manager who has a relationship with a related party of spouse or level two relationship			Note (Note 3)
					Number of shares	Holding shares Ratio	Number of shares	Holding shares Ratio	Number of shares	Holding shares Ratio			Position title	Name	Relationship	
Chairman (and Agent General Manager)	Republic of China	CHUO, CHIH-MING	Male	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	None	None	None	The general manager will be hired separately
Deputy general manager	Republic of China	YANG, MEI-YUAN	Female	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.	None	None	None	-
Deputy general manager	Republic of China	WANG, TING-TSE	Male	2021.01.01	-	-	-	-	-	-	Associate manager, Deputy 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.	None	None	None	-
Special assistant (Note 5)	Republic of China	YANG, CHIA-CHUN	Male	2021.11.12	-	-	-	-	-	-	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.	None	None	None	-

Position title (Note 1)	Nationality	Name	Gender	Appointed (on board) date	Holding shares		Shares holding by spouse and minor children		Shares holding in the name of others		Main experience and education background (Note 2)	Concurrently served as the position of other companies	Manager who has a relationship with a related party of spouse or level two relationship			Note (Note 3)
					Number of shares	Holding shares Ratio	Number of shares	Holding shares Ratio	Number of shares	Holding shares Ratio			Position title	Name	Relatio nship	
Associate Manager	Republic of China	LIAO, SHU- LIANG	Male	2015.03.30	7,916	-	-	-	-	-	Associate manager of the company Department of Civil Engineering, National Taiwan University	None	None	None	None	-
Associate Manager	Republic of China	CHENG, AN-TZU	Female	2016.01.11	-	-	-	-	-	-	Associate manager of the company Taiwan Wenhua Oriental Apartment Building Maintenance Management Co., Ltd. Director of Wenhuyuan Master of Advertising Department, National Chengchi University	None	None	None	None	-
Associate Manager (Note4)	Republic of China	SU, HUI-CHIU	Female	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	None	None	None	-
Associate Manager (Note4)	Republic of China	SU, BAI- CHENG-	Male	2021.11.01	-	-	-	-	-	-	Associate manager of the company Manager, Far Eastone Telecommunications Co., Ltd. MBA, University College London	None	None	None	None	-
Associate Manager	Republic of China	HUANG, TING- CHIEN	Male	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	None	None	None	-
Associate Manager	Republic of China	KE, DENG-YAO	Male	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	None	None	None	-

Position title (Note 1)	Nationality	Name	Gender	Appointed (on board) date	Holding shares		Shares holding by spouse and minor children		Shares holding in the name of others		Main experience and education background (Note 2)	Concurrently served as the position of other companies	Manager who has a relationship with a related party of spouse or level two relationship			Note (Note 3)
					Number of shares	Holding shares Ratio	Number of shares	Holding shares Ratio	Number of shares	Holding shares Ratio			Position title	Name	Relatio nship	
Acting director	Republic of China	WENG, REN-JI	Male	2023.01.01	-	-	-	-	-	-	Senior Director and Deputy Director of the Company Civil Engineering of Public Works Department, China University of Technology	None	None	None	None	-
Deirector	Republic of China	LIN, HSU- CHUAN	Male	2021.04.07	-	-	-	-	-	-	Director of the Company Chief Information Officer (CIO), GEOSAT 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	None	None	None	None	-
Manager	Republic of China	CHIU, YUNG- TSAI	Male	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.	None	None	None	-
Manager	Republic of China	LI, CHEN- MING	Male	2017.06.22	422	-	-	-	-	-	Manager of the company Master of Economics, Chinese Culture University	None	None	None	None	-
Manager (Note4)	Republic of China	CHEN, KUO- HSIEN	Male	2011.12.26	-	-	-	-	-	-	Manager of the company Master of International Finance, Taipei University	None	None	None	None	-
Manager	Republic of China	SU, YU-MIN	Male	2011.09.01	-	-	-	-	-	-	Manager of the company Accounting and Statistics Division, Tamsui Institute of Business Administration	None	None	None	None	-
Manager (Note4)	Republic of China	KUO, HUNG- CHENG	Male	2019.01.14	-	-	-	-	-	-	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	None	None	None	-
Manager	Republic of China	YU, CHEN-ERH	Male	2016.06.01	-	-	-	-	-	-	Manager of the company Architect of YH City Regeneration Co., Ltd. Master of Architecture, Chung Yuan Christian University	None	None	None	None	-

Position title (Note 1)	Nationality	Name	Gender	Appointed (on board) date	Holding shares		Shares holding by spouse and minor children		Shares holding in the name of others		Main experience and education background (Note 2)	Concurrently served as the position of other companies	Manager who has a relationship with a related party of spouse or level two relationship			Note (Note 3)
					Number of shares	Holding shares Ratio	Number of shares	Holding shares Ratio	Number of shares	Holding shares Ratio			Position title	Name	Relatio nship	
Manager	Republic of China	WANG, GUO-XI	Male	2020.01.01	9,014	-	-	-	-	-	Manager of the company, senior director Department of Civil Engineering, China Institute of Technology	None	None	None	None	-
Manager	Republic of China	CHI, YUN- CHONG	Male	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	None	None	None	-
Manager (Note4)	Republic of China	YANG, CHIH-WEI	Male	2022.01.21	-	-	-	-	-	-	Associate manager of the company Manager, Far EasTone Telecommunications Co., Ltd. MBA, University College London	None	None	None	None	-
Manager (Note4)	Republic of China	LIN, ZI-JING	Female	2022.02.16	-	-	-	-	-	-	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	None	None	None	-
Manager	Republic of China	LI, WEI-TENG	Male	2022.03.07	-	-	-	-	-	-	Manager and Project manager of the Company Assistant Manager of Jaysanlyn Real Estate & Advertising Co. Saddleback College Architecture	None	None	None	None	-
Manager	Republic of China	SU, LI-MEI	Female	2022.03.15	-	-	-	-	-	-	Manager and Project manager of the Company Master of Construction Management Group, Department of Civil Engineering, National Central University	None	None	None	None	-
Manager (Note4)	Republic of China	WANG, JIN-HUI	Male	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	None	None	None	-

Position title (Note 1)	Nationality	Name	Gender	Appointed (on board) date	Holding shares		Shares holding by spouse and minor children		Shares holding in the name of others		Main experience and education background (Note 2)	Concurrently served as the position of other companies	Manager who has a relationship with a related party of spouse or level two relationship			Note (Note 3)
					Number of shares	Holding shares Ratio	Number of shares	Holding shares Ratio	Number of shares	Holding shares Ratio			Position title	Name	Relatio nship	
Manager (Note4)	Republic of China	FANG, MING- CHING	Male	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, Entrepreneurv 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.	None	None	None	-
Manager	Republic of China	LIN, YU-FENG	Male	2022.11.07	-	-	-	-	-	-	Manager of the Company Assistant Vice President of Sales Department, Baoying Advertisement Co., Ltd. Sales Assistant Manager of Shanghai Construction Co., Ltd. Project Manager of Qinyuan Advertisement Co., Ltd. Department of Business Administration, China University of Technology	None	None	None	None	-
Acting department head	Republic of China	HUANG, XIAN-QIN	Male	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 Department of Civil Engineering, Central University	None	None	None	None	-
Manager	Republic of China	TENG, QI-FU	Male	2023/09/01							Division Manager of the Company Deputy general manager of BOSS Industrial General Manager of TRC International Trade Deputy General Manager of Land Development Execution of Vietnam SHUN FA Department of Economics, Soochow University Master of Business Administration, National Chung Cheng University					

Position title (Note 1)	Nationality	Name	Gender	Appointed (on board) date	Holding shares		Shares holding by spouse and minor children		Shares holding in the name of others		Main experience and education background (Note 2)	Concurrently served as the position of other companies	Manager who has a relationship with a related party of spouse or level two relationship			Note (Note 3)
					Number of shares	Holding shares Ratio	Number of shares	Holding shares Ratio	Number of shares	Holding shares Ratio			Position title	Name	Relatio nship	
Special Assistant	Republic of China	ZHOU, ZHI-CHENG	Male	2023/09/01							The company's special assistant cum Information Department and Audio-Visual Command Center Supervisor. Chairman's Special Assistant of RD&D Cold Logistic Co., Ltd. Assistant Manager, Office of the General Manager of TungThih Electronic Co., Ltd. Chief Information Officer (CIO) of New Focus Auto Tech Holdings Ltd. Department of Computer Science and Information Engineering, Chung Yuan Christian University Master of Science in Management Information Systems at Pittsburg State University					
Manager	Republic of China	CAI, YUE-FENG	Male	2023/09/01							Division Manager of the Company Deputy Manager of the Human Resources Department of Wah Lee Industrial Corp.(Shanghai Yikang Chemical Industry Material Ltd). Manager of Administrative Services Department at RH International Designs Co., Ltd.(Shanghai). Human Resources Administration Department Manager of HannStar Board Corporation. Department of Finance and Banking at Chaoyang University of Technology					
Associate manager	Republic of China	HUANG, JIA-ZHEN	Female	2023/09/11							Associate manager of the company Legal Director at Continental Development Corporation. Employed Lawyer of Jones Day Law Firm. Employed Lawyer of Shay & Partners Law Firm. Master of Laws from the National Taiwan University. Doctor of Juridical Science in Environmental and Resource Protection Law from Peking University.					

Position title (Note 1)	Nationality	Name	Gender	Appointed (on board) date	Holding shares		Shares holding by spouse and minor children		Shares holding in the name of others		Main experience and education background (Note 2)	Concurrently served as the position of other companies	Manager who has a relationship with a related party of spouse or level two relationship			Note (Note 3)
					Number of shares	Holding shares Ratio	Number of shares	Holding shares Ratio	Number of shares	Holding shares Ratio			Position title	Name	Relatio nship	
Manager	Republic of China	JIA, OAI-SHA	Female	2023/10/16							Division Manager of the Company Chief Financial Officer of InterServ International Inc. Chief Audit Officer of Coaster International Co., Ltd. Financial Manager of JIETAI Machinery Co., Ltd. Department of Accounting, Chinese Culture University					
Director	Republic of China	LIU, YONG-FU	Male	2023/12/14							Director of the company Land Development Assistant Manager of China Petrochemical Development Corporation Financial Assistant Manager of China Petrochemical Development Corporation Assistant Manager of Underwriting Department of MasterLink Securities Corporation MBA from Indiana University of Pennsylvania					
Manager	Republic of China	YOU, LI-CHENG	Male	2023/12/18							Division Manager of the Company Finance and Accounting Manager of Houshi Assets Management Company Ltd. Assistant manager of Prior Company Ltd. Senior Finance Manager of Wei Chuan Foods Corporation Chemistry Department at National Sun Yat-sen University					
Special Assistant	Republic of China	SHANG, WEN-BIN	Male	2024/01/01							Special Assistant of the Company Chief Marketing Officer of Core Pacific Group Design Director of Living Mall Design Manager of Agora Garden Senior Fine Arts and Crafts Department at Fu-Hsin Trade and Arts School					

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: Chen, Guo-xian resigned on January 19, 2023 ; Su, Hui-qiu was dismissed on January 20, 2023; Guo, Hong-zheng resigned on March 31, 2023; Yang, Zhi-wei resigned on March 31, 2023; Wang, Jin-hui resigned on June 15, 2023; Fang, Ming-qing resigned on June 20, 2023; Lin, Zi-jing resigned on October 16, 2023; Su, Bo-cheng has been on unpaid leave since November 16, 2023.

Note 5: Yang, Jia-chun was relieved of acting legal manager duties on September 11, 2023. ° .

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

Position title	Name	Director's remuneration								The total amount of item A, B, C and D that accounts for the percentage of net profit after tax (Note 10)		Remuneration of part-time employees						The total amount of item A, B, C, D, E, F and G that accounts for the percentage of net profit after tax (Note 10)		Receive remuneration from the reinvested business other than the subsidiaries or from the parent company (Note 11)			
		Remuneration (A) (Note 2)		Retirement pension (B)		Director's remuneration (C) (Note 3)		Business implementation cost (D) (Note 4)				Salary, bonus and special expenses (E) (Note 5)		Retirement pension (F)		Employee compensation (G) (Note 6)							
		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)	in the financial report all companies (Note 7)		The company Company	All companies included in the financial report (Note 7)				
																Amount of cash bonus	Amount of stock dividend	Amount of cash bonus	Amount of stock dividend				
Chairman (26 and 27th)	Yang Jen Industrial Co., Ltd. CHOU, CHIH-MING (2022.9.16 Take office)	7,321	7,321	0	0	2,617	2,617	0	16	1.59%	1.59%	0	0	0	0	0	0	0	0	0	1.59%	1.59%	0
Director (26 and 27th)	China Petrochemical Development Corporation CHEN RUI-LONG	553	553	0	0	2,617	2,617	0	0	0.51%	0.51%	0	0	0	0	0	0	0	0	0.51%	0.51%	0	
Director (26 and 27th)	Tianjing Investment Co., Ltd. BAI JUN-NAN	0	0	0	0	0	0	0	0	0%	0%	3,564	3,564	0	0	0	0	0	0	0.57%	0.57%	0	
Director (26 and 27th)	Formostar Factory Co., Ltd. TSAI, CHAO-LUN	480	480	0	0	2,617	2,617	0	0	0.50%	0.50%	0	0	0	0	0	0	0	0	0.50%	0.50%	0	
Director (26 and 27th)	Changli Co., Ltd. LIYOU, LIANG-HAI	480	480	0	0	2,617	2,617	0	0	0.50%	0.50%	0	0	0	0	0	0	0	0	0.50%	0.50%	0	
Director (26 and 27th)	Tianjing Investment Co., Ltd. CHEN, WEN-KE	7,321	7,321	0	0	2,617	2,617	0	16	1.59%	1.59%	0	0	0	0	0	0	0	0	1.59%	1.59%	0	
Independent director (26 th)	LU, HAN-YI (June 7 2023 Discharged)	553	553	0	0	2,617	2,617	0	0	0.51%	0.51%	0	0	0	0	0	0	0	0	0.51%	0.51%	0	

Position title	Name	Director's remuneration								The total amount of item A, B, C and D that accounts for the percentage of net profit after tax (Note 10)		Remuneration of part-time employees								The total amount of item A, B, C, D, E, F and G that accounts for the percentage of net profit after tax (Note 10)		Receive remuneration from the reinvested business other than the subsidiaries or from the parent company (Note 11)
		Remuneration (A) (Note 2)		Retirement pension (B)		Director's remuneration (C) (Note 3)		Business implementation cost (D) (Note 4)				Salary, bonus and special expenses (E) (Note 5)		Retirement pension (F)		Employee compensation (G) (Note 6)						
		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)	The company		in the financial report all companies (Note 7)		The company	All companies included in the financial report (Note 7)	
Independent director (27th)	LIU, DENG-CHE NG(June 7 2023 Inaugurated on)	0	0	0	0	0	0	0	0	0%	0%	3,564	3,564	0	0	0	0	0	0	0.57%	0.57%	0
Independent director (26 and 27th)	KO, SHU-JEN	480	480	0	0	2,617	2,617	0	0	0.50%	0.50%	0	0	0	0	0	0	0	0	0.50%	0.50%	0
Independent director (26 and 27th)	CHANG, FAN	480	480	0	0	2,617	2,617	0	0	0.50%	0.50%	0	0	0	0	0	0	0	0	0.50%	0.50%	0

1. 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 be 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, the remuneration received by the company director from the re-invested 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

Position title	Name	Salary (A) (Note 2)		Retirement pension (B)		Bonus and Special expense, etc. (C) (Note 3)		Employee compensation (D) (Note 4)				The total amount of item A, B, C and D that accounts for the percentage of net profit after tax(%) (Note 8)		Received remuneration from the reinvested business other than the subsidiaries or from the parent company (Note 9)
		The company	All companies included in the financial report (Note 5)	The company	All companies included in the financial report (Note 5)	The company	All companies included in the financial report (Note 5)	The company		All companies included in the financial report (Note 5)		The company	All companies included in the financial report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
General manager	CHOU, CHIH-MING	0	0	0	0	0	0	0	0	0	0	0	0	0
Deputy general manager	YANG, MEI-YUAN	1,948	1,948	12,168	12,168	646	646	551	0	551	0	2.45%	2.45%	0
Deputy general manager	WANG, TING-TSE	2,352	2,352	0	0	700	700	545	0	545	0	0.58%	0.58%	-0
Director	LIN, HSU-CHUAN	2,230	2,230	0	0	681	681	408	0	408	0	0.53%	0.53%	0
Director	LIU, YONG-FU	29	29	0	0	0	0	0	0	0	0	0.005%	0.005%	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 pay to each of the company's general manager and deputy general managers remuneration level	Name of the General Manager and Deputy General Manager	
	The company (Note 6)	All companies included in the financial report (Note 7) E
Less than 1,000,000 dollars	CHOU, CHIH-MING LIOU, YONG-FU	CHOU, CHIH-MING LIOU, YONG-FU
1,000,000 dollars (included) ~ 2,000,000 dollars (not included)	-	-
2,000,000 dollars (included) ~ 3,500,000 dollars (not included)	LIN, HSU-CHUAN	LIN, HSU-CHUAN
3,500,000 dollars (included) ~ 5,000,000 dollars (not included)	WANG, TING-TSE	WANG, TING-TSE
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)	YANG, MEI-YUAN	YANG, MEI-YUAN
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 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 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 be disclosed.

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: a. This column should clearly state the amount of remuneration paid to the company's general manager and deputy general managers from the reinvested business other than the 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, 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.

(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 title	Name	Salary (A) (Note 2)		Retirement pension (B)		Bonus and Special expense, etc. (C) (Note 3)		Employee compensation (D) (Note 4)				The total amount of item A, B, C and D that accounts for the percentage of net profit after tax(%) (Note 6)		Received remuneration from the reinvested business other than the subsidiaries or from the parent company (Note 7)
		The company	All companies included in the financial report (Note 5)	The company	All companies included in the financial report (Note 5)	The company	All companies included in the financial report (Note 5)	The company		All companies included in the financial report (Note 5)		The company	All companies included in the financial report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
Deputy general manager	YANG, MEI-YUAN	1,949	1,949	12,168	12,168	646	646	551	-	551	-	2.45%	2.45%	-
Deputy general manager	WANG, TING-TSE	2,352	2,352	-	-	700	700	545	-	545	-	0.58%	0.58%	-
Managing Director	LIN, HSU-CHUAN	2,230	2,230	-	-	681	681	408	-	408	-	0.53%	0.53%	-
Associate Manager	CHENG, AN-TZU	2,192	2,192	-	-	588	588	408	-	408	-	0.51%	0.51%	-
Associate Manager	HUANG, TING-CHIEN	1,784	1,784	-	-	547	547	408	-	408	-	0.44%	0.44%	-

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 be 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, 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.

Name of managers who distribute employee compensation and the distribution status

April 1, 2024
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(%)
Managerial officer	Acting General Manage	CHOU, CHIH-MING	0	5,626	5,626	0.90%
	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				
	Associate manager	CHENG, AN-TZU				
	Associate manager	HUANG, TING-CHIEN				
	Associate manager	SU, BAI-CHENG				
	Manager	WANG, GUO-XI				
	Manager	CHIU, YUNG-TSAI				
	Manager	LI, CHEN-MING				
	Manager	LIN, ZI-JING				
	Manager	SU, YU-MIN				
	Manager	YU, CHEN-ERH				
	Manager	SU, LI-MEI				
	Manager	CHI, YUN-CHONG				
Manager	LI, WEI-TENG					

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

Note 4: For the directors, general manager and deputy general managers who have received employee compensation (including stocks and cash), they should fill out the appendix table 1(2) and this form.

- (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 2022: 5.94% (48,749 NTD in thousands / 821,315 NTD in thousands)
Year 2023: 8.58% (53,626 NTD in thousands / 624,719 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 2022: 5.96% (48,927 NTD in thousands / 821,315 NTD in thousands)
Year 2023: 8.59% (53,648 NTD in thousands / 624,719 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 Evaluation 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 their remuneration. Relevant performance appraisal and remuneration rationality are reviewed by the remuneration committee and the board of directors.

4. Consult 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

In 2023, the 26th Board of Directors held 5 meetings (A), and the 27th Board of Directors held 10 meetings (A) in 2023. The attendance of directors is as follows:

Title	Name (Note 1)	Frequency of actual attendance (B)	Frequency of proxy attendance	Rate of actual attendance (B/A) (Note 2)	Note
Chairman (26th term)	Yang Jen Industrial Co., Ltd. Representative: Chou, Chih-Ming	5	0	100%	Inaugurated on 2022.09.16
Director (26th term)	China Petrochemical Development Corporation Representative: Chen, Jui-Lung	5	0	100%	Inaugurated on 2020.06.23
Director (26th term)	Tian-Jing Investment Corporation Representative: Bai Jiun Nan	4	1	80%	Inaugurated on 2020.07.30
Director (26th term)	Formostar Garment Co. Ltd Representative: Tsai Chao Lun	5	0	100%	Inaugurated on 2020.06.23
Director (26th term)	Tian-Jing Investment Corporation Representative: Chen Wen Ke	4	1	80%	Inaugurated on 2020.06.23
Director (26th term)	Chang-Li Co. Ltd Representative: Liou Liang Hai	4	1	80%	Inaugurated on 2020.06.23
Independent Director (26th)	LU, HAN-YI	4	1	80%	Inaugurated on 2020.06.23 Discharged on 2023.06.07
Independent Director (26th)	KO, SHU-JEN	5	0	100%	Inaugurated on 2020.06.23
Independent Director (26th)	CHANG, FAN	5	0	100%	Inaugurated on 2020.06.23
Chairman (27th term)	Yang Jen Industrial Co., Ltd. Representative: Chou, Chih-Ming	10	0	100%	Inaugurated on 2023.6.7
Director (27th term)	China Petrochemical Development Corporation Representative: Chen, Jui-Lung	9	1	90%	Inaugurated on 2023.6.7
Director (27th term)	Tian-Jing Investment Corporation Representative: Bai Jiun Nan	10	0	100%	Inaugurated on 2023.6.7
Director (27th term)	Formostar Garment Co. Ltd Representative: Tsai Chao Lun	7	3	70%	Inaugurated on 2023.6.7
Director (27th term)	Tian-Jing Investment Corporation Representative: Chen Wen Ke	10	0	100%	Inaugurated on 2023.6.7
Director (27th term)	Chang-Li Co. Ltd Representative: Liou Liang Hai	8	2	80%	Inaugurated on 2023.6.7
Independent Director (27th term)	KO, SHU-JEN	10	0	100%	Inaugurated on 2023.6.7

Independent Director (27th term)	CHANG, FAN	9	1	90%	Inaugurated on 2023.6.7
Independent Director (27th term)	LIU, DENG-CHENG	10	0	100%	Inaugurated on 2023.6.7
Others:					
I. 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. Board of Directors Meeting Date: From January 18, 2023 Term: 25th Meeting of the 26th Term					
Proposal Content: The distribution of year-end performance bonuses for appointed managers of the company in 2022.					
Resolution of the Board of Directors: Approval by all attending directors.					
2. Board of Directors Meeting Date: From January 18, 2023 Term: 25th Meeting of the 26th Term					
Proposal Content: The removal of Vice General Manager YANG,MEI-YUAN from the position of appointed manager in the Engineering Division of The company is for reference.					
Resolution of the Board of Directors: Approval by all attending directors to have it duly noted.					
3. Board of Directors Meeting Date: From January 18, 2023 Term: 25th Meeting of the 26th Term					
Proposal Content: From January 20th, 2023 onwards, Mr. Fang, Ming-Ching, the manager of the Finance Department, will be reassigned to serve as the manager of corporate governance.					
Resolution of the Board of Directors: Approval by all attending directors.					
4. Board of Directors Meeting Date: From March 13, 2023 Term: 27th Meeting of the 26th Term					
Proposal Content: The Proposal of Compensation Distributions to Employees and Directors for the year 2022 of the company.					
Resolution of the Board of Directors: Approval by all attending directors.					
5. Board of Directors Meeting Date: From March 13, 2023 Term: 27th Meeting of the 26th Term					
Proposal Content: The individual financial statements of our company for year 2022 (from January 1, 2022 to December 31, 2022).					
Resolution of the Board of Directors: All attending directors consent to pass the resolution as proposed and request approval from the Shareholders' Meeting.					
6. Board of Directors Meeting Date: From March 13, 2023 Term: 27th Meeting of the 26th Term					
Proposal Content: The annual business report and the consolidated financial statements for year 2022 of our company.					
Resolution of the Board of Directors: All attending directors consent to pass the resolution as proposed and request approval from the Shareholders' Meeting.					
7. Board of Directors Meeting Date: From March 13, 2023 Term: 27th Meeting of the 26th Term					
Proposal Content: The profit distribution proposal for year 2022 (January 1, 2022 to December 31, 2022) of our company.					
Resolution of the Board of Directors: All attending directors agree to pass the resolution as proposed and request acknowledgment from the shareholders' meeting for the year 2023.					
8. Board of Directors Meeting Date: From March 13, 2023 Term: 27th Meeting of the 26th Term					
Proposal Content: The re-engagement of Deloitte Taiwan to audit the financial statements and tax certification for the year 2023					
Resolution of the Board of Directors: Approval by all attending directors.					
9. Board of Directors Meeting Date: From March 13, 2023 Term: 27th Meeting of the 26th Term					
Proposal Content: Amendment of certain articles of the "Managerial Procedure for Lending Funds to Others and Endorsement/Guaranteee."					
Resolution of the Board of Directors: All attending directors consent to pass the resolution as proposed and request approval from the 2023 Shareholders' Meeting.					

10.	Board of Directors Meeting Date: March 13, 2023 Term: 27th Meeting of the 26th Term Proposal Content:	Establishment of the Company's policy for early approval of non-assurance services.
	Resolution of the Board of Directors:	Approval by all attending directors to have it duly noted.
11.	Board of Directors Meeting Date: March 13, 2023 Term: 27th Meeting of the 26th Term Proposal Content:	Participation in the 2023 cash capital increase in Cinemark-Core Pacific, Ltd. for an amount not exceeding NT\$ 200 million.
	Resolution of the Board of Directors:	Approval by all attending directors.
12.	Board of Directors Meeting Date: March 13, 2023 Term: 27th Meeting of the 26th Term Proposal Content:	Proposal for the issuance of the Company's 2022 statement of internal control system.
	Resolution of the Board of Directors:	Approval by all attending directors.
13.	Board of Directors Meeting Date: March 13, 2023 Term: 27th Meeting of the 26th Term Proposal Content:	The redevelopment project of four plots of land in Pei-Pi Section, Tucheng District, identified by land numbers 458, etc., abbreviated as the 'Tucheng Industrial Zone - Jin'an Street - Redevelopment Project', was approved for development and is pending for inspection starting from February 15th.
	Resolution of the Board of Directors:	Approval by all attending directors to have it duly noted.
14.	Board of Directors Meeting Date: March 13, 2023 Term: 27th Meeting of the 26th Term Proposal Content:	The "Tucheng Cloud Universe AI Park" project of BES Engineering Corp. has entrusted "CORE PACIFIC Marketing Corporation" to carry out sales operations and sign a contract for engagement.
	Resolution of the Board of Directors:	Approval by all attending directors.
15.	Board of Directors Meeting Date: March 13, 2023 Term: 27th Meeting of the 26th Term Proposal Content:	Elected the Directors and Independent Directors for the company.
	Resolution of the Board of Directors:	Approval by all attending directors.
16.	Board of Directors Meeting Date: March 13, 2023 Term: 27th Meeting of the 26th Term Proposal Content:	nominate and review the candidate List of the Directors and Independent Directors.
	Resolution of the Board of Directors:	Approval by all attending directors and included in the election at the 2023 shareholders' meeting.
17.	Board of Directors Meeting Date: March 13, 2023 Term: 27th Meeting of the 26th Term Proposal Content:	passed to draft the date, time, venue, agenda and major proposal for the 2023 AGM.
		The content of the proposal, acceptance of shareholder proposals, as well as the nomination period and location.
	Resolution of the Board of Directors:	Approval by all attending directors.
18.	Board of Directors Meeting Date: March 13, 2023 Term: 27th Meeting of the 26th Term Proposal Content:	Proposed to the "Procedures for the Appointment of Managerial Officers" of the Company.
	Resolution of the Board of Directors:	Approval by all attending directors.
19.	Board of Directors Meeting Date: May 10, 2023 Term: 29th Meeting of the 26th Term Proposal Content:	The Q1 2023 Consolidated Financial Report of the company.
	Resolution of the Board of Directors:	Approval by all attending directors.
20.	Board of Directors Meeting Date: May 10, 2023 Term: 29th Meeting of the 26th Term Proposal Content:	Plan to lift the provision of non-competition provision of the 27th term of the Board of Directors.
	Resolution of the Board of Directors:	All attending directors consent to pass the resolution as proposed and request approval from the Shareholders' Meeting.
21.	Board of Directors Meeting Date: May 10, 2023 Term: 29th Meeting of the 26th Term Proposal Content:	Our company is leading the participation in the public solicitation for investors for the "Public Urban Renewal Project of Taipei City Zhongzheng District Fuhe Section II, Plot 60-19, and other 6 parcels of land". We plan to proceed with signing the contract for soliciting investors through public solicitation.
	Resolution of the Board of Directors:	Approval by all attending directors.

22.	Board of Directors Meeting Date: June 7, 2023	Term: 1st Meeting of the 27th Term
	Proposal Content:	Election of Chairman of the Board.
	Resolution of the Board of Directors:	All attending directors approved Director Zhou, Zhi-Ming to act as the Chairman.
23.	Board of Directors Meeting Date: June 28, 2023	Term: 2nd Meeting of the 27th Term
	Proposal Content:	Proposal for the establishment of the ex-dividend base date and the distribution date of 2023 cash dividends of the Company.
	Resolution of the Board of Directors:	Approval by all attending directors.
24.	Board of Directors Meeting Date: June 28, 2023	Term: 2nd Meeting of the 27th Term
	Proposal Content:	The 'Biyange Pavilion' and 'Mingsenyuan' cases commissioned by BES Engineering Corp respectively appoint CORE PACIFIC Marketing Corporation to undertake sales and planning operations and signed contracts.
	Resolution of the Board of Directors:	Approval by all attending directors.
25.	Board of Directors Meeting Date: June 28, 2023	Term: 2nd Meeting of the 27th Term
	Proposal Content:	For the "Public Urban Renewal Project for 6 Parcels of Land, including Land Parcel No. 60-19 in Section 2 of Fuhe Sub-section, Zhongzheng District, Taipei City," regarding the solicitation of investors, the proposed "Collaboration Agreement" between our company and Core Pacific Development Co., Ltd. and the "Investment and Assistance Implementation Contract" between Huading Enterprise Co., Ltd. and Taipei City Housing Urban Development Center are under review.
	Resolution of the Board of Directors:	Approval by all attending directors to have it duly noted.
26.	Board of Directors Meeting Date: June 28, 2023	Term: 2nd Meeting of the 27th Term
	Proposal Content:	Nominate CHANG FAN and LIU, DENG-CHENG as independent directors of the company's "Sustainability Development Committee" for the second term.
	Resolution of the Board of Directors:	Approval by all attending directors.
27.	Board of Directors Meeting Date: June 28, 2023	Term: 2nd Meeting of the 27th Term
	Proposal Content:	it is proposed to nominate and appoint KO, SHU-JEN, CHANG FAN and LIU, DENG-CHENG as independent directors of the company's "Remuneration Committee" for the fifth term.
	Resolution of the Board of Directors:	Approval by all attending directors.
28.	Board of Directors Meeting Date: July 21, 2023	Term: 3rd Meeting of the 27th Term
	Proposal Content:	The proposal for the allocation of director remuneration for the year 2022 of the company.
	Resolution of the Board of Directors:	Approval by all attending directors.
29.	Board of Directors Meeting Date: July 21, 2023	Term: 3rd Meeting of the 27th Term
	Proposal Content:	BES Investment Company Ltd. Vietnam aims to expand its business and collaborate with strategic partners for large-scale land development projects in Vietnam. It is proposed to conduct a cash capital increase of \$34 million, with \$10 million contributed by our company to increase the capital of BES Investment Company Ltd. and to further increase the capital of BES Vietnam Company (BESVN). The remaining \$24 million capital increase will be pursued through consultation with specific individuals.
	Resolution of the Board of Directors:	Approval by all attending directors.
30.	Board of Directors Meeting Date: August 09, 2023	Term: 4th Meeting of the 27th Term
	Proposal Content:	The consolidated financial report for the first two quarters of year 2023 of our company.
	Resolution of the Board of Directors:	Approval by all attending directors.
31.	Board of Directors Meeting Date: August 9, 2023	Term: 4th Meeting of the 27th Term
	Proposal Content:	Presenting for review: "Songshan District Minsheng East Road Section 3 - Urban Renewal Project," proposed to undergo the project initiation process for further examination.
	Resolution of the Board of Directors:	Approval by all attending directors to have it duly noted.

32. Board of Directors Meeting Date: August 9, 2023 Term: 4th Meeting of the 27th Term	
Proposal Content:	Our company, in conjunction with Core Pacific Development Corporation, jointly formed “Huading Enterprise Co., Ltd.” It is proposed to increase the capital of the “Public Urban Renewal Project for 6 Parcels of Land, including Land Parcel No. 60-19 in Section 2 of Fuhe Sub-section, Zhongzheng District, Taipei City” by NT\$ 100 thousand. Our company will increase the capital by NT\$ 90 thousand in accordance with the proportion of investment.
Resolution of the Board of Directors:	Approval by all attending directors to have it duly noted.
33. Board of Directors Meeting Date: August 9, 2023 Term: 4th Meeting of the 27th Term	
Proposal Content:	The Company’s 2022 remuneration of employees distributed by the delegated manager in accordance with the “Guidelines Governing Remuneration to Employees”
Resolution of the Board of Directors:	Approval by all attending directors.
34. Board of Directors Meeting Date: October 2, 2023 Term: 5th Meeting of the 27th Term	
Proposal Content:	Our company participates in the public solicitation of investors for the “Public Urban Renewal Plan for 14 Parcels of Land including number 956 in Gongguan Section, Banqiao District, New Taipei City.” It is proposed to proceed with the signing of the contract for investment solicitation.
Resolution of the Board of Directors:	Approval by all attending directors.
35. Board of Directors Meeting Date: October 2, 2023 Term: 5th Meeting of the 27th Term	
Proposal Content:	The 'Da'an Road Project' is proposed to undergo the project initiation process for further examination
Resolution of the Board of Directors:	Approval by all attending directors to have it duly noted.
36. Board of Directors Meeting Date: October 2, 2023 Term: 5th Meeting of the 27th Term	
Proposal Content:	LIN ZI-JING, Manager of the Internal Audit Department, has been relieved of her position as Internal Audit Supervisor since October 16, 2023.
	Simultaneously, her appointment contract has been terminated, and JIA, OAI-SHA, who joined on October 16, 2023, has assumed the position.
	Manager in Charge Assignment
Resolution of the Board of Directors:	Approval by all attending directors.
37. Board of Directors Meeting Date: October 12, 2023 Term: 6th Meeting of the 27th Term	
Proposal Content:	BSE Engineering Corporation's sale of the 'Tucheng Cloud Universe AI Park' project is proposed to be accompanied by an intention letter for pre-purchase of houses and parking spaces with the Taiwan branch of Cloud Network Technology Singapore PTE. Ltd.
Resolution of the Board of Directors:	Approval by all attending directors.
38. Board of Directors Meeting Date: November 10, 2023 Term: 8th Meeting of the 27th Term	
Proposal Content:	The consolidated financial report for the first three quarters of year 2023 of our company.
Resolution of the Board of Directors:	Approval by all attending directors.
39. Board of Directors Meeting Date: November 29, 2023 Term: 9th Meeting of the 27th Term	
Proposal Content:	Presenting the development project of “50 hectares of Anshou Industrial Cluster in Haiphong City” by BES Investment Company Ltd Vietnam (BESVN).
Resolution of the Board of Directors:	Approval by all attending directors.
40. Board of Directors Meeting Date: December 27, 2023 Term: 10th Meeting of the 27th Term	
Proposal Content:	Presenting the “2024 Business Plan and Operations Budget Explanation” of the Company.
Resolution of the Board of Directors:	Approval by all attending directors.
41. Board of Directors Meeting Date: December 27, 2023 Term: 10th Meeting of the 27th Term	
Proposal Content:	The Company’s evaluation on the independence of the appointed independent auditor for the year 2023.
Resolution of the Board of Directors:	Approval by all attending directors.
42. Board of Directors Meeting Date: December 27, 2023 Term: 10th Meeting of the 27th Term	
Proposal Content:	Proposal for the establishment of the Company’s “2024 Annual Audit Plan.”
Resolution of the Board of Directors:	Approval by all attending directors.

43. Board of Directors Meeting Date: December 27, 2023	Term: 10th Meeting of the 27th Term
Proposal Content:	Effective December 18, 2023, YOU, LI-CHENG is reassigned from Manager to serve as the Financial Manager of our company
Resolution of the Board of Directors:	Approval by all attending directors.
44. Board of Directors Meeting Date: December 27, 2023	Term: 10th Meeting of the 27th Term
Proposal Content:	Our company donates NT\$ 10 million to the Sheen Chuen-Chi Culture and Educational Foundation.
45. Board of Directors Meeting Date: From January 26, 2024	Term: 11th meeting of the 27th Board
Proposal Content:	Proposal for the Company's distribution of year-end performance bonus for delegated managers in 2023.
Resolution:	Due to conflict of interest, Chairman Chou, Chih-Ming recused for conflict of interest because he concurrently served as the President. Director Chen, Jui-Lung presided over the meeting. The other attending directors agreed, and the Chairman was authorized to follow the recommendations of the Remuneration Committee and the Board of Directors after comprehensive consideration.
46. Dates of board meetings: March 13, 2024	Term: 13th meeting of the 27th Board
Proposal Content:	Proposal for the distribution of remuneration to employees and directors for 2023.
Resolution of the Board of Directors:	Approval by all attending directors and it should be reported in the shareholders' meeting.
47. Board of Directors Meeting Date: March 13, 2024	Term: 13th meeting of the 27th Board
Proposal Content:	The Company's 2023 business report and 2023 consolidated financial report.
Resolution of the Board of Directors:	Approval by all attending directors, and it is listed as a matter for ratification by the shareholders' meeting.
48. Board of Directors Meeting Date: March 13, 2024	Term: 13th meeting of the 27th Board
Proposal Content:	The Company's parent company only financial statements for 2023 (for the years ended December 31, 2023).
Resolution of the Board of Directors:	Approval by all attending directors, and it is listed as a matter for ratification by the shareholders' meeting.
49. Board of Directors Meeting Date: March 13, 2024	Term: 13th meeting of the 27th Board
Proposal Content:	Proposal of the Company's earnings appropriation for 2023 (January 1 to December 31, 2023).
Resolution of the Board of Directors:	Approval by all attending directors, and it is listed as a matter for ratification by the 2024 shareholders' meeting.
50. Board of Directors Meeting Date: March 13, 2024	Term: 13th meeting of the 27th Board
Proposal Content:	The re-engagement of Deloitte Taiwan to audit the financial statements and tax certification for 2024.
Resolution of the Board of Directors:	Approval by all attending directors.
51. Date of Board Meeting: March 13, 2024	Term: 13th meeting of the 27th Board
Proposal Content:	Amendments to certain provisions of the "Audit Committee Charter" of the Company.
Resolution of the Board of Directors:	Approval by all attending directors.
52. Date of Board Meeting: March 13, 2024	Term: 13th meeting of the 27th Board
Proposal Content:	Amendment to the provisions of the Company's "Managerial Procedure for Loaning Funds to Others and Endorsement/Guarantee" and to list it for discussion in the 2024 shareholders' meeting.
Resolution of the Board of Directors:	Approval by all attending directors.
53. Date of Board Meeting: March 13, 2024	Term: 13th meeting of the 27th Board
Proposal Content:	Proposal for the issuance of the Company's 2023 statement of internal control system.
Resolution of the Board of Directors:	Approval by all attending directors.
54. Date of Board Meeting: March 13, 2024	Term: 13th meeting of the 27th Board
Proposal Content:	Amendment to the provisions of the "Regulations Governing the Reward and Protection of Whistleblowers" and the "Regulations on Violation of Integrity Management."
Resolution of the Board of Directors:	Approval by all attending directors.

55.	Date of Board Meeting: March 13, 2024	Term: 13th meeting of the 27th Board
	Proposal Content:	By-election of one independent director.
	Resolution of the Board of Directors:	Approval by all attending directors and included in the election at the shareholders' meeting.
56.	Date of Board Meeting: March 13, 2024	Term: 13th meeting of the 27th Board
	Proposal Content:	The Company nominates and reviews the list of independent director candidates.
	Resolution of the Board of Directors:	Approval by all attending directors and included in the election at the shareholders' meeting.
57.	Date of Board Meeting: March 13, 2024	Term: 13th meeting of the 27th Board
	Proposal Content:	Proposal of the date, time, place, meeting procedure, main
		The content of the proposal, acceptance of shareholder proposals, as well as the nomination period and location.
	Resolution of the Board of Directors:	Approval by all attending directors.
58.	Date of Board Meeting: March 13, 2024	Term: 13th meeting of the 27th Board
	Proposal Content:	Amendments to certain provisions of the Company's "Articles of Incorporation."
	Resolution of the Board of Directors:	Approval by all attending directors and it was proposed to be discussed at the shareholders' meeting.
59.	Date of Board Meeting: March 13, 2024	Term: 13th meeting of the 27th Board
	Proposal Content:	Amendments to certain provisions of the "Procedures for Election of Directors."
	Resolution of the Board of Directors:	Approval by all attending directors and it was proposed to be discussed at the shareholders' meeting.
60.	Date of Board Meeting: March 13, 2024	Term: 13th meeting of the 27th Board
	Proposal Content:	Proposal for the amendments to certain provisions of the "Rules of Procedure for Shareholders' Meetings" of the Company.
	Resolution of the Board of Directors:	Approval by all attending directors and it was proposed to be discussed at the shareholders' meeting.
	Resolution of the Board of Directors:	Approval 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.	
	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.	Board of Directors Meeting Date: January 18, 2023	Term: 25th Meeting of the 26th Term
	Proposal Content:	The distribution of year-end performance bonuses for appointed managers of the company in the year 2022.
	Resolution of the Board of Directors:	Since this proposal involved recusal for conflict of interest, Chairman, Zhou, Zhi-Ming recused as the stakeholder, Director Chen, Jui-Lung 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 the other remaining attending directors.
2.	Board of Directors Meeting Date: June 28, 2023	Term: 2nd Meeting of the 27th Term
	Proposal Content:	For the "Public Urban Renewal Project for 6 Parcels of Land, including Land Parcel No. 60-19 in Section 2 of Fuhe Sub-section, Zhongzheng District, Taipei City," regarding the solicitation of investors, the proposed "Collaboration Agreement" between our company and Core Pacific Development Co., Ltd. and the "Investment and Assistance Implementation Contract" between Huading Enterprise Co., Ltd. and Taipei City Housing Urban Development Center are under review.
	Resolution of the Board of Directors:	Due to a conflict of interest, Director Chen, Jui-Lung abstains from involvement in this case as a related party. The remaining attending directors agree to approve it.

<p>3. Board of Directors Meeting Date: July 21, 2023 Term: 3rd Meeting of the 27th Term Proposal Content:</p> <p>Resolution of the Board of Directors:</p>	<p>BES Investment Company Ltd. Vietnam aims to expand its business and collaborate with strategic partners for large-scale land development projects in Vietnam. It is proposed to conduct a cash capital increase of \$34 million, with \$10 million contributed by our company to increase the capital of BES Investment Company Ltd. and further to increase the capital of BES Vietnam Company (BESVN). The remaining \$24 million capital increase will be pursued through consultation with specific individuals.</p> <p>Due to a conflict of interest, Director Chen, Jui-Lung abstains from involvement in this case as a related party. The remaining attending directors agree to approve it.</p>
<p>4. Board of Directors Meeting Date: August 09, 2023 Term: 4th Meeting of the 27th Term Proposal Content:</p> <p>Resolution of the Board of Directors:</p>	<p>2022 remuneration to employees distributed by the appointed manager in accordance with the “Guidelines Governing Remuneration to Employees.”</p> <p>Due to a conflict of interest, Chairman Zhou Zhi-ming, who currently holds the position of general manager, is legally required to abstain from involvement in this case. Director Chen Rui-long must also abstain from participation due to his role as a company manager between June 13 and September 16 of year 2022. Director Bai Chun-nan will act as the meeting chair in their absence. The remaining attending directors agree to proceed with the case as proposed.</p>
<p>5. Date of Board meeting: January 26, 2024 Term: 11th meeting of the 27th Board Proposal Content:</p> <p>Resolution of the Board of Directors:</p>	<p>Proposal for distributing year-end performance bonus to delegated managers of the Company in 2023.</p> <p>Due to conflict of interest, Chairman Chou, Chih-Ming refused for conflict of interest because he concurrently served as the President. Director Chen, Jui-Lung presided over the meeting. The other attending directors agreed, and the Chairman was authorized to follow the recommendations of the Remuneration Committee and the Board of Directors after comprehensive consideration.</p>
<p>II. Listed and OTC companies should disclose information regarding the evaluation cycle, duration, scope, method, and content of their board of directors' self-assessment (or peer assessment), as specified in Annex 2. Implementation status of the evaluation of the Board of Directors: the Company has completed the performance evaluation of the Board of Directors for 2023 on December 31, 2023, and submitted to the Board for review and disclosed on the Market Observation Post System and on the company's official website on February 26, 2024 https://www.bes.com.tw/ir-policies.php#gsc.tab=0.</p>	
<p>III. 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:</p> <ol style="list-style-type: none"> 1. For the current fiscal year and the most recent fiscal year to date, all significant resolutions of the board of directors have been announced in accordance with legal regulations on the Taiwan Stock Exchange. 2. Continue to provide professional training for directors to support directors in exercising their powers to improve the effectiveness of the Board of Directors. 	

Note 1: 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)
Internally, the company conducts it once every year, while externally, it is conducted at least once every three years.	Twelve Months Ended December 31, 2023	Performance evaluation of board of directors, individual directors and functional committees (the Remuneration Committee and the Audit Committee).	1.Internal: Questionnaire self-evaluation for the Board of Directors, individual board members, and various functional committee members. 2.External: The Board commissioned the external professional organization - Taiwan Association of Board Governance to conduct board evaluation through questionnaires and on-site interviews.	Please refer to the official website for the results of both internal and external evaluations of the board of directors' performance. https://www.bes.com.tw/ir-policies.php#gsc.tab=0

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:

(Please refer to the company's annual report and corporate governance report for details on the professional qualifications of the audit committee members, as well as the disclosure of professional qualifications and independence information of directors, supervisors, general managers, deputy general managers, and managers of various departments and branches.)

1. Status of the audit committee information:

The audit committee in 2023 conducted 9 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 b	KO, SHU-JEN	9	0	100%	Re-election on June 7, 2023; discharged; expected to attend 9 times, actual attendance 9 times
Independent director a	LU, HAN-YI	2	0	100%	Re-election on June 7, 2023, re-elected; expected to attend 2 times, actual attendance 2 times
Independent director c	CHANG PAN	8	1	88.89%	Re-elected on June 7, 2023; re-elected; expected to attend 9 times, actual attendance 8 times
Independent director d	LIU, DENG-CHENG	7	0	100%	Newly elected on June 7, 2023; expected to attend 7 times, actual attendance 7 times

Others:

- I. If there are one of the situations as mentioned below for the audit committee operations, shall clearly state the date, period, proposal content, audit committee resolution outcome and the Company's handling of the audit committee's opinions.
- (I) Matters defined by provisions of Article 14-5 of the Securities and Exchange Act.
1. Internal control system established or amended in accordance with Article 14-1 of the Securities and Exchange Act: None.
 2. Evaluation of the Effectiveness of the Internal Control System:
 - (1) Date of The Audit Committee meeting: March 10, 2023 Period: 2nd Term, 20th Meeting
 Proposal Content: proposal to issue the Internal Control System Statement for the year 2022 of the company. Submit for consideration.
 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 The Audit Committee meeting: December 26, 2023 Period: 3rd Term, 7th Meeting
 Proposal Content: Propose the Company's 2024 audit plan.
 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:
 Date of The Audit Committee meeting: March 10, 2023 Period: 2nd Term, 20th Meeting

Proposal Content: amendment of certain articles of the “Managerial Procedure for Loaning Funds to Others and Endorsement/Guarantee”, submit for consideration.

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:

(1) Date of Audit Committee meeting: May 9, 2023 Term: 21st meeting of the 2nd term

Proposal Content: Propose to lift the provision of non-competition provision of the 27th term of the Board of Directors. Submit for consideration

Dissenting opinions, qualified opinions, or material recommendations of independent directors: none.

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. A transaction involving material asset or derivatives trading.

(1) Date of Audit Committee meeting: March 10, 2023 Term: 20th meeting of the 2nd term

Proposal Content: participation in the 2023 cash capital increase in Cinemark-Core Pacific, Ltd. for an amount not exceeding NT\$ 200 million. Submit for consideration

Dissenting opinions, qualified opinions, or material recommendations of independent directors: none.

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: reported to the current board of directors for review.

(2) Date of Audit Committee meeting: July 20, 2023 Term: 2nd meeting of the 3rd term

Proposal Content: BES Engineering Vietnam Company (BESVN) plans to conduct a cash capital increase of 34 million USD, with our company increasing investment in Chungkung Investment Co., Ltd. by 10 million USD, then further increasing investment in BES Engineering Vietnam Company (BESVN). The remaining 24 million USD for the capital increase will be discussed with specific individuals. Submit for consideration.

Dissenting opinions, qualified opinions, or material recommendations of independent directors: none.

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. Major capital loan, guarantee or endorsements:

Such situation does not exist

7. Offering, issuance or private placement of any equity-type securities:

Such situation does not exist

8. Appointment, discharge or remuneration of independent auditor:
- (1) Date of The Audit Committee meeting: March 10, 2023 Period: 2nd Term, 20th Meeting
 Proposal Content: the re-engagement of Deloitte Taiwan to audit the financial statements and tax certification for the year 2023. Submit for consideration.
 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:
- (1) Date of The Audit Committee meeting: June 27, 2023 Period: 3rd Term, 1st Meeting
 Proposal Content: it is proposed to remove Fang, Ming-Qing from the position of Finance Manager of the Company, effective from June 9, 2023, submit for consideration.
 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 The Audit Committee meeting: September 26, 2023 Period: 3rd Term, 4th Meeting
 Proposal Content: it is proposed to remove LIN, ZI-JING, Manager of the Audit Department, from the position of Internal Audit Manager, and simultaneously terminate the appointment contract, and appoint JIA, OAI-SHA, who will start on October 16, 2023, submit for consideration.
 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 The Audit Committee meeting: December 26, 2023 Period: 3rd Term, 7th Meeting
 Proposal Content: Effective December 18, 2023, YOU, LI-CHENG is reassigned from Manager to serve as the Financial Manager of our company, submit for consideration.
 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 The Audit Committee meeting: March 10, 2023 Period: 2nd Term, 20th Meeting
 Proposal Content: Propose to review the Company's 2022 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 The Audit Committee meeting: March 10, 2023 Period: 2nd Term, 20th Meeting
 Proposal Content: Proposal to review the Company's 2022 Parent Company

Only Business Report and 2022 Consolidated Financial Report, submit for consideration.

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 The Audit Committee meeting: March 10, 2023 Period: 2nd Term, 20th Meeting

Proposal Content: request for review of the Company's 2022 Appropriation of Earnings and propose approval by audit.

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 The Audit Committee meeting: May 09, 2023 Period: 2nd Term, 21th Meeting

Proposal Content: Request for review of the Company's 2023 Quarter 1 Consolidated Financial Report and propose for consideration.

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 The Audit Committee meeting: August 08, 2023 Period: 3rd Term, 3rd Meeting

Proposal Content: Request for review of the Company's 2023 Quarter 2 Consolidated Financial Report and propose for consideration.

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 The Audit Committee meeting: November 08, 2023 Period: 3rd Term, 5th Meeting

Proposal Content: Request for review of the Company's 2023 Quarter 3 Consolidated Financial Report and propose for consideration.

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:

- (2) Date of The Audit Committee meeting: March 10, 2023 Period: 2nd Term, 20th Meeting

Proposal Content: request for approval of the redevelopment project for the land parcels "No. 458 and others in the Pei-Pei Section, Tucheng District," by the company, submit for consideration.

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: reported to the current board of directors for review.

- (3) Date of The Audit Committee meeting: March 10, 2023 Period: 2nd Term, 20th Meeting

Proposal Content: the entrustment of “CORE PACIFIC Marketing Corporation” for the sales operation of BES Engineering's “Tucheng Metaverse Ai Park” project and relevant contract signing. Submit for consideration.

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: reported to the current board of directors for review.

- (4) Date of The Audit Committee meeting: March 10, 2023 Period: 2nd Term, 20th Meeting

Drafting the general principles for the establishment of the company's policy on pre-approval of non-audit services, for deliberation. This is a proposal for the board of directors' meeting.

The company's handling of the Audit Committee's opinions: reported to the current board of directors for review.

- (5) Date of The Audit Committee meeting: May 09, 2023 Period: 2nd Term, 21th Meeting

Proposal Content: Our company is leading the participation in the public solicitation for investors for the “Public Urban Renewal Project for 6 Parcels of Land, including Land Parcel No. 60-19 in Section 2 of Fuhe Sub-section, Zhongzheng District, Taipei City.” We plan to proceed with signing the contract for soliciting investors through public solicitation. Submit for consideration.

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 The Audit Committee meeting: June 27, 2023 Period: 3rd Term, 1st Meeting

Proposal Content: The “Biyange Pavilion” and “Mingsenyuan” cases commissioned by BES Engineering Corp, respectively, appoint CORE PACIFIC Marketing Corporation to undertake sales and planning operations and signed contracts. Submit for consideration.

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 The Audit Committee meeting: June 27, 2023 Period: 3rd Term, 1st Meeting

Proposal Content: The company proposes to sign a “Cooperation Agreement” with Core Pacific Development Co., Ltd., as well as a “Capital Contribution and Assistance Implementation Agreement” to be signed by Huading Enterprise Co., Ltd. with the Taipei City Livable Center. Submit for consideration.

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 The Audit Committee meeting: August 08, 2023 Period: 3rd Term, 3rd Meeting
Proposal Content: Regarding the redevelopment project for "Public Urban Renewal Project for 9 Parcels of Land, including Land Parcel No. 28-6 in Section 1 of Dunhua Section, Songshan District, Taipei City," referred to as the "Songshan District Minsheng East Road Section 3 Redevelopment Project," it is proposed to proceed with the application process. Submit for consideration.
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 The Audit Committee meeting: August 08, 2023 Period: 3rd Term, 3rd Meeting
Proposal Content: The company proposes to increase the capital of Huading Enterprise Co., Ltd., a joint venture formed by our company and Core Pacific Development Co., Ltd., by NT\$ 100 thousand. Our company will increase the capital by NT\$ 90 thousand according to the proportion of investment. Submit for consideration.
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 The Audit Committee meeting: September 26, 2023 Period: 3rd Term, 4th Meeting
Proposal Content: BES Engineering's "Tucheng Metaverse AI Park" project sales intend to sign a letter of intent for pre-purchase of houses and parking spaces with Taiwan branch of Cloud Network Technology Singapore PTE. Ltd. Submit for consideration.
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) Date of The Audit Committee meeting: September 26, 2023 Period: 3rd Term, 4th Meeting
Proposal Content: Regarding the redevelopment project for "Public Urban Renewal Project for 2 Parcels of Land, including Land Parcel No. 246 in Section 2 of Da'an Section, Da'an District, Taipei City," it is proposed to proceed with the application process. Submit for consideration.
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.
- (12) Date of The Audit Committee meeting: September 26, 2023 Period: 3rd Term, 4th Meeting

Proposal Content: Our company participates in the public solicitation of investors for the “Public Urban Renewal Plan for 14 Parcels of Land including number 956 in Gongguan Section, Banqiao District, New Taipei City.” It is proposed to proceed with the signing of the contract for investment solicitation. Submit for consideration.

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.

- (13) Date of The Audit Committee meeting: November 27, 2023 Period: 3rd Term, 6th Meeting

Proposal Content: Presenting the development project of “50 hectares of Anshou Industrial Cluster in Haiphong City” by BES Investment Company Ltd Vietnam (BESVN). Submit for consideration.

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.

- (14) Date of The Audit Committee meeting: December 26, 2023 Period: 3rd Term, 7th Meeting

Proposal Content: Review of the Company’s “2024 Business Plan and Operations Budget Explanation.” Submit for consideration.

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.

- (15) Date of The Audit Committee meeting: December 26, 2023 Period: 3rd Term, 7th Meeting

Proposal Content: The Company’s evaluation on the independence of the appointed independent auditor for the year of 2023. Submit for consideration.

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.

- (16) Date of The Audit Committee meeting: December 26, 2023 Period: 3rd Term, 7th Meeting. Submit for consideration.

Proposal Content: In order to fulfill corporate social responsibility and promote public welfare activities, the company's public works business plans to donate NT\$10 million to the Sheen Chuen-Chi Culture and Educational Foundation to support cultural and educational activities. Submit for consideration.

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 matters that have not been passed by the audit committee, but have been adopted with the approval of two-thirds or more of all the board directors: None 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 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 2023 fiscal year is as below:
 - (a) March 10, 2023, 2022 Financial Report audit explanation, 2022 results for key audit matters.
 - (b) May 09, 2023, Quarter 1 of 2023 Financial Statement review communications.
 - (c) August 8, 2023, communication regarding the review of the financial statements for the first two quarters of the fiscal year 2023, including the introduction of applicable laws and the latest regulatory requirements from regulatory authorities.
 - (d) November 08, 2023, Quarter 3 of 2023 Financial Statement review communications, communications for the 2023 results for key audit matters.
- March 10, 2023, the independent director communicated separately with the signing accountant via a meeting, utilizing a direct communication channel. The communication situation was good.

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:

Items for Evaluation	Operation status (Note1)			Discrepancies and reasons
	Yes	No	Brief summary	
I. 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.
II. Shareholder structure and shareholders’ rights				
(I) 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.
III. Composition and Responsibilities of the Board of Directors				
(I)Has the board developed and does it implement a diversity policy and specific management goals?	V		(I) The Company has formulated a diversity policy and disclosed it on the official website. https://www.bes.com.tw/ir-policies.php#gsc.tab=0 1. There are 9 Directors in the Board, including 3 Independent Directors. The area of expertise	None.

Items for Evaluation	Operation status (Note1)		Discrepancies and reasons																					
	Yes	No																						
(II) Besides setting up the Remuneration Committee and the Audit Committee, has the Company voluntarily set up Committees for other functions?	V		None.																					
	V																							
(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 re-election of each director?	V		None.																					
	V																							
<p>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.</p> <p>2. The Board aims for gender equality among its members, with a current target of having 1 or more female directors. It endeavors to add one female director in 2024.</p> <p>(II) Besides setting up a remuneration committee and audit committee, the Company has also set-up a management committee and Sustainable Development Committee. In future, will take actions to plan the establishment of committees for other functions in line with the regulations.</p> <p>(III) The Company has formulated the Regulations Governing the Board of Directors Performance Evaluation of BES Engineering Inc. and disclosed these Regulations on the official website and MOPS. Article 3 of the Regulations provides the scope of the performance evaluation, which includes the Board of Directors as a whole, individual Board members, each functional committee (including the Remuneration Committee and Audit Committee), and the evaluation of the current year shall be report to the Board of Directors prior to Q1 of the next year, so that the operation of the Board of Directors and functional committees may be complementary to each other. The directors and functional committee performance evaluations : were completed on December 31, 2023 and reported to the Board of Directors of the 27th term, 13th meeting on February 24, 2024. The evaluation result is as follows:</p> <p>1. The board of directors scored as follows in various aspects, with an average score of 95.8 out of 100, rated as good. This indicates that the board has effectively guided and supervised the company's strategies, significant operations and risk management responsibilities. The overall operation is sound, complying with regulatory requirements from regulatory authorities and relevant corporate governance regulations.</p> <table border="1"> <thead> <tr> <th>Five aspects of self-evaluation</th> <th>Number of questions</th> <th>Average score</th> </tr> </thead> <tbody> <tr> <td>A. Involvement in the company's operations</td> <td>12</td> <td>93.7</td> </tr> <tr> <td>B. Improvement to the board's decision-making quality</td> <td>12</td> <td>96.9</td> </tr> <tr> <td>C. Board composition and structure</td> <td>7</td> <td>95.6</td> </tr> <tr> <td>D. Election of directors and continuing education</td> <td>7</td> <td>96.5</td> </tr> <tr> <td>E. Internal control</td> <td>7</td> <td>96.5</td> </tr> <tr> <td>Total/Average score</td> <td>45</td> <td>95.8</td> </tr> </tbody> </table>			Five aspects of self-evaluation	Number of questions	Average score	A. Involvement in the company's operations	12	93.7	B. Improvement to the board's decision-making quality	12	96.9	C. Board composition and structure	7	95.6	D. Election of directors and continuing education	7	96.5	E. Internal control	7	96.5	Total/Average score	45	95.8	
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Items for Evaluation	Operation status (Note1)		Discrepancies and reasons																																																															
	Yes	No																																																																
			<p>2. Board members: There are nine directors (including independent directors) on the Board. The score of each aspect of the self-evaluation is as follows. The average score is 95.8 (out of 100), which is rated as excellent.</p> <table border="1"> <thead> <tr> <th>Six aspects of self-evaluation</th> <th>Number of questions</th> <th>Average score</th> </tr> </thead> <tbody> <tr> <td>A. Understanding of the company's goals and tasks</td> <td>3</td> <td>97</td> </tr> <tr> <td>B. Awareness of directors' responsibilities</td> <td>3</td> <td>97.8</td> </tr> <tr> <td>C. Involvement in the company's operations</td> <td>8</td> <td>93.9</td> </tr> <tr> <td>D. Internal relations management and communication</td> <td>3</td> <td>93.3</td> </tr> <tr> <td>E. Directors' professional training and continuing education</td> <td>3</td> <td>95.6</td> </tr> <tr> <td>F. Internal control</td> <td>3</td> <td>97</td> </tr> <tr> <td>Total/Average score</td> <td>23</td> <td>95.8</td> </tr> </tbody> </table> <p>3. Functional committees: The Company has set up functional committees of the Audit Committee and the Remuneration Committee. After self-evaluation by the committee members, the score of each aspect is as follows, all of which is rated as excellent and meets the requirements of corporate governance; thus, our functional committees can effectively enhance the functions of the Board.</p> <table border="1"> <thead> <tr> <th rowspan="2">Five aspects of self-evaluation</th> <th colspan="2">The Audit Committee</th> <th colspan="2">Remuneration Committee</th> </tr> <tr> <th>Number of questions</th> <th>Average score</th> <th>Number of questions</th> <th>Average score</th> </tr> </thead> <tbody> <tr> <td>A. Involvement in the company's operations</td> <td>4</td> <td>100</td> <td>4</td> <td>100</td> </tr> <tr> <td>B. Awareness of functional committees' responsibilities</td> <td>5</td> <td>100</td> <td>5</td> <td>98.7</td> </tr> <tr> <td>B. Improvement to the functional committees' decision-making quality</td> <td>7</td> <td>97.1</td> <td>7</td> <td>96.2</td> </tr> <tr> <td>D. Composition of functional committees and appointment of members</td> <td>3</td> <td>100</td> <td>3</td> <td>100</td> </tr> <tr> <td>E. Internal control</td> <td>3</td> <td>97.8</td> <td>1</td> <td>93.3</td> </tr> <tr> <td>Total/Average score</td> <td>22</td> <td>99</td> <td>20</td> <td>97.6</td> </tr> </tbody> </table> <p>4. Our company commissioned the Taiwan Corporate Governance Association to conduct the external evaluation of the board of directors' performance for the fiscal year 2024 through questionnaires and on-site interviews. This evaluation covered various aspects, including board composition and structure, selection and continuing education of directors, level of</p>	Six aspects of self-evaluation	Number of questions	Average score	A. Understanding of the company's goals and tasks	3	97	B. Awareness of directors' responsibilities	3	97.8	C. Involvement in the company's operations	8	93.9	D. Internal relations management and communication	3	93.3	E. Directors' professional training and continuing education	3	95.6	F. Internal control	3	97	Total/Average score	23	95.8	Five aspects of self-evaluation	The Audit Committee		Remuneration Committee		Number of questions	Average score	Number of questions	Average score	A. Involvement in the company's operations	4	100	4	100	B. Awareness of functional committees' responsibilities	5	100	5	98.7	B. Improvement to the functional committees' decision-making quality	7	97.1	7	96.2	D. Composition of functional committees and appointment of members	3	100	3	100	E. Internal control	3	97.8	1	93.3	Total/Average score	22	99	20	97.6
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Items for Evaluation	Operation status (Note1)		Discrepancies and reasons	
	Yes	No		Brief summary
(IV) Has the Company evaluate the independence of the independent auditor on a regular basis?	V		<p>involvement in company operations, enhancement of board decision-making quality, internal controls, value creation, as well as environmental, social and corporate governance (ESG) aspects. The report was submitted to the February 2024 board meeting.</p> <p>(IV) The audit committee and the board of directors of the company evaluate the independence, competence and professionalism of their certified accountants every year. In addition to requiring certified accountants to provide "detached independence statement" and "audit quality indicators (AQIs)", they also follow the evaluation form in Note 2 It is evaluated with 13 AQI indicators. It is confirmed that the accountant has no other financial interests or business relationship with the company except for the fees of visa and financial and tax cases, and the family members of the accountant do not violate the requirements of independence. With reference to the AQI index information, it is confirmed that the accountant and the firm are in the process of checking experience and The number of training hours is better than the average level of the industry, and in the last 3 years, it will continue to introduce digital audit tools to improve audit quality.</p> <p>The evaluation results of the past fiscal year have been discussed and approved by the Audit Committee on December 26th of year 2023. They were then submitted to the board of directors and approved on December 27th of year 2023, regarding the evaluation of the independence and suitability of the auditors.</p>	None.
IV. Has the listed company assigned the properly competent and amount of corporate governance unit or personnel to be responsible for related matters to corporate governance (including but not limited to providing directors and supervisors the data required to execute the work, assisting directors and supervisors to comply with laws and regulations and organize Board of Directors and Shareholders meetings related matters, produced meeting minutes for Board of Directors and Shareholders meetings)?	V		<p>(I) The Company's Board of Directors Secretary and General Manager Office, Finance Section are responsible, and their key responsibilities are as follow:</p> <ol style="list-style-type: none"> 1. Draw up the agenda of the board meeting, notify directors at least 7 days before the meeting, and provide sufficient meeting materials so that directors can understand the contents of relevant topics; remind them in advance. 2. Provide the information required by the directors to exercise their powers and regulations, and related news related to corporate governance, to assist the directors to comply with the laws and regulations and to convene board meetings and shareholders' meetings. 3. Assisting the Company in complying with the relevant laws and regulations of the Board of Directors and Shareholders' Meetings, preparing the minutes of the Board of Directors' meetings and handling investor relations and other related affairs. 4. Register the shareholders' meeting date each year according to the law, release meeting notices prior to the deadline, prepares meeting handbook and minutes. 5. According to the Financial Supervisory Commission's regulations, organizes the Corporate Governance evaluation work. <p>(II) March 27th, 2019, the board of directors approved the establishment of a corporate governance director position, to be concurrently held by the head of the finance department. On October 25th, 2023, the board of directors approved the appointment of Manager SU, YU-MIN from the accounting department to this position.</p>	None.

Items for Evaluation	Operation status (Note1)			Discrepancies and reasons						
	Yes	No	Brief summary							
			<p>(III) Key implementations of corporate governance related matters are as follows:</p> <ol style="list-style-type: none"> 1. 15 Board of Directors meeting and 9 Audit Committee meetings were summoned in 2023. 2. 1 annual shareholders' meeting was summoned in 2023. 3. All directors completed at least 6 credits of educational trainings. 4. The company insured Directors and important staff with liability insurance and reported to the Board of Directors after the policies are renewed. 5. Conducted the performance evaluations of the Board of Directors and functional committees, and reported the results to the Board before the first quarter of the following year. 6. The corporate governance director completed a total of 3 hours of training in year 2023. Newly appointed individuals are required to complete 18 hours of training within one year according to regulations. 7. Corporate governance evaluation and reporting for the fiscal year 2023. <p>(IV) The educational training for the Corporate Governance Officer in 2023 is as follows:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Transaction</th> <th>Training Course</th> <th>Credit</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">11/17</td> <td>Analysis of hostile takeovers, struggles for control and company countermeasures.</td> <td style="text-align: center;">3</td> </tr> </tbody> </table>	Transaction	Training Course	Credit	11/17	Analysis of hostile takeovers, struggles for control and company countermeasures.	3	
Transaction	Training Course	Credit								
11/17	Analysis of hostile takeovers, struggles for control and company countermeasures.	3								
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		<p>(I) Our company's website has established an investor relations section and a contact window and has added a survey section for stakeholders' concerns to emphasize the importance of stakeholders' opinions.</p> <p>(II) There are designated departments responsible for the communications and co-ordination between the Company and banks, construction companies, supporting suppliers, government authorities, and the Company's staffs, through internal emails, and responses to meeting communications on a non-regular basis.</p> <p>(III) In the 2022 Sustainability Report, the Company identified its stakeholders and material issues., colleagues, customers/clients, investors/shareholders, suppliers, community, and media have been identified. There are a total of six types of stakeholders and responses are provided to address significant issues concerning stakeholders, such as: safety and health in the workplace, integrity in operations, talent recruitment and retention, resource management, environmentally friendly technology application, innovative technology application, career development and training, green building, sustainable supplier management and social engagement.</p>	None.						
VI. Has the Company appointed a professional registrar for its Shareholders' meetings?	V		The Company appoints an independent professional shareholder service agency to handle shareholders' affairs in President Securities Corporation.	None.						
VII. Information disclosure (I) Has the Company established a corporate website to disclose	V		(I) The Company's website has been revised. address: www.bes.com.tw; www.besland.com.tw discloses the Company's finance, businesses and corporate governance situations in full.	None.						

Items for Evaluation	Operation status (Note1)		Discrepancies and reasons	
	Yes	No		Brief summary
<p>information regarding its finance, business and corporate governance?</p> <p>(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)?</p> <p>(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?</p>	V	V	<p>(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. In addition, the official website regularly discloses information about “the company holding corporate briefing sessions.” Please refer to https://www.bes.com.tw/ir-policies.php#gsc.tab=0</p> <p>(III) Pursuant to Paragraph 1, Article 36, the Securities and Exchange Act, within three months after the close of each fiscal year, the Company publicly announces and registers financial reports 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, and third quarters of each fiscal year publicly announces and registers with the Competent Authority financial reports duly reviewed by a certified public accountant and reported to the board of directors, pursuant to Paragraph 2, and Paragraph 3, within the first ten days of each calendar month publicly announces and registers the operating status for the preceding month.</p>	<p>None.</p> <p>The Company conducts such pursuant to the Securities and Exchange Act.</p>
<p>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)?</p>	V		<p>(I) Our company emphasizes employee rights, employee care, and human rights. We have established regulations such as the “Organization Regulations of the Labor Retirement Preparation Supervisory Committee,” the “Employee Retirement, Severance, and Layoff Regulations,” the “Employee Welfare Committee Scholarship Regulations” and the “Company Gender Equality Promotion Measures” to address these issues. Please refer to the official website. https://www.bes.com.tw/hr-benefits.php#gsc.tab=0</p> <p>(II) In accordance with domestic procurement regulations, contracts are established with suppliers, and suppliers are regulated according to our company's “Vendor Assessment and Evaluation Guidelines” to ensure quality standards are met. Meanwhile, our company has established effective communication mechanisms with investors. The official website and annual reports provide detailed disclosures regarding the company's internal operations and significant information.</p> <p>(III) The company has established an investor relations section and a spokesperson system. Investors can contact our company at any time to address relevant inquiries and receive information about the company's governance practices.</p> <p>(IV) Training status of directors and independent directors: Chairman Chou Chih-Ming, Director Chen Jui-Lung, Director Pai Chun-Nan, Director Tsai Chao-Lun, Director Liu</p>	<p>None.</p>

Items for Evaluation	Operation status (Note1)			Discrepancies and reasons
	Yes	No	Brief summary	
			<p>Liang-Hai, Director Chen Wen-Ko, and Director Ko Shu-Jen, independent directors Liu Deng-Cheng and Chang Fan, all comply with the training hours requirement in the “Guidelines for Continuing Education for Directors and Supervisors of Listed and Over-the-Counter Companies.” Point Three, Continuing Education Measures, Item Two. Newly appointed directors should receive at least 12 hours of training in the year of their appointment and a minimum of 6 hours annually from the second year of their appointment. Please refer to Note 3 for details of the courses.</p> <p>(V) 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. Insured by Fubon Insurance Co., Ltd. from January 2, 2024 to January 2, 2025 and reported to the Board of Directors.</p>	
<p>IX. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange.</p> <p>(一) Our company will discuss the direction of improvement for unresolved issues following the review. ◦</p> <p>(二) Our company strengthens disclosure on corporate governance matters:</p> <p>(1) Contents of videotaping of the general shareholders' meeting.</p> <p>(2) Amendment to the regulations governing Board of Directors and shareholders' meetings.</p> <p>(3) The supervision of the Board of Directors on the promotion of sustainable development.</p> <p>(4) Participation in domestic cultural industry activities.</p> <p>(5) Migrant workers care series of activities.</p> <p>(6) Greenhouse gas inventory results and third-party assurance.</p>				

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

Note 2: 2023 CPA independence assessment

Item	Evaluation item	Evaluation results	Whether or not the CPAs are independent
1	Whether or not the CPAs have direct or material indirect financial interest with the company?	No	Yes
2	Whether or not the CPAs have close business relationship with the company?	No	Yes
3	Whether or not the CPAs have a potential employment relationship while auditing the company?	No	Yes
4	Whether or not the CPAs have any financial borrowing or lending with the company?	No	Yes
5	Whether or not the CPAs have any value from our company or from the directors and managers of the company? Significant gifts or presents (with a value exceeding normal social etiquette standards).	No	Yes
6	Whether or not the CPAs have the signing accountant provided auditing services to the company continuously for seven years.	No	Yes
7	Whether or not the CPAs hold shares in our company.	No	Yes
8	Whether or not the CPAs, their spouse or dependents served as directors, supervisors or managers of our company or held positions with significant influence on audit cases during the audit period or in the past two years?	No	Yes
9	Whether or not the CPAs complied with the provisions regarding independence in the Code of Professional Ethics for Certified Public Accountants No. 10 and obtained the "Independence Declaration" issued by the signing accountant?	No	Yes
10	Whether or not the CPAs obtained information on the 13 Audit Quality Indicators (AQIs) provided by the accounting firm, and evaluated the audit quality of the accounting firm and audit team based on the "Audit Committee's Interpretation of Audit Quality Indicators (AQI) Guidelines" issued by the regulatory authority?	No	Yes

Note 3: 2023 directors' continuing education

Juristic Person Directors	Title	Name	Date of Assuming of Duties	Construction Name	Total hours
Yang Jen Industrial Co., Ltd.	Chairperson	ZHOU, ZHI-MING	2023/6/7	Opportunities and Challenges for Global Future Risks and Sustainable Transformation	6
				Analysis of hostile takeovers, struggles for control and company countermeasures(including prevention of insider trading).	
China Petrochemical Development Corporation	Legal Representative / Director	CHEN, JUI-LUNG	2023/6/7	Investment Trends in Digital Biomedicine	7.5
				Integrity in Operations and Prevention of Insider Trading	
				Trends in Risk Management from an ESG Perspective	
				How do directors and supervisors supervise enterprise risk management and crisis handling?	
Tian-Jing Investment Corporation	Legal Representative / Director	PAI, CHUN-NAN	2023/6/7	Corporate Governance 3.0: Legal Compliance and Legal Responsibilities of Directors and Supervisors	9
				Analysis of International Trends and Practical Cases in Climate Change Development	
				Analysis of hostile takeovers, struggles for control and company countermeasures(including prevention of insider trading).	
Tian-Jing Investment Corporation	Legal Representative / Director	CHEN, WEN-KE	2023/6/7	Opportunities and Challenges for Global Future Risks and Sustainable Transformation	6
				Analysis of hostile takeovers, struggles for control and company countermeasures(including prevention of insider trading).	
Formostar Garment Co. Ltd	Legal Representative / Director	TSAI, CHAO-LUN	2023/6/7	Management Disputes - Responsibilities and Powers of Corporate Governance and Independent Directors	6
				Analysis of hostile takeovers, struggles for control and company countermeasures(including prevention of insider trading).	
Chang-Li Co. Ltd	Legal Representative / Director	LIU, -HAI	2023/6/7	Opportunities and Challenges for Global Future Risks and Sustainable Transformation	6
				Analysis of hostile takeovers, struggles for control and company countermeasures(including prevention of insider trading).	
Independent director		KO, SHU-JEN	2023/6/7	Opportunities and Challenges for Global Future Risks and Sustainable Transformation	9
				Analysis of hostile takeovers, struggles for control and company countermeasures(including prevention of insider trading).	
				AI Boom: Technological Development and Business Opportunities of Chatbot CHATGPT	
		CHANG, FAN	2023/6/7	Opportunities and Challenges for Global Future Risks and Sustainable Transformation	6
				Analysis of hostile takeovers, struggles for control and company countermeasures(including prevention of insider trading).	
		LIU, DENG-CHENG	2023/6/7	Identifying Company Pitfalls and Operational Crises from Financial Statements	9
Corporate Governance and Securities Regulations: Understanding of Regulatory Supervision by Executives of Listed Companies					
Analysis of hostile takeovers, struggles for control and company countermeasures(including prevention of insider trading).					

(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

Identity (Note 1)	Qualifications		Independence (Note 3)	Number of other public offering companies where the member services as a part-time remuneration committee member
	Name	Professional qualifications and experience (Note 2)		
Independent director (Serving as the convener of the fourth session)	LU, HAN-YI	Please refer to Table 1 for information on directors and supervisors on page 29 for relevant information. Has more than 5 years of work experience required for the Company's business.	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 (Serving as the convener of the fifth session)	KO, SHU-JEN	Please refer to Table 1 for information on directors and supervisors on page 29 for relevant information. Has more than 5 years of work experience required for the Company's business.	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. Has more than 5 years of work experience required for the Company's business.	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
Independent director	CHANG, FAN	Please refer to Table 1 for information on directors and supervisors on page 29 for relevant information. Has more than 5 years of work experience required for the Company's business.	According to the requirements of the listing rules, the company has obtained written statements from each independent director confirming their own and their immediate family members' independence from the company, without any direct or indirect conflicts of interest.	0
Independent director	LIU, DENG-CHENG	Please refer to Table 1 for information on directors and supervisors on page 29 for relevant information. Has more than 5 years of work experience required for the Company's business.	According to the requirements of the listing rules, the company has obtained written statements from each independent director confirming their own and their immediate family members' independence from the company, without any direct or indirect conflicts of interest.	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) Fourth Term of Committee Members: From August 12, 2020, to June 22, 2023. The Compensation Committee met three times during the fiscal year 2023. Fifth Term of Committee Members: From June 28, 2023, to June 27, 2026. The qualifications and attendance of members at the 5th meeting of the Compensation Committee for the fiscal years 2023 to 2024 are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance (%) (B/A) (Note)	Note
Convener (4 th Term)	LU, HAN-YI	3	0	100%	
Committee member (4 th Term)	KO, SHU-JEN	3	0	100%	
Committee member (4 th Term)	HUANG, CHAO-SUNG	3	0	100%	
Convener (5 th Term)	KO, SHU-JEN	3	0	100%	
Committee Members (5 th Term)	CHANG, FAN	3	0	100%	
Committee Members (5 th Term)	LIU, DENG-CHENG	3	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.) : No such situation.					
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. : No such situation.					
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:					
4 th term 17 th meeting 2023.01.17	Proposal I. Proposed the remuneration for the appointed manager Yang, Chia-Chun at the Strategic Development Office of the Company. II. Proposed the remuneration for the appointed manager Yang, Chia-Chun at the Strategic Development Office of the Company.	Approved by all of the committee members		Approved by all attending directors.	
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.	Approved by all of the committee members		Approved by all attending directors.	
4 th term 19 th meeting 2023/03/30	Proposal I. Review of the proposal for the appointment of YANG, MEI-YUAN as Deputy General Manager and compensation. II. Review of the proposal for the appointment of LIAO, SHU-LIANG and CHIU, YUNG-TSAI for job changes and adjustment of appointment compensation. III. Review of the proposal for the appointment of managers LI, WEI-TENG,	Except for the third agenda item regarding the reward for Li Weiteng's branch, which will be proposed after the confirmation of the completion of the profit and loss, all other agenda items for discussion were agreed upon and passed by all members of the committee.		Approval by all attending directors.	

	LI, CHEN-MING, LIAO, SHU-LIANG, JI, YUN-CHUNG, and HUANG, TING-JIAN for incentive rewards. Except for the third case regarding LI, WEI-TENG's reward, which will be proposed after the completion of the profit and loss confirmation, all other discussed cases were unanimously approved by the committee members.		
5th term 1st meeting 2023/07/13	Proposal Approved by all of the committee members	Approved by all of the committee members	Approval by all attending directors.
5th term 2nd meeting 2023/08/08	Proposal I. Proposal for the Company's 2022 remuneration of employees distributed by the delegated manager in accordance with the "Guidelines Governing Remuneration to Employees"	Approved by all of the committee members	Approval by all attending directors.
5th term 3rd meeting 2024/01/25	Proposal I. To comply with the amendment of regulations by the Ministry of Finance, it is proposed to adjust the tax-exempt limit of meal allowances for all employees (including appointed managers) of the company to NT\$ 3,000. II. Review on the proposal for the Company's distribution of year-end performance bonus for delegated managers in 2023	The first case was approved by all of the committee members The second case is conditionally approved, but considering that the Financial Goal of the Public Engineering Division achieved a target completion rate of 129% last year, despite encountering four workplace safety incidents, the target completion rate has been adjusted to 110%. Further details regarding the related management responsibilities and the appropriate adjustment range should be clarified before submitting for approval at the 27th meeting of the 11th Board of Directors	Approval 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 :

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	Yes	No	Brief summary	
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		<ol style="list-style-type: none"> 1. The company established the Sustainable Development Committee on May 11, 2022, and the organization structure, members, responsibilities, and the operation of the committee, which has held two meetings in 2023, can be found on the official website:https://www.bes.com.tw/ir-sd-committee.php#gsc.tab=0 . 2. The Sustainable Development Committee has established a Sustainability Implementation Team, which coordinates and implements sustainable development action plans and regularly reports the results to the committee. 3. In the year 2023, the company's efforts in promoting corporate sustainability yielded results, including (1) communication with stakeholders and corresponding action plans, (2) goals and policies related to sustainability issues, and (3) the implementation status of sustainability-related issues. These were reported to the Board of Directors on December 27, 2023. The Board of Directors listened to the report of the Sustainable Development Committee, reviewed the implementation status of sustainability issues and urged the management team to make rolling adjustments to the execution plans. 4. Relevant educational training courses in 2023 were as follows: <ol style="list-style-type: none"> (1) BES Engineering ESG consensus camp. (2) Opportunities and Challenges for Global Future Risks and Sustainable Transformation 	None

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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 strategies? (Note 2)	V		<p>(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, 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 refer to the official website:https://www.bes.com.tw/ir-policies.php#gsc.tab=0(Risk management policy and procedure).</p> <p>(II) The company conducts risk assessments based on materiality principles, focusing on environmental, social and governance aspects of the company's operations (excluding subsidiaries). 17 high-risk issues have been identified and corresponding measures have been taken to mitigate potential losses resulting from these risks.</p> <table border="1" data-bbox="824 1082 1803 1345"> <thead> <tr> <th>Orientation</th> <th>Risk topics</th> <th>Risk mitigation measures</th> </tr> </thead> <tbody> <tr> <td>Corporate Governance (Economic)</td> <td>Overall construction safety</td> <td>Set up occupational safety facilities according to the plan, and implement three-level inspection (engineer / on-site occupational safety / head office and shadow center), continue to improve on deficiencies and provide education and training.</td> </tr> </tbody> </table>	Orientation	Risk topics	Risk mitigation measures	Corporate Governance (Economic)	Overall construction safety	Set up occupational safety facilities according to the plan, and implement three-level inspection (engineer / on-site occupational safety / head office and shadow center), continue to improve on deficiencies and provide education and training.	None
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III. Environmental Issues (I) Does the Company establish a suitable environmental management system based on	V		(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	None									

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the characteristics of the industry where it is?			<p>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 of materials.</p> <p>(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.</p> <p>(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, Health and Environment Protection.</p> <p>(4) The Company’s occupational safety and health management system continues to comply with the government’s latest amendment occupational safety management requirements, and also updates the utilization and execution thereof, in order to maintain the effective operation of the CNS45001 system. The Company standardizes,</p>	

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			<p>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.</p> <p>Please refer to the official website for the company's occupational safety policies and related management system certifications:https://www.bes.com.tw/environment.php#gsc.tab=0 Safety, Health, and Environmental Protection</p>	
(II) Does the company strive to enhance the resource utilization efficiency and use the recycled materials with low environmental impact?	V		<p>I. 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.</p> <p>II. Please refer to the chapter on resource management in our company's 2022 Sustainability Report. https://drive.google.com/file/d/1LF7moKDgoXLqy_Ug9Q-8_3Eg3SpJ5EQG/view</p>	None

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(III) Has the Company evaluated the current and potential risks and opportunities in the future of the climate changes, and take responding measures to the issues of climate change?	V		<p>Our company responds to the impacts of global climate change and extreme weather events on society and the economy by utilizing the framework of the Task Force on Climate-related Financial Disclosures (TCFD), which includes four key areas: governance, strategy, risk management and metrics and targets. We disclose climate governance-related information accordingly. After the establishment of the Sustainability Development Committee in 2022, the committee has been responsible for deliberating and formulating climate change adaptation and mitigation management plans, reviewing their implementation status, discussing future plans and overseeing climate-related risk environment response, risk management priorities, and risk assessment conducted by senior executives across departments. The Sustainability Development Committee regularly reports its progress to the Board of Directors.</p> <table border="1"> <thead> <tr> <th colspan="2">Transition risk</th> </tr> <tr> <th>Risk</th> <th>Key response strategies</th> </tr> </thead> <tbody> <tr> <td>Greenhouse gas emissions control and carbon tax or fee</td> <td>Initially complete the carbon footprint assessment and devise climate change strategic planning for corporate greenhouse gas emissions, and implement a series of energy-saving and carbon reduction plans, including enhancing energy efficiency, purchasing green energy, and other measures.</td> </tr> <tr> <td>Requirement to reduce indirect greenhouse gas emissions - Reduce water and waste.</td> <td>Use water-saving equipment and establish relevant measures. Design principles should focus on zero emissions and zero demand for earthworks, lightweight construction structures, construction automation and the use of recycled and regenerated building materials as much as possible.</td> </tr> <tr> <td>Increase in sustainable-related regulations.</td> <td>Currently not meeting the definition of a large energy user, however, BES Investment Company Ltd. is still planning to develop a climate change strategy, including a series of measures such as energy conservation, water saving, waste reduction, etc., to reduce the risks associated with related costs.</td> </tr> </tbody> </table>	Transition risk		Risk	Key response strategies	Greenhouse gas emissions control and carbon tax or fee	Initially complete the carbon footprint assessment and devise climate change strategic planning for corporate greenhouse gas emissions, and implement a series of energy-saving and carbon reduction plans, including enhancing energy efficiency, purchasing green energy, and other measures.	Requirement to reduce indirect greenhouse gas emissions - Reduce water and waste.	Use water-saving equipment and establish relevant measures. Design principles should focus on zero emissions and zero demand for earthworks, lightweight construction structures, construction automation and the use of recycled and regenerated building materials as much as possible.	Increase in sustainable-related regulations.	Currently not meeting the definition of a large energy user, however, BES Investment Company Ltd. is still planning to develop a climate change strategy, including a series of measures such as energy conservation, water saving, waste reduction, etc., to reduce the risks associated with related costs.	None
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(IV) Does the Company have the statistics regarding the greenhouse gas emission, water usage, and the total weight of the waste for the past two years and established the management policies for energy-saving, greenhouse gas reduction, water and other waste reduction?	V		<p>We are committed to encouraging various engineering offices to work together to reduce water, electricity, and oil consumption, thereby jointly contributing to the slowdown of global warming, energy conservation, and carbon reduction.</p> <p>1. Greenhouse Gas Management Strategy, Methods, and Objectives</p> <p>(1) Develop greenhouse gas inventory management procedures and internal verification and management review procedures as inventory standards.</p> <p>(2) The general manager signs the greenhouse gas inventory and voluntary reduction declaration, and appoints the director of the greenhouse gas inventory implementation team.</p> <p>(3) Establish a greenhouse gas inventory implementation team to conduct inventory operations across departments.</p> <p>(4) Conduct internal verification and improvement based on the greenhouse gas inventory checklist, report, and procedure documents.</p>	None				

Items for evaluation	Operations Situation (note 1):			Discrepancy between the Code of Practice for Corporate Social Responsibility of Listed Company and actual implementation, and the reasons.
	Yes	No	Brief summary	
			<p>(5) Conduct external verification and obtain an assurance statement to provide reasonable assurance.</p> <p>(6) Convene the Management Review Committee to review strategies for improving deficiencies identified in the greenhouse gas inventory. Additionally, submit the inventory results to the ESG Committee for devising carbon reduction strategies.</p> <p>2. In year 2022, the total greenhouse gas emissions for the entire company (including construction sites) amounted to 5,268.112 tons of CO2 equivalent per year. External verification was completed by an external verification unit on December 5 of the fiscal year 2023, and year 2022 was established as the baseline year for the company. A verification certificate was obtained in January of year 2024.</p> <p>Please refer to the official website. https://www.bes.com.tw/hr-benefits.php#gsc.tab=0Energy Management</p>	
<p>IV. Social Issues</p> <p>(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?</p>	V		<p>(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.</p> <ol style="list-style-type: none"> 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

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	Yes	No	Brief summary											
			<p>4. We respect the human rights of foreign workers, provide a working environment that is inclusive to different religions and customs, and hire human resources agencies that treat foreign workers fairly.</p> <p>(II) Since 2021, the Chairman of the Company has signed the human rights policy and disclosed on the Company's website.</p> <p>(III) The company continues to deepen human rights issues, and with reference to international human rights conversations and workplace safety-related laws and regulations, the following specific management plans will be formulated as follows:</p> <table border="1"> <thead> <tr> <th>Concerned matters</th> <th>Specific management plan of the Company</th> </tr> </thead> <tbody> <tr> <td>Humane treatment</td> <td>To protect employees from ruthless and inhumane treatment, The Company regularly cares about the physical and mental well-being of employees and organizes care activities for foreign migrant workers. Lecturers related to psychological counseling are invited to give classes.</td> </tr> <tr> <td>Elimination of illegal discrimination to ensure equal job opportunities</td> <td>provide fair and reasonable job opportunities and humane treatment and the Company does not discriminate in hiring, remuneration, training, promotion and dismissal, the Company has established promotion incentives and gender equality promotion measures.</td> </tr> <tr> <td>Prohibition of child labor</td> <td>Strictly implement the Labor Standards Act of Taiwan and prohibit the use of child labor.</td> </tr> <tr> <td>Freedom of association, group negotiation, union participation and religion</td> <td>The Company protects and respects the employees' freedom of association, participation in labor unions, religion and participation in collective bargaining, and has established regulations governing labor unions.</td> </tr> </tbody> </table>	Concerned matters	Specific management plan of the Company	Humane treatment	To protect employees from ruthless and inhumane treatment, The Company regularly cares about the physical and mental well-being of employees and organizes care activities for foreign migrant workers. Lecturers related to psychological counseling are invited to give classes.	Elimination of illegal discrimination to ensure equal job opportunities	provide fair and reasonable job opportunities and humane treatment and the Company does not discriminate in hiring, remuneration, training, promotion and dismissal, the Company has established promotion incentives and gender equality promotion measures.	Prohibition of child labor	Strictly implement the Labor Standards Act of Taiwan and prohibit the use of child labor.	Freedom of association, group negotiation, union participation and religion	The Company protects and respects the employees' freedom of association, participation in labor unions, religion and participation in collective bargaining, and has established regulations governing labor unions.	
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(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 contribution.	None
(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		<p>1. Occupational Health and Safety Management System BES Investment Company Ltd has adopted and implemented the ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health and Safety Management System, covering all BES Investment Company Ltd employees, activities, and workplaces and has been verified by SGS Taiwan Inspection Technology Co., Ltd. The company's Occupational Safety and Health Management Division conducts inspections at various construction sites with the following frequencies: on-site inspections 20 times per month, online inspections 20 times per month, joint inspections 3 times per month. Additionally, appointed managers of the company also conduct periodic inspections at the construction sites.</p> <p>2. Occupational Health and Safety Training Courses BSE Investment Company Ltd, in compliance with government policies, provides comprehensive education and training for occupational safety to its employees. It has established regulations mandating employees to</p>	None

Items for evaluation	Operations Situation (note 1):			Discrepancy between the Code of Practice for Corporate Social Responsibility of Listed Company and actual implementation, and the reasons.
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			<p>undergo education and training based on the needs of the workplace prior to operations. Additionally, BSE Investment Company Ltd also organizes Taiwan Occupational Safety Card training courses regularly. Additionally, the engineering Office conducts specialized training for its professional tasks (such as aerial work platforms, steel structure lifting, PC board installation, etc.) and selects colleagues to participate in professional education and training, totaling 24 categories.</p> <p>3. Recent statistics on occupational safety and health: Please refer to the official website https://www.bes.com.tw/environment.php#gsc.tab=0</p> <p>4. Mitigation and prevention of the impacts of occupational safety and health. Occupational accidents often occur due to individual unsafe behaviors and insufficient recognition of workplace hazards. Therefore, guiding workers in self-safety maintenance and increasing awareness of workplace hazards is fundamental in accident prevention. BSE Investment Company Ltd adheres to the ISO 45001:2018 Occupational Health and Safety Management System, obtaining verification for its occupational health and safety management. Besides, the company ensures compliance with occupational health and safety regulations and standards while continuously reviewing management processes to ensure effective implementation of safety management systems. The main cause of occupational accidents lies in deficiencies in site management and a lack of safety awareness among subcontractors. Hence, establishing robust site safety and health management practices and providing comprehensive education and training for workers are crucial steps in eliminating occupational accidents. Safety and health</p>	

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			<p>constitute essential aspects of management, and their effectiveness should be integrated with rewards, penalties, performance evaluations, promotions, and bonus distributions. Establishing a fair and reasonable system of rewards and penalties is vital for the effective implementation of safety and health plans or measures.</p> <p>Therefore, the Company remains committed to educating workers on self-safety maintenance and enhancing their sensitivity to workplace hazards to prevent accidents. Since safety and health are integral to management, linking the effectiveness of safety and health implementation with rewards, punishments, performance appraisals, promotions, and bonuses is necessary. Only through the establishment of a fair and reasonable system of rewards and penalties can safety and health plans or measures be effectively implemented.</p> <p>5. Tunnel construction personnel physiological condition monitoring system BSE Investment Company Ltd utilizes a physiological monitoring system to proactively monitor the physical condition of construction workers. In case of any abnormalities detected, the system halts the workers' activities and tracks the number and relative positions of workers inside the tunnel. It also monitors the concentration of personnel in the tunnel to prevent excessive concentration in any single area, thereby avoiding potential risks. This allows for real-time awareness of sudden incidents and enables appropriate measures to be taken promptly, thus enhancing occupational safety management.</p> <p>6. The company conducts a comprehensive employee health check every two years. In 2022, employees received subsidies of over NT\$8,000 each for health check packages based on their seniority and position. Out of 757 eligible employees, 723 completed the check, resulting in a 95% participation rate. In 2023, in compliance with regulations, all five eligible</p>	

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			<p>employees underwent the check, achieving a 100% participation rate.</p> <p>7. In 2023, in addition to the monthly visits by contracted physicians to the construction sites for employee health care, on-site hazard identification was also conducted. The company hired a full-time nurse to conduct health interviews at the construction sites at irregular intervals each month. There were a total of 50 visits to the construction sites in 2023.</p>							
(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		<p>1. 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.</p> <p>2. In addition to annual regular training sessions for different hierarchical levels and management functions, as well as common course training, the company also organizes various courses and seminars on topics such as new technologies, new skills and emerging trends periodically. This is aimed at expanding employees' abilities and perspectives in various dimensions.</p> <table border="1" data-bbox="824 1046 1800 1225"> <thead> <tr> <th>2022 Goals</th> <th>Achievement Status</th> </tr> </thead> <tbody> <tr> <td>1.The average annual training hours for managerial staff reach at least 6 hours.</td> <td>1.Average training hours for managerial staff: 19.3 hours.</td> </tr> <tr> <td>2.The average annual training hours for non-managerial staff: 8 hours.</td> <td>2.Average training hours for non-managerial staff: 11.4 hours.</td> </tr> </tbody> </table> <p>3. https://drive.google.com/file/d/1LF7moKDgoXLqy_Ug9Q-8_3Eg3SpJ5EQG/view</p> <p>4. Please refer to the official website and the 2022 Sustainability Report (page 123) for information on the education and training program and its outcomes: https://www.bes.com.tw/hr-training.php#gsc.tab=0</p>	2022 Goals	Achievement Status	1.The average annual training hours for managerial staff reach at least 6 hours.	1.Average training hours for managerial staff: 19.3 hours.	2.The average annual training hours for non-managerial staff: 8 hours.	2.Average training hours for non-managerial staff: 11.4 hours.	None
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(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		<p>1. 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.</p> <p>2. 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 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.</p> <p>The email address is: report@bes.com.tw; Phone: (02)8787-7735、 (02)8787-6522; Fax number: (02) 8787-6250</p>	None
(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	V		<p>As per the Company's vendors safety, health, and environmental protection management guidelines,</p> <p>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</p>	None

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	Yes	No	Brief summary	
specified the implementation?			<p>“Promissory Note for the Requirements of Health, Safety, and Environmental Protection by Vendors of BES Engineering Corporation” to manage our vendors.</p> <p>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.</p> <p>3. 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.</p>	
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	<p>The Company has prepared the 2022 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 available for review. The aforementioned report has been uploaded onto the Market Observation Post System (MOPS) website on September 30, 2023. For BES Engineering’s ESG Report, please download from the following website: https://www.bes.com.tw/csr-pdf.php#gsc.tab=0</p>	None.
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.				

Items for evaluation	Operations Situation (note 1):			Discrepancy between the Code of Practice for Corporate Social Responsibility of Listed Company and actual implementation, and the reasons.
	Yes	No	Brief summary	
<p>VII. Other important information to facilitate better understanding of the Company’s promotion of sustainable development: Please refer to the official website: https://www.bes.com.tw/ir-policies.php#gsc.tab=0 for specific initiatives and implementation effectiveness in promoting Corporate Environmental, Social, and Governance (ESG) sustainability. Alternatively, visit the website https://www.bes.com.tw/#gsc.tab=0 for corporate sustainability efforts.</p>				

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 schedule stipulated in Article 10 (2) of this standard, and information companies in category 3 may disclose it voluntarily.

<p>Basic Information of the Company</p> <ul style="list-style-type: none"> ■ Basic Information of the Company <input type="checkbox"/> Company with capital above NT\$5 billion (inclusive) but less than NT\$10 billion <input type="checkbox"/> Company with capital less than NT\$5 billion 	<p>According to the Roadmap for the Sustainable Development of Listed Companies, it shall at least disclose</p> <ul style="list-style-type: none"> ■ Individual inspection of the parent company <input type="checkbox"/> Inspection of subsidizes included in the consolidated financial statements ■ Individual inspection of the parent company <input type="checkbox"/> Assurance of subsidizes
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2022 greenhouse gas inventory				
Parent company	Total emissions (tons of CO2e)	Intensity (tons of CO2e/NT\$ million)	Assurance institution	Assurance status description
Scope 1	1,104.1034	0.3795	Company-wide (including engineering offices): SGS	The second stage of the Company-wide verification was completed on December 5, 2023. The total emission of Category 1 and Category 2 is 5,268.112 tons of CO2e, and the level of assurance is reasonable assurance. It is expected to obtain a statement of reasonable assurance in March 2024
Scope 2	4,164.0083			
Total	5,268.112			
2021 Greenhouse Gas Inventory				
Parent company	Total emissions (tons of CO2e)	Intensity (tons of CO2e/NT\$ million)	Assurance institution	Assurance status description
Scope 1	754,7630	0.2780	Headquarters: BSI Engineering Office: Assurance not yet processed	The head office's second stage verification was completed on 2022/6/21. The total emission of Category 1 and Category 2 was 545.372 tons of CO2e and the assurance level was rated as reasonable
Scope 2	3643,9018			
Total	4398,665			

(2) Climate-related information of listed companies

1. Implementation Status of Climate-related Information

Item	Execution:
<p>1. Description of the supervision and governance by the board of directors and management regarding climate-related risks and opportunities.</p> <p>2. Describe how the identified climate risks and opportunities affect the business, strategy and finances of the company (short-term, medium-term, long-term).</p> <p>3. Describe the financial impact of extreme weather events and transition actions.</p> <p>4. Describe how the identification, assessment and management process of climate risks are integrated into the overall risk management system.</p> <p>5. If using scenario analysis to assess resilience to climate change risks, it should outline the scenarios, parameters, assumptions, analysis factors and major financial impacts involved.</p> <p>6. If there is a transformation plan to address climate-related risks, explain the content of the plan, and the indicators and objectives used to identify and manage physical and transitional risks.</p>	<p>1. Governance The Board of Directors serves as the highest governance body of the company, primarily responsible for overseeing the company's long-term operating strategies, assessing risks, and evaluating the appointment and remuneration of the management team to ensure proper operation and sustainable growth. Regarding significant risks posed by climate change, the board manages climate-related risks and opportunities through risk management mechanisms. After establishing the Sustainable Development Committee in 2022, the committee deliberates and formulates adaptation and mitigation management plans for climate change, reviews execution status and discusses future plans. Additionally, through senior department executives, the Sustainable Development Committee regularly reports execution outcomes to the board on addressing climate-related risk environments, risk management priorities and risk assessments.</p> <p>2. Strategy</p> <ul style="list-style-type: none"> ● Management Duration: short-term refers to 1-3 years, medium-term refers to the next 3-5 years and long-term refers to 5-10 years. ● Analyze the impact of climate-related risks on both financial and non-financial aspects, identify business opportunities and deliberate on strategies and measures to address and respond to them. ● Assess the transformation risks, physical risks and opportunities for the construction and building sector under two climate scenarios, RCP 2.6 and RCP 8.5, as outlined in the Fifth Assessment Report (AR5) published by the Intergovernmental Panel on Climate Change (IPCC). <p>3. Assessment of Climate Change-Related Risks and Opportunities Referring to ISO 31000 Risk Management Guidelines, the severity of each risk's impact is assessed as follows: Risk Level = Likelihood of Occurrence × Impact Severity. Using the Delphi method, based on the professional experience of senior managers in relevant departments, the main 3 transformation risks, 3 physical risks, and 3 opportunities are identified. Likelihood of occurrence is classified as high, medium, or low, while financial impact severity is categorized into high, medium, or low based on the proportion of paid-in capital. This allows us to determine the level of impact of opportunities and risks on the enterprise.</p>

7. If internal carbon pricing is used as a planning tool, the basis for price setting should be explained.
8. If climate-related targets are set, information should be provided on the activities covered, scope of greenhouse gas emissions, planning timeframe, progress achieved annually, etc. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these targets, the source and quantity of offset carbon emissions or the quantity of RECs exchanged should be explained.
9. Greenhouse gas inventory and assurance situation, as well as reduction targets, strategies and specific action plans (also filled in sections 1-1 and 1-2).

No.	Item	Type of Risks	Time Frame	Likelihood Level	Financial Impact Level	Impact Level on the Business
1	Greenhouse gas emissions control and carbon tax or fee	Transition risk	Short-term, Medium-term	High	High	High
2	Requirement to reduce indirect greenhouse gas emissions - Reduce water and waste.	Transition risk	Short-term, Medium-term	Medium	Medium	Medium
3	Increase in sustainable-related regulations.	Transition risk	Short-term, Medium-term, Long-term	High	Medium	Medium
4	Extreme weather events causing operational disruptions or losses	Physical risks	Short-term, Medium-term, Long-term	Low	Medium	Low
5	Global warming leads to increased air conditioning loads and heat-related injuries among employees.	Physical risks	Short-term, Medium-term, Long-term	Low	Medium	Low
6	Water resource scarcity.	Physical risks	Short-term, Medium-term, Long-term	Low	Medium	Medium
7	Increasing demand for green buildings	Medium-term, Long-term	Low	High	Low	
8	Increasing demand for installing renewable energy equipment in buildings (such as rooftop solar panels).	Short-term, Medium-term, Long-term	High	Medium	Low	
9	The demand for energy-efficient and nearly zero-carbon buildings in the market is increasing.	Medium-term, Long-term	High	High	High	

Climate Change Risks

Transition risk			
Risk	Potential Financial Impact	Potential Financial Impact Description	Key response strategies
Greenhouse gas emissions control and carbon tax or fee	On January 10, 2023, the third reading of the draft “Greenhouse Gas Reduction and Management Act” as passed in the Legislative Yuan. It is expected to achieve net zero emissions by 2050 and initiate a carbon tax mechanism. The Taiwan Stock Exchange is collaborating with the National Development Fund to establish the “Taiwan Carbon Exchange.”	According to the regulations, companies that do not comply with the standards may face a maximum fine of NT\$ 1,500 per ton of carbon emissions. Additionally, the specific carbon tax rates have not been finalized yet. Based on public consultations for the amendment and related information, it is expected that the carbon tax may range from NT\$ 100 to a maximum of NT\$ 300 per ton of carbon emissions.	Initially complete the carbon footprint assessment and devise climate change strategic planning for corporate greenhouse gas emissions, and implement a series of energy-saving and carbon reduction plans, including enhancing energy efficiency, purchasing green energy, and other measures.
Requirement to reduce indirect greenhouse gas emissions - Reduce water and waste.	To achieve our country's net-zero emissions target by 2050 and reduce the waste of related energy resources and waste.	According to the draft regulations on water consumption fees announced in 2021, for water consumers using more than 9,000 cubic meters of water per month, an additional charge of NT\$ 3 per cubic meter will be levied. The requirements for the re-use of construction waste are becoming increasingly stringent. However, in the absence of effective matchmaking channels, supply exceeds demand, leading to increased disposal expenses.	Use water-saving equipment and establish relevant measures. Design principles should focus on zero emissions and zero demand for earthworks, lightweight construction structures, construction automation and the use of recycled and regenerated building materials as much as possible.
Increase in sustainable-related regulations.	The terms for energy-intensive electricity consumers and environmental pollution fees are increasing.	Contract capacities exceeding 5000 kW will be required to install renewable energy generation equipment, energy storage systems, or purchase renewable energy electricity and certificates or pay fees.	Currently not meeting the definition of a large energy user, however, BES Investment Company Ltd. is still planning to develop a climate change strategy, including a series of measures

		Furthermore, based on the limitation of extensive energy resource consumption, related sustainability regulations will become more stringent (such as the aforementioned carbon fee, water consumption fee).	such as energy conservation, water saving, waste reduction, etc., to reduce the risks associated with related costs.
Physical risks			
Risk	Potential Financial Impact	Potential Financial Impact Description	Key response strategies
Extreme weather events causing operational disruptions or losses	Impact the extension of scheduled construction progress, increasing the cost of rent subsidies (for landlord households in urban renewal projects).	Decrease in revenue: Causes damage to machinery and equipment, affecting production. Increase in direct costs: Leads to operational interruptions, including increased costs such as rent subsidies (for redevelopment landlords). Indirect costs increase: results in damage to machinery and equipment, requiring increased insurance expenses. Capital expenditure increases: damage to machinery and equipment results in the need to pay for repairs.	Enhance disaster defense capabilities, shorten post-disaster recovery time, and establish emergency response procedures.
Global warming leads to increased air conditioning loads and heat-related injuries among employees.	Resulting in increased electricity costs, as well as related medical expenses and compensation for occupational injuries to workers.	To adapt to climate change, the air conditioning load in operational premises has increased. Provide relevant medical expenses and compensation for occupational injuries to workers and seek alternative manpower.	Replace energy-efficient equipment and strengthen occupational injury prevention measures for workers.
Water resource scarcity.	Impact on extending scheduled construction progress and losses, and increasing the possibility of dust and air pollution.	Water purchase expenses.	Develop water reuse and conservation measures, establish a comprehensive water monitoring mechanism and emergency response procedures and conduct regular drills.

Climate opportunities		
Opportunities	Potential Financial Impact Description	Key response strategies
Increasing demand for green buildings	Enhancing product and brand value, as well as the resilience of buildings to climate change impacts.	Incorporating green building concepts into the project, including biodiversity indicators, green space indicators, water retention indicators, daily energy saving indicators, CO ₂ reduction indicators, waste reduction indicators, indoor environmental quality indicators, and water resource indicators.
Increasing demand for installing renewable energy equipment in buildings (such as rooftop solar panels).	On May 29, 2023, the Legislative Yuan passed the amendment to the “Renewable Energy Development Act.” The amendment specifies that for new construction, expansion or renovation of buildings reaching a certain scale, besides cases where there is insufficient sunlight or other exempt circumstances, the constructor must install solar photovoltaic power generation equipment of a certain capacity, leading to increased revenue and capital expenditure.	Incorporate assessment, design, and planning for the installation of renewable energy equipment into building projects.
The demand for energy-efficient and nearly zero-carbon buildings in the market is increasing.	According to Taiwan's 2050 net-zero emissions pathway, the goals for the construction sector by 2030 include having public new buildings reach Building Energy Efficiency Grade 1 or near-zero carbon buildings. By 2040, 50% of existing buildings should be upgraded to Building Energy Efficiency Grade 1 or near-zero carbon buildings. By 2050, all new buildings and over 85% of existing buildings should be near-zero carbon buildings. This will lead to increased revenue in the future.	In line with our country's net-zero policy, we plan to establish an energy efficiency assessment system for new buildings, improve the energy efficiency standards of household appliances in existing buildings, reserve parking spaces for charging facilities, introduce energy-saving technologies into buildings, and conduct research and development on low-carbon construction methods.

Please refer to page 48 of our company's 2022 sustainability report.
https://drive.google.com/file/d/1LF7moKDgoXLqy_Ug9Q-8_3Eg3SpJ5EQG/view

1-1 The recent two years' inventory and verification status of the company's greenhouse gases.

1-1-1 Greenhouse Gas Inventory Information

Statement of Greenhouse Gas Emissions for the Past Two Years (Metric Tons CO ₂ e), Intensity (Metric Tons CO ₂ e per Million Dollars), and Data Coverage Scope.								
Statistics on greenhouse gas emissions and intensity								
Year		Category 1				Category 2		Total
		Fixed	Process	Mobile	Fugitive emissions	Sub-total	Indirect energy	
111	Emissions TCO ₂ e	78.8711	3.3553	677.1830	344.6940	1,104.1034	4,164.0083	5,268.112
	Percentage	1.50%	0.06%	12.86%	6.54%	20.96%	79.04%	100%
Year		2021				2022		
Direct greenhouse gas emissions (tons of CO ₂ e)		754.763				1104.1034		
Indirect greenhouse gas emissions from energy sources (tons of CO ₂ e)		3643.9018				4164.0083		
Indirect greenhouse gas emissions from energy sources (tons of CO ₂ e)		Exclusion of materiality identification				Exclusion of materiality identification		
Total greenhouse gas emissions (metric tons of CO ₂ e)		4398.665				5268.112		
Greenhouse gas emission intensity (metric tons of CO ₂ e per million dollars of revenue)		0.2780				0.3795		
Data Boundary:		Parent company				Parent company		
Whether or not verification is obtained		Yes (for headquarters: 545.372 ton CO ₂ e), not for engineering offices				Yes (company-wide), the second stage of verification was completed on December 5, 2023 and the statement of reasonable assurance is expected to be obtained in March 2024		

Note 1: Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the company), energy indirect emissions (Scope 2, i.e., emissions from the generation of purchased electricity, heat, or steam), and other indirect emissions (Scope 3, i.e., emissions from activities of the company, not included in Scope 2, that occur from sources owned or controlled by other companies).

Note 2: The coverage scope of direct emissions and energy indirect emissions data should be in accordance with the schedule specified in Article 10, paragraph 2 of this guideline. Other indirect emissions information may be disclosed voluntarily.

Note 3: Greenhouse Gas Inventory Standard: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 published by the International Organization for Standardization (ISO).

Note 4: Greenhouse gas emissions intensity may be calculated per unit of product/service or revenue, but at least data calculated based on revenue (in million New Taiwan Dollars) should be disclosed.

1-1-2 Greenhouse Gas Verification Information

Statement of Assurance for the Most Recent Two Years up to the Annual Report Printing Date, Including the Scope of Assurance, Assurance Provider, Assurance Standards, and Assurance Opinion.		
	2021	2022
Confidence interval	Parent company(headquarters)	Parent company
Assurance institution	BSI	SGS
Certainty standards	ISO 14064-1 : 2018	WBCSD/WRI GREENHOUSE GAS (GHG) PROTOCOL
Assurance opinion	The report scope does not include Categories 3 to 6	Declaration of confirmation that the unit confirming the approval is expected to be issued in 2024/3

Greenhouse gas reduction baseline year: 2022

Note 1: According to Article 10, paragraph 2 of this guideline, companies should follow the schedule specified by the competent authority. If the company fails to obtain a complete assurance opinion on greenhouse gases by the printing date of the annual report, it should note "Complete assurance information will be disclosed in the sustainability report." If the company does not compile a sustainability report, it should note "Complete assurance information will be disclosed on the Public Information Observation Platform," and disclose the complete assurance information in the next annual report.

Note 2: Assurance providers shall comply with the relevant regulations for sustainability report assurance providers set forth by TWSE and Taipei Exchange. °

1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Statement of Greenhouse Gas Reduction Baseline Year and its Data, Reduction Targets, Strategies, Specific Action Plans, and Achievement Status of Reduction Targets.
<p>The greenhouse gas emission intensity of CAMCE's headquarters and all construction sites in Taiwan has been listed as one of the issues monitored by the Greenhouse Gas Inventory Implementation Team and has set 2022 as the base year. The total greenhouse gas emission intensity in that year was 5,268.112 tons CO₂e and it was externally verified by a third party. Based on the mission of environmental protection and sustainable development, BES Engineering has established a systematic greenhouse gas inventory program, reduction plan and file management according to ISO14064-1:2018 and GHG Protocol and implemented the control and reduction of greenhouse gas emissions in the spirit of PDCA Engineering In response to the particularity of climate change, we actively promote green procurement, green design and construction projects with the framework of TCFD.</p> <p>Smart carbon management tools are gradually introduced for ongoing projects, and short-, medium-, and long-term goals for total greenhouse gas control are set based on quantitative evidence.</p> <p>1. The greenhouse gas reduction base year and data: 2022 is the base year, and the greenhouse gas emission amount in 2022 is 5,268.112 ton CO₂e, which has been externally verified by a third party.</p> <p>2. Reduction goals, strategies, and specific action plans and achievement of reduction goals: related to the establishment of specific greenhouse gas reduction goals, formulation of reduction target strategies (including energy conversion, energy conservation and emission reduction, carbon trading, etc.), and financial and technical support The Company is actively planning .</p>

Note 1: Compliance should be conducted according to the schedule specified in Article 10, paragraph 2 of these guidelines.

Note 2: The baseline year should be the fiscal year in which the greenhouse gas inventory within the scope of the consolidated financial statements is completed. For example, according to the regulations specified in Article 10, paragraph 2 of these guidelines, companies with a capital of over 10 billion NT dollars should complete the inventory of the fiscal year 2024 in the fiscal year 2025. Therefore, the baseline year is the fiscal year 2024. If the company has completed the inventory of the consolidated financial statements earlier, it may use that earlier fiscal year as the baseline year. Additionally, the data of the baseline year may be calculated based on a single fiscal year or an average of multiple fiscal years.

(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

Assessed Items	Operations Situation (note 1):			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary	
I. Establishment of the Ethical Corporate Management Policy and Program				
(I) Has the Company established the policies and measures of the ethical corporate management in the charter or external documents, and the commitment of the Board of Directors and management to actively implement such policies?	V		(I) The Company has formulated the Ethical Corporate Management Best Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct to specify the matters to be noted for directors, managers, and all employees when performing their duties. They shall actively implement and follow the ethical management policy.	None
(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		(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	None

Assessed Items	Operations Situation (note 1):			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary	
(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		<p>IV. Providing or accepting inappropriate gifts, hospitalities, or other tangible or intangible improper interests.</p> <p>V. Substantial controller infringes trade secret, trademark, patent, copyright, and other intellectual property rights.</p> <p>VI. Engaging in unfair competition activities.</p> <p>Other than the "Conduct Code for All Employees of BES" and the "Guidelines for Rewards and Penalties for Employees" aimed at preventing unethical behavior among employees, the "Guidelines of Whistle-blowing of BES Engineering Corporation" outlines penalties for unlawful benefits obtained through unethical behavior and provides channels for whistle-blowing. In addition, the "Regulations Governing Whistleblowing on Violation of Ethical Corporate Management" also disclose complaint reporting channels.</p> <p>(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.</p> <p>Please refer to the official website: https://www.bes.com.tw/ir-policies.php#gsc.tab=0</p>	None

Assessed Items	Operations Situation (note 1):			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary	
<p>II. Implementation of Ethical Corporate Management</p> <p>(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?</p>	V		(I) Since 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 the purpose of obtaining or maintaining its own interest.	None
<p>(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 oversight and implementation?</p>	V		(II) The company has established an integrity operation team, and reported on its execution at the 27th 8th board meeting on November 10, 2023.	None
<p>(III) Has the Company established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?</p>	V		<p>(III)The Company has established policies to prevent conflicts of interest and provided appropriate communication channels.</p> <p>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.</p>	None

Assessed Items	Operations Situation (note 1):			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary	
			2. 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 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) 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		(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.	None

Assessed Items	Operations Situation (note 1):			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary	
(V) Has the Company provided internal and external ethical conduct training programs on a regular basis?	V		<p>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 for management's reference.</p> <p>(V)The Company holds educational trainings on a regular basis to promote and enhance the principle of ethical corporate management of employees.</p> <p>(1)"Bureau of Investigation Corporate Anti-Corruption - What Can You Do" and "Analysis of Common Criminal Legal Issues for Listed Companies" courses were held on July 27 and August 17, respectively.</p> <p>(2)On November 17, a 3-hour course was held for directors and managers above the department level on "Hostile Takeovers, Analysis of Cases of Management Control Disputes and Company Countermeasures and Promotion of Insider Trading Prevention."</p>	None
<p>III. Operations of the Whistle-Blowing System</p> <p>(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?</p>	V		<p>(I)</p> <p>1. Our company has established the "Whistleblowing Policy for Violations of Integrity in Operations", which includes contact information for the Audit Department for whistleblowers, including telephone</p>	None

Assessed Items	Operations Situation (note 1):			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary	
(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?	V		<p>numbers, fax numbers, and email addresses. This information is also published on the official website. When the Audit Department receives a report or complaint, it will conduct an investigation in a dedicated manner. After verifying the facts, disciplinary actions will be taken in accordance with the company's "Employee Reward and Punishment Policy". The results of disciplinary actions will be communicated to all employees of the company to serve as a deterrent.</p> <p>2. The Company plans to formulate the "Regulations Governing the Reward and Protection of Whistleblowers" and construct a culture of eliminating corruption in which "Corporate Anti-Corruption is Everyone's Responsibility" to reward and protect whistle-blowers.</p>	None
(III) Has the Company taken measures to prevent the whistle-blower from ill treatment due to the whistle-blowing?	V		(III) The Company always treats the information of whistle-blowers as confidential.	None
IV. Enhancing Disclosure Does the Company disclose its guidelines on business ethics as well as information about	V		The company has passed the "Code of Integrity in Business Operations" and the "Code of Conduct	None

Assessed Items	Operations Situation (note 1):			Deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons
	Yes	No	Summary	
implementation of such guidelines on its website and MOPS?			and Operational Procedures for Integrity in Business” and has established an Integrity in Business Committee to report on the implementation of operations. Relevant achievements are also disclosed on the company's website. Please refer to the official website for more information. https://www.bes.com.tw/ir-policies.php#gsc.tab=0 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: Please refer to the official website
<https://www.bes.com.tw/environment.php#gsc.tab=0>

(VIII) Other information to further the understanding of the corporate governance may be disclosed altogether:

I. The succession planning and operation of the Directors of the Board

- (1) 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 to the Company Act and Securities and Exchange Act.
- (2) 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.
- (3) 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, internal control, 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 reference for director election and nomination in the future.

II. The succession plan and operation for important managements.

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

<https://www.bes.com.tw/news.php#gsc.tab=0>News Center

BES ENGINEERING CORPORATION

Statement of the Internal Control System

Date: March 13, 2024

For the Internal Control System of 2023, the Company states the following, on the basis of self-inspection:

- I. 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.
- II. The internal control system has its own inherent 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 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 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 objectives.
- 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 legally 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, 2024. 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 2023

Date	Type of Meeting	Key Resolutions
2023.01.18	26-25 Board of Directors	<ol style="list-style-type: none"> 1. Approved the proposal for the Company's distribution of year-end performance bonus for delegated managers in 2022 2. Approved the removal of Vice General Manager YANG,MEI-YUAN from the position of appointed manager in the Engineering Division of The company is for reference. 3. 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 from January 20, 2023.
2023.03.13	26-27 Board of Directors	<ol style="list-style-type: none"> 1. Approved the proposal for distribution of 2022 remuneration of employees and directors of the Company. 2. Approved the Company's 2022 (for the years ended 2022) parent company only financial statements and publication thereof in accordance with the law. 3. Approved the Company's 2022 business report and 2022 consolidated financial statements and publication thereof in accordance with the law. 4. Approved the Company's 2022 (for the years ended 2022) earnings distribution proposal. 5. Approved the Company's 2023 financial statements and taxation certification audited by Deloitte Taiwan proposal. 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 proposal. 9. Approved the issuance of the Company's 2022 statement of internal control system. 10. Approval of the redevelopment project for the land parcels located in Pei-Pi section, Tucheng District, including plot numbers 458 and others.

Date	Type of Meeting	Key Resolutions
		<ol style="list-style-type: none"> 11. Approved the entrustment of “CORE PACIFIC Marketing Corporation” for the sales operation of BES Engineering's “Tucheng Metaverse Ai Park” project and relevant contract signing proposal. 12. Approved the submission of the agenda for the election of directors and independent directors of the company at the 2023 shareholders' meeting. 13. Passed the nomination and reviewed the candidate List of the Directors and Independent Directors 14. 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. 15. Approved the amendment to the “Procedures for Appointment of Managerial Officers” of the Company.
2023.05.10	26-29 Board of Directors	<ol style="list-style-type: none"> 1. Approved the Company’s 2023 Q1 consolidated financial statements audited by CPAs, followed by public announcement according to the laws. 2. Approved to lift the provision of non-competition provision of the 27th term of the Board of Directors.
2023.06.07	Shareholders’ Meeting	<ol style="list-style-type: none"> 1. Ratified the 2022 Business Report, the Consolidated Financial Report, and the Proposal of Profit Distribution. 2. The 27th Chairman Election. 3. Approved the amendments to the provisions of the "Managerial Procedure for Loaning Funds to Others and Endorsement/Guarantee."
2023.06.07	27-1 Board of Directors	<p>Proposal for supplemental election of Chairman</p> <p>All directors approved Director Zhou, Zhi-Ming to act as the Chairman.</p>
2023.06.28	27-2 Board of Directors	<ol style="list-style-type: none"> 1. Approved the ex-dividend date and payment date for the cash dividend of the Company for year 2023. 2. Approved the proposal for the “Biyange Pavilion” and “Mingsenyuan” cases commissioned by BES Engineering Corp respectively appoint CORE PACIFIC Marketing Corporation to undertake sales and planning operations and signed contracts. 3. Approved the company proposes to sign a “Cooperation Agreement” with Core Pacific Development Co., Ltd., as well as a “Capital Contribution and Assistance Implementation Agreement” to be signed by Huading Enterprise Co., Ltd. with the Taipei City Livable Center. Submit for consideration proposal. 4. Approved the nominate CHANG FAN and LIU, DENG-CHENG as independent directors of the company's “Sustainability Development Committee” for the second term. 5. Approved the nominate and appoint KO, SHU-JEN, CHANG FAN, and LIU, DENG-CHENG as independent directors of the company's “Remuneration Committee” for the fifth term.

Date	Type of Meeting	Key Resolutions
		6. Approved the proposal to terminate Fang, Ming-Qing from the position of Finance Manager of the Company, effective from June 9, 2023.
2023.07.21	27-3 Board of Directors	1. Approved the Company's 2022 distribution of remuneration of directors 2. Approved the proposal for increasing capital in BES Engineering Corp by \$10 million USD and subsequently increasing capital in BES Vietnam Company (BESVN).
2023.08.09	27-4 Board of Directors	1. Approved the publication of the consolidated financial statements for the first two quarters of year 2023 of the company, after being reviewed by the auditor, in accordance with the law. 2. Approved the redevelopment plan for "Public Urban Renewal Project for 9 Parcels of Land, including Land Parcel No. 28-6 in Section 1 of Dunhua Section, Songshan District, Taipei City" for reference. 3. Approved the registration of an increase in capital of NT\$ 1,000 thousand for "Huading Enterprise Co., Ltd.," formed by the merger of our company and Core Pacific Development Corporation, for the "Public Urban Renewal Project for 6 Parcels of Land, including Land Parcel No. 60-19 in Section 2 of Fuhe Sub-section, Zhongzheng District, Taipei City." 4. Approved the Company's 2022 remuneration of employees distributed by the delegated manager in accordance with the "Guidelines Governing Remuneration to Employees"
2023.10.02	27-5 Board of Directors	1. Approved the signing and negotiation of the "Public Urban Renewal Plan for 14 Parcels of Land including number 956 in Gongguan Section, Banqiao District, New Taipei City" by our company. 2. Approved the examination of the "Public Urban Renewal Project for 2 Parcels of Land, including Land Parcel No. 246 in Section 2 of Da'an Section, Da'an District, Taipei City." 3. Approved the appointment of Manager JIA, OAI-SHA, who assumed office on October 16, 2023, as the Internal Audit Supervisor.
2023.10.12	27-6 Board of Directors	Approved the "Tucheng Cloud Universe AI Park" sales and the letter of intent for housing and parking spaces pre-purchase by the Taiwan branch of Cloud Network Technology Singapore PTE. Ltd.
2023.10.25	27-7 Board of Directors	Approved the reassignment of Manager SU, YU-MIN from the Accounting Department to the position of Corporate Governance Supervisor, effective from October 25, 2023.
2023.11.10	27-8 Board of Directors	1. Approved the publication of the consolidated financial statements for the third quarters of year 2023 of the company, after being reviewed by the auditor, in accordance with the law. 2. Approved the development project of "50 hectares industrial cluster in Anshou, Hai Phong City" by BES Vietnam Company (BESVN) for reference.

Date	Type of Meeting	Key Resolutions
2023.11.29	27-9 Board of Directors	Approved the development project of “50 hectares of Anshou Industrial Cluster in Haiphong City” by BES Investment Company Ltd Vietnam (BESVN).
2023.12.27	27-10 Board of Directors	<ol style="list-style-type: none"> 1. Approved the “Description of the Business Plan and Operating Budgets for 2024” of the Company. 2. Approved the “Proposal of Assessment for the Independence of the hired CPA, 2023.” 3. Approved the “2024 Annual Audit Plan” of the Company. 4. Approved the resolution to donate NT\$10,000,000 to the Sheen Chuen-Chi Culture and Educational Foundation. 5. Approved the resolution to appoint YOU, LI-CHENG, Manager, as the Financial Director of the Company, effective from December 18, 2023.
2024.01.26	27-11 Board of Directors	Approved the proposal for the Company's 2023 year-end performance bonus distribution to delegated managers.
2024.03.13	27-11 Board of Directors	<ol style="list-style-type: none"> 1. Passed the 2023 Proposal of Compensation Distributions to Employees and Directors. 2. Approved the 2023 parent company only financial statements for the year ended December 31, 2023 (January 1 to December 31, 2023), which will be announced accordingly. 3. Approved the 2023 business report and the 2023 consolidated financial report and made public announcements pursuant to laws. 4. Approved the Company's 2023 (January 1 to December 31, 2023) earnings appropriation. 5. Approved the Company's 2023 financial statements and taxation certification audited by Deloitte Taiwan proposal. 6. Approved the amendments to certain provisions of the "Audit Committee Charter." 7. Approved the issuance of the 2023 Internal Control System Statement. 8. Approved the amendments to certain provisions of the "Managerial Procedure for Loaning Funds to Others and Endorsement/Guarantee." 9. Approved the amendments to the provisions of the "Regulations Governing the Reward and Protection of Whistleblowers" and the "Regulations on Violation of Integrity Management." 10. Approved the issuance of the 2023 Internal Control System Statement. 11. Approved the by-election of one independent director. 12. Approved the nomination and review of the list of independent director candidates. 13. Approved the amendments to certain provisions of the "Articles of Incorporation." 14. Approved the amendments to certain provisions of the "Procedures for Election of Directors."

Date	Type of Meeting	Key Resolutions
		15. Approved the amendments to certain provisions of the "Parliamentary Procedure for Shareholders Meeting." Approved the date, time, venue, meeting procedure, main proposal content, acceptance of shareholders' proposals and nomination period and venue for the 2024 annual general shareholders' meeting 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:

March/ 31/ 2024

Title	Name	Date of Assuming of Duties	Date of Discharge	Reason of Resignation or Discharge
Head of Finance Department	Fang, Ming-Qing	2022/12/28	2023/06/09	Career planning
Corporate Governance Officer	Fang, Ming-Qing	2023/01/20	2023/06/09	Career planning
Internal Audit Manager	Lin Zi-Jing	2022/10/21	2023/10/16	Career planning

Note: the referred "related persons of the Company" means the Chairman, General Manger, Head of Accounting, Head of Finance, Head of Internal Audit and Head of R&D.

V. Information of CPA's Service Fee

Information of CPA's Service Fee

Table I

Unit: Thousand NT\$

Name of the Accounting Firm	Name of CPAs	Period of Audit	Service Fee of Audit	Non-Audit Service Fee	Total	Remarks
Deloitte Taiwan	Yao-Lin, Huang	Full Year of 2023	8,338	1,895	10,233	Non-audit public fees are mainly tax visas, annual report reading public fees, professional consulting services, and visas for voting financial certification documents.
	Shih-Chieh, Chou					

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: N/A

VI. Information about Changing CPA

Information about Changing CPA

(I) 2022: N/A.

(II) 2023: 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	November, 2022		
Reason of Change and description	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 delegation, or the CPA rejects the delegation.	Involved Parties	CPA	Principal
	Circumstances		
	Terminate the delegation	N/A	N/A
	Reject the further delegation	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 accounting principles or
			practical financial reports
			Scope of audit or steps
			Others
	None	<input checked="" type="checkbox"/>	
	Description		
Other Disclosure (The matters to be disclosed specified from Subparagraph 1-4 to 1-7, Paragraph 6 of Article 10.	None		

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 specific transaction, or the type of audit opinion that might be rendered on the financial report	N/A
The written comments disagreeing with the previous CPAs by the successor CPA	N/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.

Changes of Equity Interests of Directors, Supervisors, Managerial Officers, and Major Shareholders

Title (Note 1)	Name	Year 2023		The year up to April 1	
		Increased (decreased) shares held	Increased (decreased) shares pledged	Increased (decreased) shares held	Increased (decreased) shares pledged
Chairperson	Yang Jen Industrial Co., Ltd.	0	0	0	0
	Corporate Representative: Chou, Chih-Ming (Note 3)	0	0	0	0
Director	China Petrochemical Development Corporation	0	0	0	49,000,000
	Representative: CHEN RUI-LONG(Note 3)	0	0	0	0
Director	Formostar Factory Co., Ltd.	0	0	0	0
	Representative: TSAI, CHAO-LUN(Note 3)	0	0	0	0
Director	Tianjing Investment Co., Ltd.	0	0	0	0
	Representative: CHEN, WEN-KE(Note 3)	0	0	0	0
Director	Tianjing Investment Co., Ltd.	0	0	0	0
	Representative: BAI, JUN-NAN(Note 3)	0	0	0	0
Director	Changli Co., Ltd.	0	0	0	0
	Representative: LIOU, LIANG -HAI(Note 3)	0	0	0	0
Independent director (Note 4)	LU, HAN-YI	0	0	0	0
Independent director (Note 3)	KO, SHU-JEN	0	0	0	0
Independent director (Note 3)	CHANG, FAN	0	0	0	0
Independent director (Note 3)	LIU, DENG-CHENG	0	0	0	0
(Agent)General manager	CHOU, CHIH-MING	0	0	0	0
Deputy General Manager	YANG, MEI-YUAN	0	0	0	0
Deputy General Manager	WANG, TING-TSE	0	0	0	0
Special Assistant	YANG, CHIA-CHUN	0	0	0	0
Special Assistant(Note 3)	SHANG, WEN-BIN	0	0	0	0
Associate manager (Note 4)	SU, BO-CHENG	0	0	0	0
Associate manager	LIAO, SHU-LIANG	0	0	0	0
Associate manager	CHENG, AN-TZU	0	0	0	0
Associate manager (Note4)	SU, HUI-CHIU	0	0	0	0
Associate manager	LIN, HSU-CHUAN	0	0	0	0

Title (Note 1)	Name	Year 2023		The year up to April 1	
		Increased (decreased) shares held	Increased (decreased) shares pledged	Increased (decreased) shares held	Increased (decreased) shares pledged
Associate manager	HUANG, TING-CHIEN	0	0	0	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	SU, LI-MEI	0	0	0	0
Manager	CHI, YUN-CHONG	0	0	0	0
Manager (Note4)	YANG, CHIH-WEI	0	0	0	0
Manager (Note3)	LI, WEI-TENG	0	0	0	0
Manager (Note4)	LIN, TZU-CHING	0	0	0	0
Manager (Note3)	JIA, OAI-SHA	0	0	0	0
Manager (Note4)	CHEN, KUO-HSIEN	0	0	0	0
Manager (Note4)	FANG, MING-CHING	0	0	0	0
Manager (Note3)	YOU, LI-CHENG	0	0	0	0
Manager	SU, YU-MIN	0	0	0	0
Manager (Note3)	CAI, YUE-FENG	0	0	0	0
Major shareholder	CHINA PETROCHEMICAL DEVELOPMENT CORPORATION	0	0	0	0

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: LIU, DENG-CHENG assumed office on June 7, 2023, JIA, OAI-SHA assumed office on October 16, 2023, YOU, LI-CHENG assumed office on December 18, 2023, CAI, YUE-FENG assumed office on January 26, 2024, HUANG, JIA-ZHEN assumed office on September 11, 2023, and SHANG, WEN-BIN assumed office on January 26, 2024.

Note 4: On June 7, 2023, LU, HAN-YI resigned; on January 20, 2023, Su, Hui-Chiu was dismissed; on March 31, 2023, Guo, Hong-Zheng resigned; on March 31, 2023, Yang, Zhi-wei resigned; on October 2, 2023, Lin Zijing was dismissed; on January 19, 2023, Chen, Guo-Xian resigned; on June 9, 2023, Fang, Ming-Qing resigned and on November 16, 2023, SU, BO-CHENG took leave without pay.

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)	Changes Transaction	Date of Counterparty	Relationship of counterparty with the Company, directors, supervisors, and major shareholders holding 10% or more of the total shares	Shares	Shareholding %	Pledge %	Collateral (Redemption) Amount
China Petrochemical Development Corporation	Pledge	2024/2/21	President Securities Corporation	N/A	49,000,000	10.7%	91.6%	NT\$299 million

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 1, 2024

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)		Note
	Number of shares	Shareholding %	Number of shares	Shareholding %	Number of shares	Shareholding %	Name	Relationship	
China Petrochemical Development Corporation	164,348,449	10.735%	-	-	-	-	Core Pacific Co., Ltd	Actual Related Party	
Core Pacific Co., Ltd	34,260,839	2.174%	-	-	-	-	China Petrochemical Development Corporation	Actual Related Party	
Lin, Wen-Yang	25,587,000	1.622%	-	-	-	-	None	None	
Hsu, Hsiu-Mei	22,131,000	1.445%					None	None	
Citibank in Custody for UBS Europe SE Investment Account.	22,123,812	1.445%					None	None	
Tony Development Industrials Co., Ltd	20,580,917	1.344%	-	-	-	-	None	None	
Standard Chartered in Custody for iShares Emerging Markets ETF	20,024,000	1.307%	-	-	-	-	None	None	
PGIA Comprehensive International Stock Index Fund Dedicated Account, managed by PGIA, under custody of JP Morgan, Taipei Branch.	18,702,754	1.221%	-	-	-	-	None	None	
Kuo Ching Investment Co., Ltd.	18,529,521	1.210%	-	-	-	-	None	None	
Vanguard Emerging Market Stock Index Fund Dedicated Account, managed by Vanguard Group, under custody of JP Morgan, Taipei Branch.	17,971,000	1.173%	-	-	-	-	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	Invested by the Company		Invested by the directors and supervisors, managers, and any companies controlled either directly or indirectly by the Company		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%	5,320,000	88.67%
Huading Enterprise Co., Ltd.	44,109,000	90%	4,901,000	10%	49,010,000	100%

Four. Status of Fundraising

I. Capital and Share

(I) Source of share capital:

(1) Source of equity over the years

Note: thousand (shares) NT\$

Year/Month	Issuance Price:	Approved share capital		Paid-up capital		Note		
		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 and capital reserve	-	
1997	10	1,200,000	12,000,000	937,600	9,376,000	Capital increased by cash, profit and capital reserve	-	
1998	10	1,200,000	12,000,000	1,125,120	11,251,200	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 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 (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 (approved by Financial Supervisory Commission' letter on 2004.8.9 Jinguanchengyi Zhi No. 0930134620)	-	
2007/September	10	1,800,000	18,000,000	1,525,017	15,250,175	Capital increased by profit (approved by Financial Supervisory Commission' letter on 2007.8.6 Jinguanchengyi Zhi No. 0960041422)	-	
2010/September	10	3,000,000	30,000,000	1,525,017	15,250,175	Conversion of convertible corporate bonds	-	
2015/December	10	3,000,000	30,000,000	1,530,899	15,308,998	(Jinshou Shang Zhi No. 10401258070)	-	

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 Shares	Approved Shared Capital			Note
	Outstanding shares (listed)	Unissued shares	Total	
Common shares	1,530,899	1,469,101	3,000,000	

(3) Information about shelf registration: None.

(II) Structure of Shareholders

April 1, 2024

Structure of Shareholders	Governmental Agencies	Financial Institutions	Other Institutions	Individuals	Foreign Institutions and Foreigners	Total
Quantity						
Number	1	0	274	129,942	122	130,339
Shares held	90,000	0	317,742,402	962,649,792	250,417,628	1,530,899,822
Percentage of Holding	0.0059	0	20.7553	62.8813	16.3575	100

(III) Distribution of Equity Interests

(Face value NT\$10 per share)

April 1, 2024

Grading of Shareholding	Number of Shareholders	Shares Held	Percentage of Shareholding
1 to 999	59,262	7,518,018	0.4911
1,000 to 5,000	47,447	107,701,415	7.0352
5,001 to 10,000	10,849	87,689,761	5.7280
10,001 to 15,000	3,657	45,745,906	2.9882
15,001 to 20,000	2,739	50,935,340	3.3272
20,001 to 30,000	2,168	55,664,677	3.6361
30,001 to 40,000	1,026	36,627,031	2.3925
40,001 to 50,000	726	34,440,253	2.2497
50,001 to 100,000	1,310	96,414,234	6.2979
100,001 to 200,000	567	81,275,687	5.3090
200,001 to 400,000	297	84,394,433	5.5127
400,001 to 600,000	98	49,275,134	3.2187
600,001 to 800,000	45	31,326,210	2.0463
800,001 至 1,000,000	19	16,990,939	1.1099
1,000,001 and above	129	744,900,784	48.6577
Total	130,339	1,530,899,822	100.00

Note: Preferred shares: N/A

(IV) List of Major Shareholders:

April 1, 2023

Name of Major Shareholders	Shares	Shares held	Percentage of Holding
China Petrochemical Development Corporation		164,348,449	10.735%
Core Pacific Co., Ltd		33,282,839	2.174%
Lin, Wen-Yang		24,834,000	1.622%
Hsu, Hsiu-Mei		22,131,000	1.445%
Citibank in Custody for UBS Europe SE Investment Account.		22,123,812	1.445%
Tony Development Industrials Co., Ltd		20,580,917	1.344%
Standard Chartered in Custody for iShares Emerging Markets ETF		20,024,000	1.307%
PGIA Comprehensive International Stock Index Fund Dedicated Account, managed by PGIA, under custody of JP Morgan, Taipei Branch.		18,702,754	1.221%
Kuo Ching Investment Co., Ltd.		18,529,521	1.210%
Vanguard Emerging Market Stock Index Fund Dedicated Account, managed by Vanguard Group, under custody of JP Morgan, Taipei Branch.		17,971,000	1.173%

(V) Information of market value, net value, earnings and dividends per share in the recent two years

Unite: NT\$

Item		Year		
		Year 2021	Year 2022	The current year up to March 31, 2023 (Note 8)
Market Value Per Share (Note 1)	Highest	10.60	14.60	14.8
	Lowest	7.52	8.07	11.75
	Average	8.84	11.34	12.75
Net Value Per Share (Note 2)	Before Distribution	14.76	14.67	-
	After Distribution	14.23	14.15	-
EPS	Weighted Average Shares	1,530,899 Shares	1,530,899 Shares	-
	EPS (Note 3)	0.54	0.41	-
Market Value Dividend	Cash Dividend	0.526	0.520	-
	Share grants	-	-	-
		-	-	-
	Accumulated unpaid dividends (Note 4)	-	-	-
Analysis of return on investment	Price to Earnings Ratio (Note 5)	16.37	21.56	-
	Price to Dividends Ratio (Note 6)	16.80	17.00	-
	Yield of Cash Dividends (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 Ratio = 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 2023 dividend distribution proposal was approved by the 13th meeting of the 27th Board of Directors on March 13, 2024, as shown in the table below :

Unite: NT\$

Item	Amount	
	Subtotal	Total
Undistributed balance at the beginning of the term		3,216,171,027
Current profit after tax	624,719,306	
Remeasurement of the defined benefit plan accounted for under retained earnings	(6,447,662)	
The retained earnings are adjusted by applying investments using the Equity Method	63,841	
Disposal of equity instruments at fair value through other comprehensive income	229,719,197	
The current net income after tax, plus the items other than the current net income that are included in the undistributed earnings for the current year		848,054,682
Set aside 10% legal reserve provision		
Current Distributable Profits		(84,805,468)
Dividends to shareholders.		3,979,420,241
Undistributed profit at the end of period	(796,067,908)	3,183,352,333
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\$ 0.52 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, 2024, 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\$15,703,319 and NT\$15,703,318, 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) 2023 Employee and Director Compensation

Item	Resolution of the Board of Directors (March 13 2024)
	Amount (NT\$)
Compensations to directors (cash)	15,703,318
Compensations to employees (cash)	15,703,319
Total	31,406,637

- (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 13, 2023 Amount (NT\$)	Actual paid amount (NT\$)
Compensations to directors (cash)	20,958,506	20,958,506
Compensations to employees (cash)	20,958,505	20,958,505
Total	41,917,011	41,917,011

(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>	<u>Percentage</u>
Civil engineering	63.23 %
Construction engineering	17.45 %
Electromechanical engineering	5.19 %
Development engineering project	5.61 %
Real estate sales	1.85 %
Other operating costs	6.67 %

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 (in-embankment 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 Niazuitan 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. Niazui 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. Road and public pipeline project in Changhua Coastal Industrial Park - Lunwei West District 1 (phase 2)
 35. Lunwei West District 1 Phase 2 Drainage Trunk and Gate Project in Zhangbin Industrial Zone
 36. Road and Public Pipeline Project in the metal surface treatment zone, Changhua Coastal Industrial Park - Lunwei West District (phase 1)
 37. Changhua Coastal Industrial Park - Lunwei West District 2 environmental protection land public facility project
 38. Yunlin Science and Technology Industrial Park (Dabeixi Area) public facilities and plant maintenance project
 39. Development Project in Changhua Coastal Industrial Park - Lunwei West District 1 (Phase 3) Road and Public Plumbing Project - road construction
 40. Public Facilities and Plant Maintenance Project in Yunlin Science and Technology Industrial Park (Dabeixi Area)
 41. Letzer Industrial Park land protection project
 42. Yanshou Zone K (BES Yuncui)
 43. Yanshou Zone I (BES Biyenge)
 44. Yanshou Zone J Residential Revision (BES Mingsenyuan)
 45. Urban renewal project of Chongyang Road in Nangang
 46. Xing'an street urban renewal project
 47. Yun Universe Industrial Park
 48. Public Urban Renewal Project in Shulin District, New Taipei City
 49. Chengnan Shuiyuan Section Public Urban Renewal Project
 50. General Welfare Service of Ministry of National Defense Banqiao Public Urban Renewal Project
 51. Section 3, Minsheng E Rd Urban Renewal Project
 52. Sanmin Rd, Tucheng District Urban Renewal Project
 53. .Section 2, Da'an Rd Urban Renewal Project

(II) Industry overview

Engineering projects:

In 2023, the total budget allocated for public construction projects amounted to NT\$172.5 billion, an increase of NT\$34.5 billion compared to the fiscal year 2022, representing approximately a 25% increase. The increase primarily includes additional funding for the Provincial Highway Improvement Project (NT\$3.4 billion), the Sixth Phase Construction Project of Sewage and Stormwater Drainage Systems (NT\$1.8 billion), the Development Project for Coast Guard Vessels (NT\$1.8 billion), the Da'an-Dajia River Interconnection Pipeline Project (NT\$1.6 billion) and a new allocation for the construction project of the Third Terminal Area by the Taoyuan International Airport Company, totaling NT\$12 billion. The total budget allocation amounted to NT\$172.5 billion, in addition to a special budget of NT\$83.2 billion for the Fourth Phase of Forward-looking Infrastructure Projects, bringing the total to NT\$255.7 billion. This represents an increase of NT\$32 billion compared to the previous fiscal year, approximately a 14.3% increase on the same basis. Including both operating and non-operating special funds totaling NT\$341.5 billion, the total is NT\$597.2 billion, an increase of NT\$145.7 billion compared to the previous fiscal year, representing a growth of approximately 32.3%.

By the department, the descriptions are as the following:

1. The Transportation construction budget amounts to NT\$162.7 billion. This primarily includes projects such as the construction of the third terminal area by the Taoyuan International Airport Company, land acquisition for the Taoyuan Aviation City Airport Zone, provincial highway improvement projects, overall procurement and replacement of vehicles by the Taiwan Railways Administration and substantial construction of operating facilities at the Taiwan International Ports Corporation, totaling NT\$134.6 billion. The Ministry of the Interior is responsible for projects like the construction of urban road traffic systems (city roads) and the enhancement of road quality, totaling NT\$13.93 billion. The Ocean Affairs Council is managing projects such as the development of coast guard vessels and ocean patrol ships, totaling NT\$10.49 billion. The Ministry of Digital Development is handling the subsidy program for 5G network construction projects, totaling NT\$1.95 billion. The Council of Agriculture is responsible for projects like upgrading safety equipment for the Alishan Forestry Railway, totaling NT\$840 million. The Council of Indigenous Peoples is managing projects for the improvement of distinctive roads in indigenous communities, totaling NT\$680 million.
2. The environmental resources budget amounts to NT\$78.9 billion. This primarily includes projects managed by the Ministry of Economic Affairs and Taiwan Water Corporation, such as overall improvement and adaptation of central watershed management, comprehensive improvement of rivers and regional drainage systems managed by counties and cities, reducing water leakage rates, the construction of the Wuqi Bird Beak Reservoir, and the Zengwen South Linkage Pipe Project, totaling NT\$50.52 billion. The Ministry of the Interior is responsible for projects like the Sixth Phase Construction of Sewage and Stormwater Drainage Systems, promoting the reuse of recycled water in public sewage treatment plants, and overall improvement of rivers and regional drainage systems managed by counties and cities, totaling NT\$23.47 billion. The Environmental Protection Administration is handling projects such as diversified garbage disposal, promoting high-quality public toilets, and enhancing the quality of the environment, totaling NT\$3.21 billion. The Council of Agriculture is responsible for projects like overall improvement of rivers and regional drainage systems managed by counties and cities, as well as overall improvement and adaptation of central watershed management, totaling NT\$1.55 billion.

3. The Economic development budget amounts to NT\$267.8 billion. This primarily includes projects managed by Taiwan Power Company, such as the renovation and reconstruction of the Xingda Power Plant gas turbine unit and the construction of new gas turbine units at the Taichung Power Plant, totaling NT\$173 billion. Taiwan Oil Company is responsible for investments in the Kaohsiung Port Intercontinental Container Terminal Phase II and the Third Liquefied Natural Gas Receiving Station of the Natural Gas Division, totaling NT\$45.17 billion. The National Science and Technology Commission is handling construction projects for science parks in the central, southern and Hsinchu regions, totaling NT\$36.94 billion. The Ministry of Economic Affairs is responsible for developing local industrial parks and constructing the Taoyuan International Convention and Exhibition Center, totaling NT\$5.67 billion. Chunghwa Post Company is managing projects such as the construction of the Postal Logistics Park (Airport MRT A7 Station) and the purchase of postal offices, totaling NT\$5.17 billion.
4. Urban and regional development is allocated NT\$12.6 billion, primarily managed by the Ministry of the Interior for the development of new towns in Tamsui, Kaohsiung and Linkou, as well as the reinforcement and reconstruction of public service facilities, dangerous public buildings, and the creation of urban landscapes and revitalized environments, totaling NT\$6.23 billion. The Ministry of National Defense is responsible for engineering and facility renovation projects, totaling NT\$1.92 billion. The National Development Council is handling projects such as national archives preservation and service construction and the accelerated promotion of local revitalization, totaling NT\$1.48 billion. The Ministry of Justice is managing projects including the construction of new office buildings for the Investigation Bureau in Zhonghe Investigation Park and the relocation of the Taiwan Changhua District Prosecutors Office and Changhua Branch Administrative Enforcement Agency, totaling NT\$1.12 billion. The Council of Indigenous Peoples is responsible for projects related to creating livable tribal communities, totaling NT\$360 million.
5. The Cultural facility budget is NT\$10.2 billion, primarily allocated as follows:
 - The Ministry of Culture is responsible for projects such as the maintenance and development of historical and cultural assets (Phase 4), construction of cultural living circles, transformation of the Taipei depot into the National Railway Museum Park and the development of Huashan 2.0 - a cultural content industry cluster - totaling NT\$6.45 billion.
 - The Hakka Affairs Council is allocated NT\$2 billion to implement projects related to Hakka village revitalization and environmental development, establishment of the Locomotive Park and the Hakka 369 Happiness initiative.
 - The Council of Indigenous Peoples is allocated NT\$1.16 billion to conduct projects including the construction of indigenous tribal communities, and the reconstruction of the Taiwan Indigenous Peoples Cultural Park Green Pearl.
6. The Education facility budget is NT\$11 billion, primarily allocated as follows:
 - The Ministry of Education is responsible for projects such as the construction of new (or additional) school buildings for public senior high schools and below in emerging population growth areas, enhancing the environment for national sports, overall development and talent cultivation in national sports parks, and establishing regional industry talent and technology training bases, totaling NT\$9.7 billion.
 - The National Science and Technology Development Committee is allocated NT\$870 million to implement projects including the construction of the National Experimental Senior High Schools in Pingtung and Chiayi, and the construction of comprehensive teaching buildings in the National Hsinchu Science Park Experimental Senior High School in the medium to long term.

7. The Agricultural development budget is NT\$42.6 billion, primarily allocated as follows:

The Council of Agriculture is responsible for projects such as rural regeneration and development, strengthening agricultural water conservancy construction, sustainable management of forests and industry revitalization, establishing a cold chain logistics and quality assurance demonstration system for agricultural products, comprehensive mountain treatment and disaster prevention, and the mid- to long-term construction project of Qianzhen Fishing Port, totaling NT\$38.04 billion.

The Taiwan Sugar Corporation is allocated NT\$4.44 billion to implement the Agricultural Circular Pig Farm Reconstruction and Investment Project.

8. The Health and Welfare facilities budget is NT\$11.4 billion, primarily allocated as follows:

The Ministry of Health and Welfare is responsible for projects such as the construction of the Aging Medicine and Health Welfare Research Center of the National Health Research Institutes, the establishment of community public childcare for children aged 0-2, and food safety construction and renovation of long-term care welfare bases, totaling NT\$4.05 billion.

The Veterans Affairs Council is allocated NT\$3.69 billion to implement projects such as the construction of the Pingtung Dawu Branch of Kaohsiung Veterans General Hospital and the establishment of a proton therapy center at Taichung Veterans General Hospital.

The Ministry of Education, in collaboration with the National Taiwan University College of Medicine and its affiliated hospitals, is allocated NT\$2.29 billion for projects such as the construction of a health building and the establishment of a branch campus at the Hsinchu Biomedical Park.

The Ministry of National Defense is allocated NT\$1.35 billion for projects such as the construction of new medical buildings at Taichung and Taoyuan Armed Forces General Hospitals.

Private construction business:

Based on factors such as the demand for updating old buildings in Taiwan's metropolitan areas, urban planning and development, and economic conditions, the level of activity in various types of development projects such as urban renewal, joint development, BOT (Build-Operate-Transfer), land reclamation, and industrial land development is closely related. These initiatives directly drive the volume of private engineering projects.

Although the government has implemented a series of policies to cool down the residential property market in recent years, the impact on the demand for housing swaps and the necessity of demolishing and rebuilding old and dangerous buildings is limited. Additionally, investment clients have shifted towards commercial construction investment. Optimistic growth is anticipated in the industry's development regarding industrial zone renewal and land utilization. Therefore, in the overall context, the volume of private construction projects is expected to remain at a peak in the coming years.

Considering Taiwan's labor shortage and lack of management talent, the development of private construction projects necessitates continuous research and development of new construction methods to reduce manpower. Additionally, integrating smart systems into the construction process to enhance management efficiency and the adoption of migrant workers have become inevitable trends. The rate of internalization of new construction methods and digital transformation will directly impact the competitive ability of private construction contractors.

In addition, in response to the trend of nearly zero-energy buildings, carbon

footprint assessments for projects and the selection of low-carbon green building materials during planning and design have become important considerations. Green procurement practices, such as cost control and carbon reduction during construction, are also crucial aspects of private construction management. Enhancing differentiation capabilities through the adoption of new materials, new construction methods, new technologies and other factors is an important challenge for the industry.

The direction of private construction contracting business at BSE is primarily divided into two main parts:

1. Real Estate Development Division: The real estate development projects at BSE's Business Division primarily focus on urban renewal projects. These projects are subject to approval by the competent authorities through business plans and rights transformation plans. After obtaining demolition and construction permits, the construction is contracted out to the Private Engineering Business Division.

As of the end of December 2023, ongoing construction projects of the Real Estate Division include the construction of residential communities, namely “Biyange Pavilion” and “Mingsenyuan,” located on Yanshou Street, as well as the “BES Cloudverse AI Park” in Tucheng Industrial Zone. The total contract amount for these projects is close to 30 billion, and they are scheduled for completion between 2024 and 2027. Subsequently, manpower and organizational adjustments will continue to be made in accordance with the development schedule of projects under the Real Estate Division, such as the redevelopment projects in Nangang Chungyang Road, the public redevelopment project in Dongsheng Section, Shulin, and the public redevelopment project in Fulong Station, Banqiao, to manage and coordinate construction operations effectively.

2. External Contracting Business: As of the end of 2023, ongoing construction includes the Taipei Twin Towers C1D1 project. Additionally, in line with manpower recruitment, external tenders for medium to large-scale projects are pursued on a case-by-case basis. Examples include the renewal construction projects for Taiwan Plastics Corporation on Dunhua North Road, the construction of the Yu Cheng Section for Fubon Bank, the renewal construction project for Taipei Post Office, and the construction of the Ho Kun Building for E. Sun Bank. Depending on the requirements of each project owner, contracts are undertaken through either cost-plus or lump-sum pricing models. In the future, there will be opportunities to secure contracts for diverse building products such as commercial offices, hospitals, smart campuses, and hotels, thereby enhancing the company's brand reputation. This approach will concurrently build up capabilities in planning, interface integration, and construction management, serving as a strategic objective for the sustainable development of the department's business.

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 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 expectation 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 in 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, beam-raising 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:

In December of 2015, the business plan was submitted for review. In the fourth quarter of 2018, a special project team meeting was convened to discuss the business plan. In the fourth quarter of 2019, the business plan was approved. In the fourth quarter of 2020, the business plan was officially authorized. It is anticipated

that in the second quarter of 2021, the rights conversion plan will be submitted for review and in the fourth quarter of 2023, the rights conversion plan will be officially authorized. As of the end of 2023, preparatory work for the application for delegated demolition is underway.

(6) Urban renewal project of the BES Cloud Universe Industrial Park:

In the fourth quarter of 2016, the business plan was submitted for review. In the third quarter of 2018, a special project team meeting was convened to discuss the business plan. In the fourth quarter of 2019, the urban renewal review process was completed. In February 2020, the construction permit was obtained, and construction commenced in the fourth quarter. In March 2021, a design change review was submitted and in December 2021, the second special team meeting was held to review it. In April 2021, a public hearing was conducted. In May 2022, the design change was approved. As of the end of 2022, the application for the new construction permit is still in process, and sales operations are ongoing as of the end of 2023.

(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.

(9) “Chengnan Shuiyuan Section“ Public Urban Renewal Project

On April 26, 2023, the preferred investor was secured, and on August 8 of the same year, an agreement was signed with the Taipei City.

The Residential and Urban Renewal Center completed the contract signing, and as of the end of 2023, it is still in the process of the rights planning. In the planning phase.

(10) “Banqiao Welfare Station” Public Urban Renewal Project:

In July of year 2023, the preferred investor was secured. In October of the same year, a contract was signed with the National Housing and Urban Renewal Center. As of the end of year 2023, the project is still in the stage of planning rights and project formulation.

(11) Sanmin Rd, Tucheng District Urban Renewal Project:

In August of 2023, the development operations for the project were completed. As of the end of year 2023, the project is still in the stage of planning rights and project formulation.

(12) Section 2, Da'an Rd Urban Renewal Project:

In September of 2023, the development operations for the project were completed. As of the end of year 2023, the project is still in the stage of planning rights and project formulation. ◦

Development of industrial zone:

1. Current industrial status and development of the industry

In recent years, global economic growth and trade activities have slowed down for various reasons. Factors contributing to this slowdown include the slower-than-expected recovery from the pandemic, global inventory destocking in the technology and consumer product sectors, among others. Consequently, there has been a cooling in overall international industrial demand, leading to a softening of end-market demand for multinational manufacturing firms in our country. This has

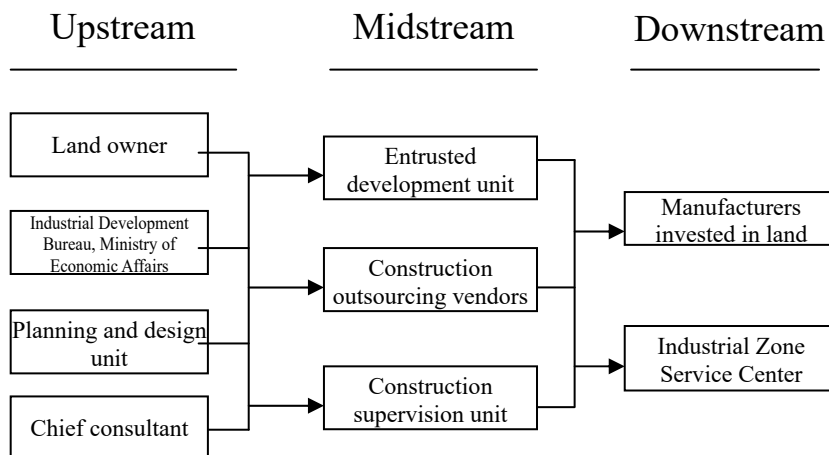
resulted in a decline in exports and a continuous adjustment of inventory by manufacturers, who have also slowed down their investment activities. According to data released by the Ministry of Finance, Taiwan's domestic exports in the fiscal year 2023 amounted to 432.48 billion USD, representing a year-on-year decrease of 9.8% compared to the same period in fiscal year 2022, indicating that the overall development outlook remains subdued.

On the other hand, the domestic central bank maintained its policy interest rates unchanged for three consecutive quarters in year 2023. The central bank's discount rate, secured loans rediscount rate, and short-term lending rate remained at 1.875%, 2.25%, and 4.125%, respectively. It is expected that in year 2024, after inflation slows down, the central bank will gradually reduce interest rates. However, the current selective credit control policy has not been relaxed, and decisions are still being made based on observing global economic and trade situations and the actions of the Federal Reserve System of the United States. Banks have adopted a more cautious attitude towards lending, and with the presidential election, the Democratic Progressive Party's return to power may contribute to policy continuity. However, amidst international political tensions, there is concern about whether mainland China will impose economic sanctions on our country again. Additionally, if the ruling party fails to secure a majority in the parliament, it could hinder government policies. As a result, businesses remain cautious and hesitant to invest in expansion.

In terms of industrial property development, according to statistics from the foreign agency CBRE, as of December 17, 2023, the land market transactions have continued to cool down in 2023, with a total transaction volume of only NT\$123.9 billion, a significant decrease of 41% compared to the same period last year. This marks the lowest transaction level in nearly six years. However, upon closer observation of buyer types, owner-occupiers account for about 80% of the total transactions. The transaction value contributed by owner-occupier buyers has significantly increased compared to last year, indicating that investment activities are primarily driven by the rigid demand of enterprises.

In summary, in 2023, the overall industrial property market in Taiwan faced challenges due to land loan restrictions and weak international demand. As a result, some companies shifted from their previous aggressive expansion strategies to a more cautious approach, even reducing their production capacity. Land purchases gradually weakened, leading to a decline in land transaction volumes. However, there is optimism for the economic recovery in 2024, with expectations of easing inflation and the central bank's pause in raising interest rates, which adds confidence to the economic recovery. According to the survey on industrial property transactions in 2023, 80% of buyers were primarily for self-use and the purchased properties were industrial land. The analysis indicates that the majority of industrial property buyers are focused on expanding their facilities for self-use. With a market characterized by persistent demand for self-use and the increasing scarcity of land resources for industrial development across Taiwan, this trend is expected to facilitate the turnover of land in the Changhua Coastal Industrial Zone.

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.

Additionally, following the presidential elections, it is expected that the government will continue to promote the non-nuclear homeland policy and strive for net-zero emissions by 2050. There will be continued efforts to develop renewable energy sources such as offshore wind power and solar energy. Furthermore, with the decreasing availability of land for domestic industrial development and the growing scarcity of industrial water supply nationwide, the completion and transfer of the 50,000-ton water supply project in the Fuma Canal in the Changhua Coastal Industrial Zone to the Park Management Bureau signify a stable water supply for industrial use in the future. This advantage will actively attract domestic and foreign investors to invest in setting up factories in the Changhua Coastal Industrial Zone. However, to cope with the shortage of industrial land, recently, the government has engaged in cooperation with Taiwan Sugar Corporation. As Taiwan Sugar releases its farmland at the central and southern areas of Taiwan for the development of new industrial parks, 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 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 achieves higher internal political stability. Under the trade war between the U.S. and China, Vietnam has benefited from the corporate supply chain moving out of China, such that the country's economic growth is optimistic.

The reason Vietnam has achieved 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, optimum geographical location) dynamics.

Vietnam's parliament has currently approved a full-year GDP target of 6-6.5% for 2024, higher than the 5.05% in 2023, indicating further potential for economic growth. Shantanu Chakraborty, the Asian Development Bank (ADB) representative in Vietnam, has stated that public investment, domestic consumption, and export recovery will be the three major drivers of Vietnam's economic growth in 2024. The Asian Development Bank (ADB) maintains its forecast for Vietnam's GDP growth rate at 6% in 2024, anticipating continued challenges in the external environment. The domestic economy has regained momentum since 2023, serving as an important foundation for sustaining growth.

Since 2023, Vietnam has continued to implement prudent fiscal policies and flexible monetary policies, maintaining macroeconomic stability. There is an emphasis on ensuring effective implementation of these policies to provide stronger momentum for the economy. Therefore, Vietnam remains a preferred destination for overseas investment.

2. Myanmar

Myanmar's industries mainly are gasoline, natural gas exploitation, small machine manufacturing, garments, 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, many state owned factories cannot satisfy modern needs. However, as the direct foreign investments increase, the importance of factories also increases, accounting for approximately 35% of the GDP in 2022 and providing job employment for approximately 20% of its population.

Myanmar is gradually transforming from an agricultural economy to industry and service industries for textile manufacturing export and tourism. However, due to its military coup in 2022, the economy of the country has been affected significantly.

Under the impact of foreign investors leaving the country, travel and tourism industry is down and due to internal political instability, Myanmar is still finding its way back to its original growth. 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 have become weaker. Furthermore, the military government also imposes export restrictions (scarcity of USD, 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 remarkable. Despite the fact that the greater environment is relatively poor, business operators may gain outstanding lands at cheap prices 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.

For 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 2023	Year 2022	Year 2021
Amount	33,571	30,838	27,113

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

Serial number	Research project	Research results
1	Optimize construction management system functions and processes	<ol style="list-style-type: none"> The functions and processes of the existing battalion management system are reviewed and planned, and a more comprehensive management and control mechanism is incorporated to produce useful information for management practices and provide reliable operational decision information for management reference. 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	<ol style="list-style-type: none"> 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	Create a command system of audio and video	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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.

Serial number	Research project	Research results
5	Establishment of the smart site management mechanism	<ol style="list-style-type: none"> 1. 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. 2. 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	<ol style="list-style-type: none"> 1. 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. 2. With GPS and maps, the real-time weather information in 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	<ol style="list-style-type: none"> 1. 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. 2. 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. 3. 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	<ol style="list-style-type: none"> 1. 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. 2. 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 2024:

Project items	Actual research condition
The function and process to optimize the construction management system	<ol style="list-style-type: none"> 1. Continuously optimize the functions and workflow of the existing management system to generate practical information and provide reliable information of business decision-making for the reference of management. 2. Provide an integrated platform of engineering specifications and documents via the applications of information technology, so to ensure that construction version is instantly updated and notified.
Expansion of the command center	<ol style="list-style-type: none"> 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, and a learning zone is set. 2. By verifying multi sites through the large-sized display, with the 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.

Project items	Actual research condition
Optimize Intelligence Decision Making Platform	<ol style="list-style-type: none"> 1. On the basis of existing statistical analysis information of all departments on the intelligence decision making platform, the company continues to improve and integrate cross-department information, stipulate warning KPI, and presents abnormal information with different colors. 2. Use the visualized presentation mode to present the SOP of departments and the comprehensive corresponding actions and pros and cons and make timely adjustment in accordance with the current situation for the judgment of providing decision making interconnection.
Optimization of overseas real estate information search system	<ol style="list-style-type: none"> 1. 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. 2. 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	<ol style="list-style-type: none"> 1. Through single entrance platform website, existing AI device identification, real estate information web crawler, job site access control systems are integrated. 2. 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. 3. 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.

4. 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	<ol style="list-style-type: none"> 1. 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. 2. 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. 3. Appoint two additional system development talent and budget an amount of NT\$2 million as required.
Optimization of the smart site management mechanism	<ol style="list-style-type: none"> 1. 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. 2. Provide the instant update and feedback to ensure that all conditions in progress can be immediately responded and controlled. 3. To cope with the labor policy of the government, the company plans to

	<p>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.</p> <p>4. It is estimated that one more integrated manpower and a budget of NT\$8 million are required.</p>
Implementation of customer relationship management system	<p>1. To cope with the Company's real estate development strategy, it is necessary to collect relevant information before, during and after sale from customers based on the customer perspective; therefore, it is necessary to implement customer relationship management system.</p> <p>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.</p> <p>3. It is expected that one more system development manpower and a budget of NT\$3 million are required.</p>
Establishment of construction project management system	<p>1. Integrate construction progress management related forms, BIM model, and achieve drawing and model as a whole for construction progress presentation via information integration.</p> <p>2. Through the digital twin BIM model system architecture, it is able to link the construction project progress, safety and quality control, in order to ensure that construction project can be completed timely with quality and within budget.</p> <p>3. It is expected that one more system development manpower and a budget of NT\$5 million are required.</p>
Enterprise Information Portal (EIP) revision	<p>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.</p> <p>2. With the EIP revision, the enterprise office information can be improved, enterprise internal system information search and announcement/notice presentation can be optimized, such that new employees are able to become familiar with their jobs swiftly, and the communication obstacles among existing staff can be reduced with transparent information.</p> <p>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.</p> <p>4. It is expected that two more system development manpower is required to perform the system development revision.</p>

5. 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

(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) Considering the still uncertain domestic economic outlook and the slowdown in industrial property transactions, potential land buyers are delaying their assessments. The company currently holds 206 hectares of semi-developed land in the Chung Hua Coastal Industrial Park. It is recommended to continue using the pre-registration system to provide land buyers with a more flexible construction schedule. The company will continue to implement an integrated development model involving investment attraction, development, and finance to facilitate continuous funding for development operations.
- (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) In the short term, the focus remains on accelerating the promotion of new zone announcements, including the Lunwei West Zone 4-2 Phase and Lunwei West Zone 5, while developing sales strategies tailored to the needs of potential clients. For large land users, a customized approach will be adopted to meet their land requirements, while for small and medium-sized enterprises, smaller area blocks will be introduced to accommodate the flexible establishment of various industries, thereby enhancing product diversity and value and increasing customer willingness to invest in land acquisition.
 - (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) In 2023, cooperation memorandums were respectively signed with Vietnam

Second Development Group, participating in industrial zone development projects in An Lao County, Hai Phong City and Wangbi City, Guangning Province.

- 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 2023, the private construction projects accounted for about 4.46% 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
2023	71.80%	12.55%	11.80%	-
2022	83.52%	8.75%	7.73%	-
2021	86.52%	8.18%	5.3%	-
2020	84.17%	9.49%	6.34%	-

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
2023	597,200,000	13,874,565	2.32%
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%

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
Politics	<ol style="list-style-type: none"> 1. The government expands its demand of domestic construction, hence more budget and funding for local projects are offered. 2. The government actively promotes urban renewal policies, increases the building capacity awards, and loosens the restriction on the urban renewal projects. 	<ol style="list-style-type: none"> 1. The gap between our domestic economic level and that of labor-exporting countries has been narrowed, so migrant workers has become less willing to work in Taiwan. 2. The Renewal of Urban planning are not comprehensive, and the policies of federal and local governments are different.
Laws and regulations	<ol style="list-style-type: none"> 1. The reform of the Procurement Law for the Public Construction Projects encourages to use the most favorable bidding method to avoid vicious cycle of low-price competition. 2. The “Renewal of Urban planning” rewards the building capacity and increases the investment profits of development. 	<ol style="list-style-type: none"> 1. Reduce the capital threshold of the construction industry, which results in impacting the existing market structure, and increase the competition in the construction industry. 2. The conditions of importing foreign workers are very strict which results in the proportion of foreign workers is low; the manpower is still insufficient and construction efficiency cannot be enhanced. 3. Lack of policy for the construction industry. 4. The government’s new policy of labor holidays will impact the construction industry and increase its costs and construction duration, and it is expected to reduce the profit margins. 5. The education system and the low birth rates have resulted in a shortage of industrial talents.
Economy	<ol style="list-style-type: none"> 1. The price of bulk raw materials has shown an upward tendency and the related material costs have been increased. 2. The government promotes the 006688 preferential program of the industrial zone. 3. Interest rates are decreasing year by year and it lower the burden of interest. 	<ol style="list-style-type: none"> 1. The financial system is still very conserved in its policy for the construction industry. 2. Although the government has released a large number of construction projects, but the required production equipment is not sufficient. 3. The high-tech businesses rush to build factories regardless of the cost. Only a few construction factories benefitted from it as other construction factories suffer from shortage of employees, suppliers’ soaring prices, delays in construction progress, and declining profits.
Technology	<ol style="list-style-type: none"> 1. The construction plants and companies will merge and found 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 foreign construction methods and techniques. 	<ol style="list-style-type: none"> 1. The new construction method has not been introduced and the technical level has not been enhanced. 2. Most of the domestic construction companies do not have sufficient management capabilities.

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

Item	Advantage	Disadvantage
Manpower	<ol style="list-style-type: none"> 1. The support and integration of manpower in the group. 2. Employee rotation system for cultivating comprehensive professional talents. 	<ol style="list-style-type: none"> 1. High employee turnover rates and increase the learning costs. 2. The basic level professional manpower and basic level labors are insufficient.
Financial ability	<ol style="list-style-type: none"> 1. The problem of advance payment of funds in the industrial zone has been valued by the government. 2. The increase in rental income in the industrial zone will help in the fund recovery. 3. Interest rates are decreasing year by year and it lower the burden of interest. 	<ol style="list-style-type: none"> 1. The banking industry is still very conserved in its policy for the construction industry. 2. The issue of advance payment of funds in the industrial zone has not been resolved, which impacts the usage of funds.
Operation management	<ol style="list-style-type: none"> 1. Implementation of management reforms to be in the construction industry. 2. Introduction of information technology system to the company to improve the efficiency of business management. 	<ol style="list-style-type: none"> 1. The cost still cannot be significantly reduced and operating costs are still high. 2. Cooperate with suppliers to share risks and reduce operating costs.
Technology R & D	<ol style="list-style-type: none"> 1. Experience in large-scale engineering projects and special engineering methods. 2. Experience in building large shopping malls and high-rise buildings. 	<ol style="list-style-type: none"> 1. Lack of patented construction technique. 2. Lack of factory and high-rise hotel building experience.
Competitiveness	<ol style="list-style-type: none"> 1. The extensive qualifications for undertaking the large public construction projects. 2. Maintain quality construction and technique, and recognized by the proprietor. 3. Good reputation in the industry that yields benefits to the business development for the public and private sectors. 4. The company has a solid financial status. 	<ol style="list-style-type: none"> 1. The foreign companies are taking over the construction market with their advanced engineering methods. 2. Some local construction vendors actively participate in large-scale public construction projects with their advantage of management costs. 3. Winning less Golden Safety Awards and Golden Quality Awards is the disadvantage for tendering the projects adopting most advantageous tender.

6. Analysis of peer companies:

the statistics table of construction manufacturers

Year	Class A	Class B	Class C	Total
2023	3,204	1,245	7,569	12,018
2022	3,122	1,231	7,433	11,786
2021	3,051	1,228	7,303	11,582
2020	2,956	1,228	7,192	11,376
2019	2,845	1,243	7,057	11,145

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

(2) Urban renewal projects:

The initiation and integration of business case → update of the unit → urban renewal summary → urban renewal → business plan → plan for change of rights in urban renewal → announcement and implementation of urban renewal → engineering construction → registration of property rights → house handover → 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 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 establish 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:

Unit: New Taiwan Dollar

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.

Main ingredient	Year 2019			Year 2020			2021			2022			2023			
	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	
Reinforcing steel	High tension (420)	643,730,600	NT\$ 16,925/T	Donghe Fengxing Higuang Luodong	873,258,750	NT\$ 15,431/T	Donghe Fengxing Higuang Luodong	1,102,269,250	NT\$ 20,852/T	Donghe Fengxing Higuang Luodong	358,344,650	NT\$ 22,318/T	Donghe Fengxing Zhiyi Wei Chih	996,438,850	NT\$ 20,544/T	Donghe Luodong Higuang Fengxing Zhiyi Wei Chih
	Medium tension (280)	10,114,900	NT\$ 16,184/T		63,554,500	NT\$ 14,661/T		106,966,300	NT\$ 20,367/T		57,534,100	NT\$ 20,929/T		180,578,350	NT\$ 19,835/T	
	Others															
	Total	653,845,500			936,813,250			1,209,235,550			415,878,750			1,147,017,200		
Cement	Type I cement	1,043,716	NT\$ 157/Bag	Youmi, Shuncheng Songchi, Sengli Lianxin, Heshun Jueyao Jinyuanxin	3,924,800	NT\$ 163/Bag	Songchi Samson Jueyao	1,195,934	NT\$ 171/Bag	Songchi Jinyuanxin Chengzhou	5,634,735	NT\$ 194/Bag	Songchi Chengzhou	2,731,863	NT\$ 188/Bag	Jinyuanxin Chengzhou Songchi Shinye
	Type II cement	1,161,000	NT\$ 180/Bag													
	Other (Choujouchen)															
	Total	2,204,716			3,924,800			1,195,934			5,634,735			2,731,863		
Sandstone	Ingredients									Jinsa			Jinsa Zhesheng Dashen			
	rocks, pebbles															
	Fine aggregate															
	Coarse aggregate										84,000	NT\$ 1,500/m ³				
	Construction sand								536,580		NT\$ 660/m ³	785,400		NT\$ 1,050/m ³		
Total						536,580		869,400								
Concrete	Pre-mixed concrete	2,560,854,468	280 kgf/cm ² Northern: NT\$ 2,057/m ³ Central: NT\$ 1,720/m ³	WuXiong, Gouchen Ronggong, Dashen Xinyi, Guoshun Guopu, Hexing Yichang, GinCheng Lihung, Yungcheng	2,233,230,720	280kgf/cm ² (1) Northern: NT\$ 2,129/m ³ (2) Southern: NT\$ 2,100/m ³	Changlu and Guopu Dashen, Gouchen GinCheng, Hexing Ronggong, Guoshun YuNan, Xinyi Wushung Xinsanya	2,234,346,830	280kgf/cm ² Northern: NT\$ 2,396/m ³	Dashen, Yonghe Yungchu, YuNan Hohsing, JiangFeng Songda, Wushung Xinyi, Xutian Yichang, Gouchen National and domestic, Guoshun Ronggong, Qinghuang GinCheng Xinsanya	2,104,098,862	280kgf/cm ² Northern: NT\$ 3,064/m ³ Central: NT\$ 1,889/m ³ Southern: NT\$ 2,652/m ³	Dashen, Yungchu, YuNan, Hexing, Songda, Wushung, Xinyi, Yichang, National and domestic, Guopu, Guoshun, Ronggong, Qinghuang, GinCheng Huanguan, Xinsanya, Lihong, Taiwancement	1,293,844,887	280kgf/cm ² Northern: NT\$ 2,928/m ³ Central: NT\$ 2,400/m ³ Southern: NT\$ 2,700/m ³	Xinsanya, Taisong, Yichang, Songda, YuNan, Qinglong, Guopu, Hexing, Dashen
	Asphalt concrete	243,756,154		Yongzheng Shengkung Kanghung	336,613,612	(1) Dense-graded asphalt concrete: NT\$ 4,230/m ³ (2) Renewed asphalt concrete (Dense-graded asphalt concrete with 30% of renewable materials): NT\$ 3,449/m ³	Liron, Longshin Changyu, Sanhsia ShiXun, Jingfeng Shengkung, Linruei Jiangfeng, Yongzheng Wancheng, Hsinyu Jifeng, Changcheng Changmao, Chouyi	326,439,690	Dense-graded asphalt concrete: 6,661 元/m ³	Sanxia, Yongli Jiangfeng, Jifeng Wancheng, Linming Hsinyu, Xinshu Changcheng, Weixin Guomei, Shengyang Luhe, Jingfeng Changmao, Liron	100,047,522	(1) Dense-graded asphalt concrete: NT\$ 6,955/m ³ (2) Renewed asphalt concrete (Dense-graded asphalt concrete with 30% of renewable materials): NT\$ 3,461/m ³	Sanxia, JiangFeng, Jiding, Xinshu, Songwang, Liron, Yuwei, Zhangmao, Longxin	183,343,944	(1) Dense-graded asphalt concrete: NT\$ 5,617/m ³ (2) Coarse graded asphalt concrete: NT\$ 6,806/m ³ (3) Renewable asphalt concrete pavement, coarse-graded mix: 2,317 元/m ³	Meison, Wangcheng, Sanxia, Shenggong, Hongxin

(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

Item	Year 2022				Year 2023				2024 up to March 31			
	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 (%)	Relationship with the issuer	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	-	JIANG-FENG Constuction CO., LTD.	1,976,084	11.33	-	Not applicable			
	Others	11,490,584	83.78	-	Others	15,460,725	88.67	-				
	Net amount of procurement	13,715,550	100.00	-	Net amount of procurement	17,436,809	100.00	-				

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

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

Unit: NT\$ thousands

Item	Year 2021				Year 2022				2023 up to March 31			
	Name	Amount	Percentage of the net amount for the full year sales (%)	Relationship with the issuer	Name	Amount	Percentage of the net amount for the full year sales (%)	Relationship with the issuer	Name	Amount	Percentage of the net amount for the full year sales (%)	Relationship with the issuer
1	Water Resources Agency, Ministry of Economic Affairs	4,341,587	28.76	-	Water Resources Agency, Ministry of Economic Affairs	4,125,936	21.76	-	Not applicable			
2	Department of Rapid Transit Systems, Taoyuan City Government	2,756,542	18.26	-	Department of Rapid Transit Systems, Taoyuan City Government	2,611,085	13.77	-				
3	-	-	-	-	National Science and Technology Council-Hsinchu Science Park	2,281,056	12.03					
4	-	-	-	-	New Construction Office, Public Works Department, Taipei City Government	1,949,519	10.28					
	Others	7,995,243	52.98	-	Others	7,991,743	42.16	-				
	Net Sales	15,093,372	100.00	-	Net Sales	18,959,339	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

Item	Year 2023		Year 2022	
	Amount	%	Amount	%
Civil engineering	11,106,093	63.70	7,060,912	51.48
Construction engineering	3,102,266	17.79	2,608,434	19.02
Electromechanical engineering	891,496	5.11	1,540,954	11.24
Development engineering project	898,556	5.15	1,010,640	7.37
Real estate sales	262,650	1.51	197,957	1.44
Other operating costs	1,175,748	6.74	1,296,653	9.45
Total	17,436,809	100.00	13,715,550	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

Item	Year 2023		Year 2022	
	Amount	%	Amount	%
Civil engineering	11,988,547	63.23	7,994,776	52.96
Construction engineering	3,309,165	17.45	2,772,070	18.37
Electromechanical engineering	983,566	5.19	1,648,036	10.92
Development engineering project	1,062,786	5.61	1,106,321	7.33
Real estate sales	350,526	1.85	250,194	1.66
Other operating costs	1,264,749	6.67	1,321,975	8.76
Total	18,959,339	100.00	15,093,372	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 2022	Year 2023	As of the date March.31.2024 (Note)
The member of employees	General staff	215	240	240
	Technical staff	736	918	939
	Total	951	1158	1179
Average age		41.86	41.99	42.12
Average of service years		6.65	6.2	5.7
Ratio of academic background of employees	PHD.	0.32%	0.26%	0.25%
	Master	16.93%	16.06%	16.03%
	College	74.76%	73.83%	72.43%
	High school	6.31%	8.38%	9.75%
	Under high school	1.68%	1.47%	1.53%

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:

Content \ Period	Year 2024 (as of the end of January)	Year 2023 (as of the end of March)	Year 2022	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 amount or disposition status	total of 0 instance	total of 1 instance	total of 12 instances	21 instances
	Fine 0 dollar	Fine 160,500 dollars	Fine 415,400 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 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

Year Content	Year 2024	Year 2025	Year 2026
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 2024	Year 2025	Year 2026
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	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. In addition to continuing the carbon audits for categories 1 and 2, there will be an

expansion to include category 3 audits in the future.

12. Planning for the optimization/systematization of ESG information management methods to streamline the process of consolidating energy information across departments and accelerate the achievement of carbon neutrality goals.

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. The Company has created the "Employees' Welfare Committee of BES Engineering Corporation" according to the "Employee benefits regulations" and the following are stipulated: "Donation regulations for the Employees' Welfare Committee of BES Engineering Corporation," "Work Rules of the Employees' Welfare Committee of BES Engineering Corporation," "key points of rewarding construction materials for the Employees' Welfare Committee of BES Engineering Corporation," "Scholarship application for the Employees' Welfare Committee of BES Engineering Corporation" and the "Key points for the implementation of employees' recreation activities for the Employees' Welfare Committee of BES Engineering Corporation." The Staff Welfare Committee conducts various welfare and recreational measures for the employees of the Company. The company's employees will be rewarded with NT\$5,500 to 12,000 (including the Chinese Year Festival, Dragon Boat Festival) during each holiday season. The Staff Welfare Committee awarded a total of scholarships NT\$795,000 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 shareholders' meeting of year 2023 approved the employee bonus of NT\$20,958,506 surplus distribution for the year 2022. The allocated amount of employees' bonus is between NT\$3,097 and NT\$733,950 for the year 2022. The top twelve earners in terms of employee compensation are: Manager Lee Chen-Ming, Special Assistant Yang Chia-Chun, Vice General Manager Yang Mei-Yuan, Vice General Manager Wang Ting-Tse, Associate Manager Cheng An-Tzu, Associate Manager Huang Ting-Chien, Director Lin Hsu-Chuan, Manager Chang Ta-Chun, Associate Manager Chiu Yung-Tsai, Manager Lee Wei-Teng, Manager Su Li-Mei, Manager Yu, Chen-Erh, totaling NT\$4,870,000.
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 year 2023, the company had self-organized 215 trainings and 392 external trainings, with a total of training expenses NT 4,727,511 dollars.

5. The company's main self-organized and outsourced general knowledge and professional training courses in 2023 are as follows:

- (1) January to March of year 2023, 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) March and April of the year 2023 were dedicated to gradually utilizing digital tools for digital transformation to enhance corporate competitiveness, in collaboration with the Audio-Visual Command Center, organizing the "FineReport Seed Member Training" course.
- (3) In April, May, July, and August of year 2023, initiatives were undertaken to enhance the health awareness of company employees. These initiatives included organizing one session each of the following courses: "Small Changes, Great Comfort - Discussion on Vision Care," **【Heatstroke vs. Heat Exhaustion】** Symptoms, Different Rescue Methods - Knowing the Key Points and Keeping Calm in Emergencies," "Office Stretching and Relaxation Guide" and "CPR + AED Operations and First Aid Training."
- (4) From March to December of year 2023, the 15th session of "Occupational Security Course" was organized to enhance the awareness of labor safety of employees.
- (5) In March of year 2023, in response to the global carbon reduction trend and energy transition, a collaborative effort with the group was made to organize courses related to energy saving and carbon reduction. The "Energy Saving - Easy Steps to Become an Energy Saving Hero" course was launched.
- (6) From August to September of year 2023, in order to enhance the internal instructors' teaching knowledge and skills, and to assist them in imparting basic

- professional knowledge to newly recruited personnel in the engineering offices, the “Internal Instructor Training” course was held. A total of 7 internal instructors were trained.
- (7) From July to August of year 2023, in order to combat corruption within the company and assist in improving the internal control and audit system, as well as enhancing the willingness of colleagues to comply with the law, courses titled “Investigation Bureau Corporate Anticorruption - What Can We Do for You” and “Criminal Legal Issues in Anticorruption for Listed Companies” were jointly held with the Legal Affairs Department.
 - (8) In September 2023, as part of our ongoing efforts to enhance a friendly workplace environment at BES Engineering Corp, and to increase awareness of gender sensitivity among employees, we invited the Modern Women's Foundation to host a seminar titled “Creating a Gender-Friendly Workplace.”
 - (9) From June to November of year 2023, in order to strengthen the general professional development of colleagues and expand online learning resources, the Hahow online learning platform was introduced. A total of 166 individuals participated in learning activities, accumulating a total of 1,080 hours of learning.
 - (10) From April to June of year 2023, in response to the business development needs of the group and to implement the concept of “Asia is Our Home,” a series of Vietnamese language learning courses were jointly held with the group.
6. The main external professional training courses participated by the company's professionals in 2023 include the following:
- (1) “220 hours training of site supervisor in the construction industry” for 22 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 54 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, and Chung Hsing University and etc.
 - (3) The “labor safety and health management training courses” for 295 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. Our company, as a publicly listed corporation, is particularly committed to enhancing the professional competence of our audit personnel. Each year, we send representatives to participate in various training sessions organized by relevant institutions. In year 2023, our internal audit personnel attended professional training sessions as follows: Auditor Su Zhi-Xun participated in the “Internal Audit Guidelines for Sales and Receivables Cycles and Compliance with Laws and Regulations” and “Prevention of Major Financial Frauds (Embezzlement, Insider Trading, Bribery, Stock Price Manipulation, Irregular Transactions, Financial Statement Fraud, etc.)” courses organized by the Institute of Internal Auditors-Chinese Taiwan; Auditor Xie Xuan-Ying attended the “Policy Analysis of Self-Compiled Financial Reports and Sustainable Reporting, and Key Practices of Internal Audit and Internal Control” and

“Interpretation of Financial Analysis Indicators and Prevention of Business Risks” courses; Auditor Jiao Ai-Shan participated in the “Interpretation and Practice Analysis of Rules and Regulations on Loans, Endorsements, Maximum limit of Guarantees and Disposal of Assets” and “Adjusting Internal Control Systems to Meet New ESG Regulations” courses.

8. The training courses of corporate governance participated by the company's supervisors are as follows:

In November of year 2023, Accounting Manager Su Yu-Min attended the “2023 ESG Summit: Sustainable Disclosure and ESG Implementation” organized by the Accounting Research and Development Foundation, totaling 3 hours. In December of the same year, he participated in the “Continuing Education Course for Issuers, Securities Firms and Securities Exchange Accounting Managers” organized by the Accounting Research and Development Foundation, totaling 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 2023, there were 3 people who retired and 6 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.

(IV) Corporate International Human Rights Practices

The company adheres to the objectives outlined in international human rights conventions such as the International Covenant on Civil and Political Rights, the United Nations Global Compact Ten Principles and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. This ensures that employees work in a safe and secure environment, fully reflecting the responsibility to respect and protect human rights and treating all employees with dignity and respect. Furthermore, human rights assessments are integrated into the company's major sustainability agenda. The company regularly reviews the impact of human rights issues on its business operations and manages them accordingly.

1. Prohibition of child labor/illegal migrant workers.
2. Creating a work environment free from discrimination and hostility.
3. Promoting a healthy and safe workplace.
4. Maintaining a work environment free from sexual harassment.
5. Prohibiting forced labor.

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. The explanation of related investment resources is as follows:

- (1) As of the end of 2023, the total annual training hours for personnel related to company cybersecurity were 230 hours, both internal and external. This included training in ISO27001:2022LA, ISC2-CISSP, ISC2-CC and CEH, ensuring that the professional skills are sufficient to continue driving the implementation of ISMS (Information Security Management System).
- (2) In 2024, the company executed outsourced vulnerability scanning operations and system corrections for the core information and communication system, as well as applied the Government Configuration Baseline (GCB) to the information and communication equipment.
- (3) On March 3, 2022, the company applied to become a member of the Taiwan Computer Emergency Response Team / Coordination Center (TWCERT/CC).

4. Specific management plan:

- (1) Personnel management: through continuous training, we aim to enhance employees' awareness of information security and integrate it into various operations, with the goal of effectively reducing human-related risks.
 - (2) Information security monitoring: We conduct regular real-time automatic updates of firewall firmware and blocking rule settings. Additionally, through the joint monitoring of internal and external abnormal activities by the Security Monitoring Center, any suspicious network behavior is automatically alerted to management personnel for immediate action, thereby establishing a robust 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: annually, the internal audit unit conducts audits on information cycles, information security and network security control measures to ensure the effectiveness of internal information security management measures and continuous improvement in 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

Unit: NTD in thousands

Nature of the contract	Business owner	Project contents and contract amount	Starting date	Restrictions
Contract of the engineering construction	Second District Engineering Office of Taipei City Government MRT Engineering Bureau	CR580C Eastward Section Project of Xinyi Section in the Taipei MRT System: NT\$4,001,432 in thousands	October, 2016~ July 2024	None
Contract of the engineering construction	Taoyuan International Airport Corporation	The construction of parking apron, taxiway and apron facilities in terminal III of Taiwan Taoyuan International Airport: NT\$3,258,487 thousands	May, 2017~ February 2025	None
Contract of the engineering construction	Northern Construction Office of Nuclear Thermal Power Engineering Office of Taiwan Power Company.	The new construction project of the pumping machine room #7, 8 and 9 and water inlet/outlet underdrain in Taitan Power Plant: NT\$3,590,494 thousands	October, 2018~ January 2024	None
Contract of the engineering construction	National Taiwan University Hospital	The new construction project of the Health Building in National Taiwan University Hospital: NT\$ 2,178,738 thousands	October, 2018~ March 2024	None
Contract of the engineering construction	MRT Engineering Bureau of Taoyuan Government	GM01 electromechanical system turnkey engineering project of the Taoyuan MRT Green Line: NT\$14,181,039 in thousands	January, 2019– June 2031	None
Contract of the engineering construction	MRT Engineering Bureau of Taoyuan Government	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: NT\$11,293,000 in thousands	July 2019– November 2026	None
Contract of the engineering construction	Central District Water Resources Bureau, Ministry of Economic Affairs	Niaozueitan Artificial Lake Project, Wu River- Construction of Lake Area: NT\$8,833,719 thousands	August 2019 ~ April 2024	None
Contract of the engineering construction	Taiwan Railways Administration, MOTC	ME06A The electromechanical system engineering of the project of the addition of Station of Terminal Three, Taoyuan Airport (A14 Station) and the extension to Chungli Railway Station: NT\$640,594 in thousands	October 2019– September 2028	None
Contract of the engineering construction	Southern District Water Resources Bureau, Ministry of Economic Affairs	Tseng Wen Nan Hua Leveling Pipe Turnkey Project A1 - NT\$4,053,500 in thousands	January 2020– June 2024	None
Contract of the engineering construction	New Construction Office of New Taipei City Government	Turnkey project for renovation of the First Vegetable and Fruit Market (in-embankment relay) and Wan-Da Wholesale Market: NT\$13,592,439 thousands	February 2020 ~ March 2029	None

Nature of the contract	Business owner	Project contents and contract amount	Starting date	Restrictions
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\$4,822,252 thousands	September 2021 May 2026	None
Contract of the engineering construction	Taiwan Ministry of Transportation, Directorate General of Highways, Northern Region Highway Construction Engineering Division	Improvement projects (including pipeline installation) for Provincial Highway No. 15 and No. 4, in coordination with the expansion of Taoyuan International Airport: NT\$2,795,197 thousands	October 2021 ~ October 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 ~ September 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	Southern 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 ~ June 2026	None
Contract of the engineering construction	Urban Infrastructure Engineering Division, Southern Region, Ministry of the Interior, Land Administration Division	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 2023 ~ August 2025	None
Contract of the engineering construction	SUNBA Power Corporation	SUNBA second phase photovoltaic equipment and flood detention pond EPC project: NT\$ 150,990 in thousands	February, 2023~ Devenber, 2024	None
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	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, 2023~1 February, 2029	None

Nature of the contract	Business owner	Project contents and contract amount	Starting date	Restrictions
Contract of the engineering construction	North District Construction Office, Transmission and Distribution Engineering Department, Taiwan Power Company Ltd.	Construction of Songhu Ultra-High Voltage Substation and Multi-Purpose Building: NT\$45,000,000 thousands	September 2023 ~ July 2030	None
Contract of the engineering construction	Air Liquide Far Eastern Ltd.	Bridge construction project at the intersection of AL1 and AL2 plants: NT\$69,245 thousands	November 2023 ~ June 2025	None
Contract of the engineering construction	Taiwan National Highway Bureau	Kaohsiung New Town Roads 1-1, 1-2, and 1-3 Cross-Highway Project (Tender X101G): NT\$4,650,820 thousands	November 2023 ~ August 2027	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\$4,930,610 thousands	April 2023 ~ March 2028	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\$3,201,697 thousands	April 2023 ~ May 2027	None

Unit: NTD

Nature of contract	Vendor Name	Contract name	Contract amount	Date of bid	Limitations Terms
Materials procurement	Shen Tai Electric Cable Co., Ltd.	Procurement of Low Voltage and Control Cables	142,499,997	2023/1/13	None
Materials procurement	Yijia Mechanical and Electrical Engineering Co., Ltd.	Procurement of Electrical and Plumbing Equipment (Zone A)	801,618,462	2023/1/16	None
Subcontracted projects	King Polytechnic Engineering Co., Ltd.	Electrical and Plumbing Works (Zone B)	303,260,245	2023/1/16	None
Subcontracted projects	Yijia Mechanical and Electrical Engineering Co., Ltd.	Electrical and Plumbing Works (Zone A)	293,381,537	2023/1/16	None
Materials procurement	King Polytechnic Engineering Co., Ltd.	Procurement of Electrical and Plumbing Equipment (Zone B)	826,619,754	2023/1/16	None
Subcontracted projects	Wavegis Technology Co., Ltd.	Mechanical and Electrical Monitoring Engineering	67,500,000	2023/1/31	None
Subcontracted projects	Yuan Chen Engineering Corporation	Disposal of abandoned materials for B7 class shield tunneling (including transportation and waste disposal certificates).	62,069,091	2023/2/1	None
Subcontracted projects	Yu Feng Engineering Co., Ltd.	Construction of Pier Bridges and Construction of Platform Structures Engineering	236,880,000	2023/2/13	None
Subcontracted projects	Dafa Engineering Co., Ltd	Structural Engineering of the North Power Plant Substation	74,503,289	2023/2/13	None
Subcontracted projects	Cheng An Fireguard Ind. Corporation	Fire Engineering	242,824,276	2023/2/14	None

Nature of contract	Vendor Name	Contract name	Contract amount	Date of bid	Limitations Terms
Materials procurement	Cheng An Fireguard Ind. Corporation	Purchase of fire-fighting equipment	470,175,724	2023/2/14	None
Subcontracted projects	Sweet Develop Co., Ltd.	Earthwork project	151,000,000	2023/2/17	None
Subcontracted projects	Lu He Construction Co., Ltd.	Two-way backup project	84,500,000	2023/2/20	None
Subcontracted projects	Yu Hui Hsing Industry Co., Ltd.	Earthwork and Demolition Works	113,500,000	2023/2/22	None
Subcontracted projects	Lin Ming Construction Co., Ltd.	Development Project in Changhua Coastal Industrial Park - Lunwei West District phase 2 drainage pipe and gates construction projects - drainage pipe construction(I)	288,300,000	2023/2/24	Subcontracted projects
Subcontracted projects	Chin Kuang Tai Construction Co., Ltd.	Development Project in Changhua Coastal Industrial Park - Lunwei West District phase 2 drainage pipe and gates construction projects - drainage pipe construction(II)	252,500,000	2023/2/24	None
Materials procurement	Yi-Chang Sandstone Corporation	Ready-mixed concrete procurement (II)	81,857,160	2023/3/8	None
Materials procurement	New San Yea Ready Mixed Concrete Co., Ltd.	Ready-mixed concrete procurement	292,790,138	2023/3/8	None
Materials procurement	Taisong Concrete Co., Ltd.	Ready-mixed concrete procurement (I)	79,967,160	2023/3/9	None
Subcontracted projects	DongXu Construction Engineering Co., Ltd.	Soil Retaining and Shoring Works	65,937,200	2023/3/14	None
Subcontracted projects	Hochmark International Co. Ltd.	Sustainable Building Renovation Project	59,000,000	2023/3/16	None
Subcontracted projects	Quanshengxiang Engineering Co., Ltd.	G06 station entrance and ventilation shaft structure engineering	55,000,000	2023/3/16	None
Subcontracted projects	San Sia Asphalt Co., Ltd.	Asphalt concrete projects (I)	51,899,880	2023/3/16	None
Materials procurement	Feng Hsin Steel Co., Ltd.	Reinforcing steel procurement (I)	54,572,700	2023/3/25	None
Materials procurement	Hong Rong Industrial Co., Ltd.	Ready-mixed concrete procurement	75,215,112	2023/3/27	None
Subcontracted projects	Xin Xin Engineering Co., Ltd.	Drainage Culvert Projects (II)	69,599,958	2023/3/28	None
Subcontracted projects	Fu Yue Construction Co., Ltd.	Installation of Temporary Pipeline Projects	131,250,000	2023/3/28	None
Materials procurement	Tung Ho Steel Enterprise Corp.	Reinforcing steel procurement (III)	55,402,200	2023/3/28	None
Subcontracted projects	Yi Da Engineering Co., Ltd.	Overflow Pipe and Water Pipe Engineering	72,999,999	2023/3/31	None
Subcontracted projects	Jiangfeng Construction Co., Ltd.	North Machine Plant Civil and Other Mechanical and Electrical Facilities projects (Third Supplementary Contract)	651,714,193	2023/3/31	None
Subcontracted projects	Ta Chang Tsuo Industrials Co., Ltd.	Steel Bridge Engineering (I) (Engineering)	707,190,669	2023/4/10	None
Materials procurement	Evergreen Steel Co., Ltd.	Steel Bridge projects(II) (Material Procurement)	596,805,850	2023/4/10	None

Nature of contract	Vendor Name	Contract name	Contract amount	Date of bid	Limitations Terms
Subcontracted projects	Evergreen Steel Co., Ltd.	Steel Bridge projects (II) (projects)	667,997,571	2023/4/10	None
Materials procurement	Ta Chang Tsuo Industrials Co., Ltd.	Steel Bridge projects (I) (Material Procurement)	617,322,924	2023/4/10	None
Subcontracted projects	Yi Yo Engineering Co., Ltd.	Earthwork project (Zones A and B) (3rd supplementary contract)	139,358,245	2023/4/24	None
Subcontracted projects	JR Guang Industrial Co., Ltd.	Earthwork Excavation, Backfilling and Structural Machinery Demolition and Disposal Project	165,421,788	2023/5/2	None
Subcontracted projects	Chang Yu Construction Co., Ltd.	Pipeline projects	281,000,000	2023/5/3	None
Subcontracted projects	Jinquan Construction Co., Ltd.	Pile Foundation Works	169,261,260	2023/5/3	None
Subcontracted projects	Chuanggu Industrial Co., Ltd.	The construction of the main aluminum grilles, rain shelter canopy and umbrella-shaped aluminum ceiling in the first phase of the agricultural project.	60,000,000	2023/5/3	None
Subcontracted projects	Alumi International Co., Ltd.	The steel structure engineering at the North Machinery Plant.	269,999,999	2023/5/4	None
Subcontracted projects	Yunji Construction Co., Ltd.	Operation Room projects	56,000,000	2023/5/5	None
Subcontracted projects	Xin Xin Engineering Co., Ltd.	Drainage Ditch projects (I)	57,000,000	2023/5/5	None
Subcontracted projects	Rui Guang Landscape Design Co., Ltd.	Structural Engineering of the North Machine Factory Management Center Building	108,999,554	2023/5/10	None
Subcontracted projects	Jiezai Engineering Co., Ltd.	Earthwork project (Zones A and B) (2nd supplementary contract)	102,171,638	2023/5/18	None
Subcontracted projects	Alumi International Co., Ltd.	Steel Structure Skyway Project	159,999,956	2023/5/22	None
Subcontracted projects	Otis Elevator company Ltd.	Elevator projects	221,530,000	2023/5/22	None
Subcontracted projects	Li Xin International Enterprise Co., Ltd.	IRVX24 Common Pipeline Project - Pipeline Excavation, Pipeline Engineering, Common Pipeline Engineering, Equipment Foundation Restoration and Road Refilling Restoration Project	266,000,000	2023/5/22	None
Materials procurement	Tucheng Branch of Kuoshun – Ready-mixed Concrete Co., Ltd. Miaoli Plant	Ready-mixed concrete procurement (I)	250,974,812	2023/5/22	None
Subcontracted projects	CHIEN CHUNG CONSTRUCTION CO., LTD.	IRVX24 Joint Pipeline Project - Asphalt Road Maintenance, Road Diversion Construction and Surface Restoration Works	50,999,309	2023/5/22	None
Subcontracted projects	Shiang Wang Enterprise Co., Ltd.	Earth retention, steel sheet piling and construction platform projects	71,800,000	2023/5/26	None
Subcontracted projects	Tangfu construction company Ltd.	Station structure project	270,406,834	2023/5/26	None

Nature of contract	Vendor Name	Contract name	Contract amount	Date of bid	Limitations Terms
Subcontracted projects	Shao Yi Technology Engineering Co., Ltd	Mechanical and Electrical Lighting Engineering (including park, greenway and bridge lighting)	73,980,000	2023/5/30	None
Subcontracted projects	Liu Yi Interior Decoration Co., Ltd.	Agricultural Phase One Main Light Partition Works	133,499,997	2023/5/30	None
Subcontracted projects	Da Zen Technology Engineering Co., Ltd.	Masonry Work Project (II)	69,025,000	2023/6/12	None
Subcontracted projects	Wen Yang Building Materials Industry Corporation	Farm Phase One Roll-up Doors, Waterproof Gates and Smoke Prevention Equipment Engineering	61,000,000	2023/6/16	None
Subcontracted projects	Chun Yuan Steel Industry Co., Ltd.	Steel Structure Engineering (Project) (Building C)	137,586,740	2023/6/20	None
Materials procurement	Tung Kang Steel Structure Co., Ltd.	Steel Structure Engineering (Material Procurement) (I) (Building AB)	258,728,894	2023/6/20	None
Materials procurement	Chun Yuan Steel Industry Co., Ltd.	Steel Structure Engineering (Material Procurement) (II) (Building C)	130,657,685	2023/6/20	None
Subcontracted projects	Tung Kang Steel Structure Co., Ltd.	Steel Structure Engineering (Project) (Building AB)	283,602,346	2023/6/20	None
Materials procurement	Yu Nan Concrete Industrial Co., Ltd.	Purchase of Ready-Mixed Concrete (First Supplementary Contract)	52,368,750	2023/6/27	None
Subcontracted projects	Jiangfeng Construction Co., Ltd.	Earthwork and retaining support project (15th supplementary contract)	468,544,316	2023/6/28	None
Subcontracted projects	Chang Yu Construction Co., Ltd.	Construction of Management Building and Duty Room	164,000,000	2023/7/10	None
Subcontracted projects	Jinjiang Steel and Hardware Corporation	Steel structure project	98,500,000	2023/7/13	None
Subcontracted projects	Chang Yu Construction Co., Ltd.	Civil construction project	440,000,000	2023/7/13	None
Subcontracted projects	Tangfu construction company Ltd.	Full set of pile foundation works (I)	253,500,000	2023/7/20	None
Subcontracted projects	Yi Yo Engineering Co., Ltd.	Earthwork project (Zones A and B) (4th supplementary contract)	305,892,200	2023/7/26	None
Materials procurement	Qinglong Ready-mixed Concrete Co., Ltd.	North depot ready-mixed concrete procurement (II)	123,167,415	2023/7/27	None
Subcontracted projects	Zhenli Construction Co., Ltd.	North Machinery Plant Drainage Ditch Project	51,500,000	2023/8/9	None
Subcontracted projects	Taing Sheng Industrial Ltd.	Curtain Wall Project (Zone A)	668,680,000	2023/8/15	None
Subcontracted projects	Taing Sheng Industrial Ltd.	Curtain Wall Project (Zone B)-Building A	438,932,964	2023/8/15	None
Subcontracted projects	Shing Gar Metal Co., Ltd.	Curtain Wall Project (Zone B)-Building BC	245,598,479	2023/8/15	None
Subcontracted projects	Matilda Feng Metal Co., Ltd.	Exterior Metalwork Project	88,000,000	2023/8/22	None
Subcontracted projects	Hongxin Engineering Co.	Asphalt Concrete Pavement projects	52,908,466	2023/8/29	None

Nature of contract	Vendor Name	Contract name	Contract amount	Date of bid	Limitations Terms
Subcontracted projects	Jines Construction Co., Ltd.	Improvement projects for Not Applicable Soil Section Geological	78,899,978	2023/8/31	None
Subcontracted projects	Yongxiang Technology Ltd.	North Machine Factory Underground Power Pipeline Engineering	82,000,000	2023/9/4	None
Subcontracted projects	De Ji Chang Engineering Co., Ltd.	Common channel project (II)	249,965,473	2023/9/7	None
Subcontracted projects	Shun Ting Construction Co., Ltd.	Earthwork Engineering (G04~G07 Stations)	165,947,579	2023/9/19	None
Materials procurement	Shun-Tung Cement Products Co., Ltd.	Other Areas - Procurement of Precast Products for Common Pipeline projects	112,600,000	2023/9/19	None
Subcontracted projects	Jiangfeng Construction Co., Ltd.	Landscaping Works (5th Supplementary Contract)	79,496,585	2023/9/21	None
Materials procurement	Chan Min Co., Ltd.	Procurement of Glass Materials	107,996,187	2023/10/4	None
Subcontracted projects	Yi Yo Engineering Co., Ltd.	Earthwork project (Zones A and B) (5th supplementary contract)	288,536,794	2023/10/11	None
Subcontracted projects	Vipin Technology Co., Ltd.	Common Pipeline Cable Ducting (Telecommunication Broadband) Project	60,800,000	2023/11/9	None
Subcontracted projects	Yuren Technology Co., Ltd.	CR380E Tender Hydropower Environmental Control Engineering - Water Pipe projects (II)	78,000,000	2023/11/9	None
Subcontracted projects	Wen Yang Building Materials Industry Corporation	Stainless Steel (Fireproof) Rolling Shutter Doors and Waterproof Gate projects	51,999,999	2023/11/21	None
Subcontracted projects	Tongbai Landscape Co., Ltd.	Landscape projects	51,999,999	2023/11/21	None
Subcontracted projects	Hua Yi Machinery Engineering Co., Ltd.	Bridge substructure construction project	54,999,848	2023/11/30	None
Subcontracted projects	Ji Diing Engineering Company Limited	Development project for the Changhua Coastal Industrial Zone Lunwei West Area Metal Surface Treatment Zone Road and Public Pipeline Engineering (Phase 1) - Sub-district Regulating Pumping Station, Mechanical, Electrical and Instrumentation System Engineering	72,300,000	2023/11/30	None
Subcontracted projects	Lu He Construction Co., Ltd.	Dock Dredging Pipe Fixation Engineering Before the Dam	53,000,000	2023/11/30	None
Subcontracted projects	Su-Chen-Shin Construction Co., Ltd.	Tunnel and Shaft Engineering (First Supplemental Contract)	188,759,146	2023/12/8	None
Materials procurement	Da Hsiang Industrial Co., Ltd.	Ready-mixed concrete procurement (II)	96,584,649	2023/12/15	None
Materials procurement	Da Hsiang Industrial Co., Ltd.	Purchase of Concrete (I)	98,933,993	2023/12/15	None
Materials procurement	Tung Ho Steel Enterprise Corp.	Reinforcing Steel Procurement (XI)	55,440,000	2023/12/18	None
Subcontracted projects	Chang Ping Enterprise Co., Ltd.	Light Partition Works (Zone A)	252,896,648	2023/12/25	None
Subcontracted projects	Naxin Enterprise Co., Ltd.	Light Partition Works (Zone B)	225,000,000	2023/12/25	None

Unit: NTD in thousands

Nature of the contract	Party	Start date of the contract	Main content	Restrictions
Agreement	Economic Affairs Ministry, Industrial Park Administration 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	Economic Affairs Ministry, Industrial Park Administration 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	Economic Affairs Ministry, Industrial Park Administration 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:

1. The estimated direct construction costs are based on the results of the 2013 development costs of Industrial Bureau, Ministry of Economic Affairs.
2. In accordance with the Economic Affairs Ministry's organizational restructuring, the Industrial Zone Division of the Industrial Development Bureau was transferred to the new agency, the "Industrial Park Administration Bureau," on September 26th, 2023. Following the establishment of this new agency, it will inherit the rights and obligations originally stipulated in the development agreements.

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
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
Public Urban Renewal	Taipei City Housing and Urban Renewal Center	Chengnan Shuiyuan Public Urban Renewal New residential construction	From the signing date on August 08, 2023 to the settlement date after the completion and handover of the house units	None

Nature of the contract	Party	Main content	Starting date	Restrictions
Urban renewal of public office buildings	National Housing and Urban Regeneration Center	Banqiao Welfare Station Public Urban Renewal Residential New Construction Project	From the signing date on October 05, 2023 to the settlement date after the completion and handover of the house units	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
letter of intent	CLOUD NETWORK TECHNOLOGY SINGAPORE PTE.LTD.TAIWAN BRANCH	Tu Cheng AI Intellectual Park	From the signing date on October 12, 2023 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

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

Item	Year	Financial Information for the Recent Five Years					The current year up to March 31, 2024 Financial Information (Note 3)
		Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	
Current Assets		35,382,398	33,789,293	38,754,641	35,989,828	47,670,307	Not applicable
Property, Plant, and Equipment		3,312,312	3,220,082	3,210,072	3,089,497	3,209,812	
Intangible Assets		43,997	0	0	0	0	
Other Assets		4,485,467	5,099,342	6,123,450	6,060,571	5,169,102	
Total Assets		43,224,174	42,108,717	48,088,163	45,139,896	56,049,221	
Current Liabilities	Before Distribution	16,565,080	16,243,125	17,472,075	14,451,715	20,212,978	
	After Distribution	16,872,791	16,599,825	18,289,575	15,256,969	(Note1)	
Non-current Liabilities		6,634,536	5,450,050	7,687,342	8,011,957	12,537,522	
Total Liabilities	Before Distribution	23,199,616	21,693,175	25,159,417	22,463,672	32,750,500	
	After Distribution	23,507,327	22,049,875	25,976,917	23,268,926	(Note1)	
Equity Attributed to the Owners of Parent Company		19,897,187	20,307,824	22,835,523	22,604,813	22,460,855	
Capital Share		15,308,998	15,308,998	15,308,998	15,308,998	15,308,998	
Capital Reserves		73,782	73,833	73,884	74,648	96,521	
Retained Earnings	Before Distribution	5,080,690	5,387,899	7,676,432	7,698,310	7,741,111	
	After Distribution	4,772,979	5,031,199	6,858,932	6,893,056	(Note1)	
Other Equity		(566,283)	(462,906)	(223,791)	(477,143)	(685,775)	
Treasury Shares		-	-	-	-	-	
Non-controlling Equity		127,371	107,718	93,223	71,411	837,866	
Total Equity	Before Distribution	20,024,558	20,415,542	22,928,746	22,676,224	23,298,721	
	After Distribution	19,716,847	20,058,842	22,111,246	21,870,970	(Note1)	

Condensed Consolidated Comprehensive Income Statement

Unit: NT NTD in thousands

Year Item	Financial Information for the Recent Five Years					The current year up to March 31, 2024 Financial Information (Note 2)
	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	
Operating Revenue	12,590,753	13,470,962	17,196,685	15,093,372	18,959,339	Not applicable
Gross Operating Profit	1,208,930	946,047	339,886	1,377,822	1,522,530	
Net Operating Profit	512,266	375,047	(358,619)	776,015	931,564	
Non-operating Revenue and Expenses	(94,583)	418,185	2,837,088	225,093	(150,270)	
Net Profit Before Tax	417,683	793,232	2,478,469	1,001,108	781,294	
Net Profit of the Period for the Continuing Operations	307,844	598,847	2,662,176	805,156	625,637	
Losses from the Discontinued Operations	-	-	-	-	-	
Net Income (Loss) of the Period	307,844	598,847	2,662,176	805,156	625,637	
Other Comprehensive Income of the Period (Net Amount after Tax)	38,630	100,314	239,037	(234,121)	16,898	
Total Comprehensive Incomes and Losses	346,474	699,161	2,901,213	571,035	642,535	
Net Profit Attributed to the Owners of Parent Company	312,886	618,959	2,676,758	821,315	624,719	
Net Profit Attributed to the Non-Controlling Equity	(5,042)	(20,112)	(14,582)	(16,159)	918	
Comprehensive Income Attributed to the Owners of Parent Company	352,340	718,327	2,915,641	586,580	643,243	
Comprehensive Income Attributed to the Non-Controlling Equity	(5,866)	(19,166)	(14,428)	(15,545)	(708)	
EPS	0.20	0.40	1.75	0.54	0.41	

Condensed Balance Sheet of Parent Company Only

Unit: NT NTD in thousands

Item	Year	Financial Information for the Recent Five Years					The current year up to March 31, 2024 Financial Information (Note 3)
		Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	
Current Assets		33,161,121	32,277,718	35,815,439	33,641,206	43,372,798	Not applicable
Property, Plant, and Equipment		2,518,085	2,433,886	2,416,388	3,035,216	3,165,605	
Intangible Assets		-	-	-	-	-	
Other Assets		6,093,544	6,102,200	8,602,794	7,839,523	8,212,533	
Total Assets		41,772,750	40,813,804	46,834,621	44,515,945	54,750,936	
Current Liabilities	Before Distribution	15,703,068	15,549,129	16,681,171	14,075,057	19,910,680	
	After Distribution	16,010,779	15,905,829	17,498,671	14,880,311	(Note1)	
Non-current Liabilities		6,172,495	4,956,851	7,317,927	7,836,075	12,379,401	
Total Liabilities	Before Distribution	21,875,563	20,505,980	23,999,098	21,911,132	32,290,081	
	After Distribution	22,183,274	20,862,680	24,816,598	22,716,386	(Note1)	
Equity Attributed to the Owners of Parent Company		19,897,187	20,307,824	22,835,523	22,604,813	22,460,855	
Capital Share		15,308,998	15,308,998	15,308,998	15,308,998	15,308,998	
Capital Reserves		73,782	73,833	73,884	74,648	96,521	
Retained Earnings	Before Distribution	5,080,690	5,387,899	7,676,432	7,698,310	7,741,111	
	After Distribution	4,772,979	5,031,199	6,858,932	6,893,056	(Note1)	
Other Equity		(566,283)	(462,906)	(223,791)	(477,143)	(685,775)	
Treasury Shares		-	-	-	-	-	
Non-controlling Equity		-	-	-	-	-	
Total Equity	Before Distribution	19,897,187	20,307,824	22,835,523	22,604,813	22,460,855	
	After Distribution	19,679,476	19,951,124	22,018,023	21,799,559	(Note1)	

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 Item	Financial Information for the Recent Five Years					The current year up to March 31, 2024 Financial Information (Note 1)
	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	
Operating Revenue	10,538,452	11,996,627	15,823,745	13,883,437	17,732,828	Not applicable
Gross Operating Profit	799,248	701,469	71,941	1,216,295	1,348,103	
Net Operating Profit	476,365	372,383	(378,716)	819,838	932,114	
Non-operating Revenue and Expenses	(71,199)	410,101	2,855,755	186,170	(178,355)	
Net Profit Before Tax	405,166	782,484	2,477,039	1,006,008	753,759	
Net Profit of the Period for the Continuing Operations	312,886	618,959	2,676,758	821,315	624,719	
Losses from the Discontinued Operations	-	-	-	-	-	
Net Income (Loss) of the Period	312,886	618,959	2,676,758	821,315	624,719	
Other Comprehensive Income of the Period (Net Amount after Tax)	39,454	99,368	238,883	(234,735)	18,524	
Total Comprehensive Incomes and Losses	352,340	718,327	2,915,641	586,580	643,243	
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	0.20	0.40	1.75	0.54	0.41	

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 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
Year 2023	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

Analysis Items (Note 2)		Financial Analysis for the Recent Five Years					The current year up to March 31, 2023 (Note 1)
		Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	
Financial Structure (%)	Ratio of Liabilities to Assets	53.67	51.52	52.31	49.76	58.43	Not applicable
	Long-term Capital to Property, Plant, & Equipment	804.85	803.26	953.75	993.30	1,116.45	
Solvency %	Current Ratio	213.60	208.02	221.80	249.03	235.84	
	Quick Ratio	119.03	105.31	124.83	119.23	100.43	
	Interest Protection Multiples	2.93	5.07	14.91	5.01	2.62	
Operating Capability	Turnover Rate of Receivables (Times)	3.72	4.08	4.67	3.53	3.51	
	Average Days of Receiving Cash	98.12	89.46	78.15	103.39	103.98	
	Turnover Rate of Inventory (Times)	0.92	0.81	1.06	0.81	0.80	
	Turnover Rate of Payables (Times)	3.48	2.92	3.75	3.07	3.26	
	Average Days of Sales	396.74	450.62	344.33	450.61	456.25	
	Turnover Rate of Property, Plant, and Equipment (Times)	3.80	4.18	5.35	4.88	5.90	
	Total Turnover Rate of Assets (Times)	0.29	0.32	0.35	0.33	0.33	
Profitability	Return on Assets (%)	1.04	1.73	6.16	2.01	1.59	
	Return on Equity (%)	1.54	2.96	12.28	3.53	2.72	
	Ratio of Pre-Tax Net Income to Paid-up Capital %	2.73	5.18	16.18	6.53	5.10	
	Net Margin (%)	2.45	4.45	15.48	5.33	3.29	
	Earnings Per Share (NT\$)	0.20	0.40	1.75	0.54	0.41	
Cash Flow	Cash flow ratio (%)	0.57	3.37	1.12	-	-	
	Cash flow adequacy ratio (%)	4.22	7.45	10.23	8.65	5.78	
	Cash re-investment ratio (%)	-	0.89	-	-	-	
Leverage	Operating Leverage	1.35	1.44	0.55	1.20	1.17	
	Financial Leverage	1.66	1.84	0.70	1.31	1.33	
<p>The increase and decrease of each financial ratio in the recent two years for more than 20%. The reasons are described as the followings:</p> <ol style="list-style-type: none"> 1. The decrease in interest coverage ratio is attributed to the decrease in pre-tax profit for the year 2023 2. The increase in the turnover ratio of property, plant, and equipment is due to the increase in net sales for the year 2023. 3. The decrease in profitability is attributed to the decrease in net profit after tax for the year 2023. Therefore, asset turnover ratio, equity return ratio, pre-tax net income to paid-in capital ratio, net profit margin, and earnings per share all decreased. 4. The decrease in the cash flow adequacy ratio is due to the increase in land and building under construction during the year 2023. 							

Parent Company Only Financial Analysis- IFRS applied

		Year	Financial Analysis for the Recent Five Years (Note 1)					The current year up to March 31, 2023 (Note 1)
		Year 2019	Year 2020	Year 2021	Year 2022	Year 2023		
Analysis Items (Note 2)								
Financial Structure (%)	Ratio of Liabilities to Assets	52.37	50.24	51.24	49.22	58.97	(Not Applicable)	
	Long-term Capital to Property, Plant, & Equipment	1,035.30	1,038.04	1,247.87	1,002.92	1,100.58		
Solvency %	Current Ratio	211.18	207.59	214.70	239.01	217.83		
	Quick Ratio	111.96	100.78	113.90	105.83	80.72		
	Interest Protection Multiples	3.08	5.44	16.38	5.17	2.58		
Operating	Turnover Rate of Receivables (Times)	6.59	8.60	8.93	5.67	5.34		
	Average Days of Receiving Cash	55.39	42.44	40.87	64.37	68.35		
	Turnover Rate of Inventory (Times)	0.79	0.73	0.99	0.75	0.75		
	Turnover Rate of Payables (Times)	3.01	2.65	3.56	2.86	3.07		
	Average Days of Sales	462.03	500.00	368.68	486.66	486.66		
	Turnover Rate of Property, Plant and Equipment (Times)	4.19	4.93	6.54	4.57	5.60		
	Total Turnover Rate of Assets (Times)	0.26	0.29	0.33	0.31	0.32		
Profitability	Return on Assets (%)	1.14	1.79	6.35	2.10	1.62		
	Return on Equity (%)	1.57	3.08	12.40	3.61	2.77		
	Profit Before Tax to Paid-up Capital (%) (Note 7)	2.65	5.11	16.18	6.57	4.92		
	Net Margin (%)	2.97	5.16	16.91	5.91	3.52		
	Earnings Per Share (NT\$)	0.20	0.40	1.75	0.54	0.41		
Cash Flow	Cash flow ratio (%)	-	2.73	0.71	-	-		
	Cash flow adequacy ratio (%)	5.51	7.09	6.82	6.00	4.00		
	Cash re-investment ratio (%)	-	0.46	-	-	-		
Leverage	Operating Leverage	1.19	1.21	0.80	1.11	1.11		
	Financial Leverage	1.62	1.69	0.73	1.27	1.31		

The increase and decrease of each financial ratio in the recent two years for more than 20%. The reasons are described as the followings:

1. The decrease in the quick ratio is attributed to the increase in current liabilities during the year 203.
2. The decrease in the interest coverage ratio is due to the decrease in pre-tax profit for the year 2023.
3. The increase in the turnover ratio of property, plant, and equipment is attributed to the increase in net sales for the year 2032.
4. The decrease in profitability is attributed to the decrease in net profit after tax for the year 2023. Therefore, asset return ratio, equity return ratio, pre-tax net income to paid-in capital ratio, net profit margin, and earnings per share all decreased.
5. The decrease in the cash flow solvency ratio is due to the increase in construction in progress during the year 2023

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.

Please review

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, 2024

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, 2023 and 2022, 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 material accounting policy information (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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of 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, 2023. 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, 2023 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 for the year ended December 31, 2023 is material, hence, the accuracy of recognition of construction revenue was deemed as a key audit matter for the year ended December 31, 2023. Refer to Note 4 to the accompanying consolidated financial statements for the relevant accounting policies.

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 is material in the consolidated balance sheets as of December 31, 2023. 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, 2023. 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, 2023 and 2022, 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, 2023, 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, 2024

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.

BES ENGINEERING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 15)	\$ 3,634,597	7	\$ 4,189,543	9
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 34)	4,248	-	4,142	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 35)	875,959	2	1,214,472	3
Financial assets at amortized cost - current (Notes 4, 9, 24 and 35)	6,248,734	11	3,941,197	9
Contract assets - current (Notes 15, 24 and 26)	4,938,178	9	2,498,541	6
Notes receivable and trade receivables, net (Notes 4, 10, 26 and 34)	107,321	-	95,484	-
Construction receivables (Notes 4, 10, 15, 24, 26 and 34)	4,034,845	7	2,603,165	6
Accounts receivable on the development of industrial districts (Notes 4, 11 and 24)	2,811,621	5	2,898,047	6
Inventories (Notes 4 and 24)	214,169	-	255,222	1
Buildings and land held for sale, net (Notes 4, 5, 12, 24 and 35)	11,780,785	21	11,831,311	26
Construction in progress (Notes 4, 12, 24 and 35)	10,630,431	19	4,962,958	11
Refundable deposits on construction contracts (Note 24)	54,775	-	142,162	-
Other current assets (Notes 15 and 34)	2,334,644	4	1,353,584	3
Total current assets	<u>47,670,307</u>	<u>85</u>	<u>35,989,828</u>	<u>80</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8, 34 and 35)	1,901,439	3	1,913,173	4
Financial assets at amortized cost - non-current (Notes 4, 9 and 35)	6,301	-	631,962	1
Investments accounted for using the equity method (Notes 4 and 14)	1,529,580	3	1,591,585	4
Property, plant and equipment, net (Notes 4, 16 and 35)	3,209,812	6	3,089,497	7
Right-of-use assets (Notes 4, 17 and 34)	206,279	-	234,288	1
Investment properties, net (Notes 4, 18 and 35)	1,077,287	2	1,113,221	2
Deferred tax assets (Notes 4 and 28)	347,054	1	470,398	1
Refundable deposits (Notes 15 and 34)	59,477	-	42,984	-
Net defined benefit assets (Notes 4 and 23)	16,970	-	5,260	-
Other non-current assets	24,715	-	57,700	-
Total non-current assets	<u>8,378,914</u>	<u>15</u>	<u>9,150,068</u>	<u>20</u>
TOTAL	<u>\$ 56,049,221</u>	<u>100</u>	<u>\$ 45,139,896</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 35)	\$ 5,891,500	11	\$ 4,714,000	11
Short-term bills payable (Notes 19 and 35)	1,461,960	3	1,050,051	2
Contract liabilities - current (Notes 15, 24, 26 and 34)	3,558,584	6	2,181,474	5
Notes payable (Note 24)	13,725	-	3,354	-
Trade payables (Notes 15, 20 and 24)	6,371,331	11	4,292,669	10
Accrued expenses (Notes 15 and 34)	676,888	1	631,633	1
Accounts payable for the development of industrial districts (Notes 4, 21 and 24)	19,058	-	18,363	-
Current tax liabilities (Note 4)	28,292	-	80,492	-
Provisions - current (Notes 4, 22 and 24)	505,734	1	492,541	1
Lease liabilities - current (Notes 4, 17 and 34)	77,121	-	71,090	-
Current portion of long-term borrowings (Notes 19 and 35)	631,181	1	57,057	-
Guarantee deposits on construction contracts (Note 24)	761,530	1	575,472	1
Other current liabilities (Notes 15 and 34)	216,074	1	283,519	1
Total current liabilities	<u>20,212,978</u>	<u>36</u>	<u>14,451,715</u>	<u>32</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 19 and 35)	9,971,322	18	5,744,160	13
Provisions - non-current (Notes 4 and 22)	930,278	1	971,846	2
Deferred tax liabilities (Notes 4 and 28)	1,084,015	2	1,090,365	3
Lease liabilities - non-current (Notes 4, 17 and 34)	139,962	-	174,117	-
Guarantee deposits received (Notes 34 and 37)	411,945	1	31,469	-
Total non-current liabilities	<u>12,537,522</u>	<u>22</u>	<u>8,011,957</u>	<u>18</u>
Total liabilities	<u>32,750,500</u>	<u>58</u>	<u>22,463,672</u>	<u>50</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Ordinary shares	15,308,998	27	15,308,998	34
Capital surplus	96,521	-	74,648	-
Retained earnings				
Legal reserve	1,200,927	2	1,116,990	2
Special reserve	2,475,958	5	2,475,958	6
Unappropriated earnings	4,064,226	7	4,105,362	9
Total retained earnings	7,741,111	14	7,698,310	17
Other equity	(685,775)	(1)	(477,143)	(1)
Total equity attributable to owners of the Corporation	22,460,855	40	22,604,813	50
NON-CONTROLLING INTERESTS	837,866	2	71,411	-
Total equity	<u>23,298,721</u>	<u>42</u>	<u>22,676,224</u>	<u>50</u>
TOTAL	<u>\$ 56,049,221</u>	<u>100</u>	<u>\$ 45,139,896</u>	<u>100</u>

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

BES ENGINEERING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 15, 26 and 34)				
Construction revenue	\$ 17,227,199	91	\$ 13,473,803	89
Other operating revenue	<u>1,732,140</u>	<u>9</u>	<u>1,619,569</u>	<u>11</u>
Total operating revenue	<u>18,959,339</u>	<u>100</u>	<u>15,093,372</u>	<u>100</u>
OPERATING COSTS (Notes 4, 15, 23, 27 and 34)				
Construction costs	15,992,738	84	12,218,854	81
Other operating costs	<u>1,444,071</u>	<u>8</u>	<u>1,496,696</u>	<u>10</u>
Total operating costs	<u>17,436,809</u>	<u>92</u>	<u>13,715,550</u>	<u>91</u>
GROSS PROFIT	<u>1,522,530</u>	<u>8</u>	<u>1,377,822</u>	<u>9</u>
OPERATING EXPENSES (Notes 23, 27 and 34)				
Selling and marketing expenses	94,560	1	99,005	1
General and administrative expenses	462,870	2	471,805	3
Research and development expenses	33,571	-	30,838	-
Expected credit (gains) losses (Note 10)	<u>(35)</u>	<u>-</u>	<u>159</u>	<u>-</u>
Total operating expenses	<u>590,966</u>	<u>3</u>	<u>601,807</u>	<u>4</u>
PROFIT FROM OPERATIONS	<u>931,564</u>	<u>5</u>	<u>776,015</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4, 15, 27 and 34)	82,589	-	444,073	3
Other income (Notes 4, 23, 27, 30 and 34)	106,113	-	2,546,351	17
Other gains and losses (Notes 7, 27, 34 and 37)	(47,218)	-	(2,538,818)	(17)
Finance costs (Notes 4, 12, 27 and 34)	(231,663)	(1)	(183,839)	(2)
Expected credit losses (Note 34)	-	-	(22,628)	-
Share of loss of associates (Notes 4 and 14)	<u>(60,091)</u>	<u>-</u>	<u>(20,046)</u>	<u>-</u>
Total non-operating income and expenses	<u>(150,270)</u>	<u>(1)</u>	<u>225,093</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	781,294	4	1,001,108	6
INCOME TAX EXPENSE (Notes 4 and 28)	<u>155,657</u>	<u>1</u>	<u>195,952</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>625,637</u>	<u>3</u>	<u>805,156</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 14, 23, 25 and 28)				

(Continued)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(7,953)	-	17,285	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	62,064	-	(368,753)	(2)
Share of the other comprehensive loss of associates accounted for using the equity method	(395)	-	(35,092)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	1,590	-	(3,457)	-
	<u>55,306</u>	<u>-</u>	<u>(390,017)</u>	<u>(2)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(36,889)	-	147,985	1
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(1,519)	-	7,911	-
	<u>(38,408)</u>	<u>-</u>	<u>155,896</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>16,898</u>	<u>-</u>	<u>(234,121)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 642,535</u>	<u>3</u>	<u>\$ 571,035</u>	<u>4</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 624,719	3	\$ 821,315	5
Non-controlling interests	<u>918</u>	<u>-</u>	<u>(16,159)</u>	<u>-</u>
	<u>\$ 625,637</u>	<u>3</u>	<u>\$ 805,156</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 643,243	3	\$ 586,580	4
Non-controlling interests	<u>(708)</u>	<u>-</u>	<u>(15,545)</u>	<u>-</u>
	<u>\$ 642,535</u>	<u>3</u>	<u>\$ 571,035</u>	<u>4</u>

(Continued)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 29)				
Basic	<u>\$0.41</u>		<u>\$0.54</u>	
Diluted	<u>\$0.41</u>		<u>\$0.54</u>	

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

(Concluded)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Corporation (Notes 4 and 25)												
	Share Capital Issued and Outstanding		Capital Surplus	Retained Earnings				Exchange Differences on Translation of Foreign Operations	Other Equity		Non-controlling Interests (Notes 25 and 31)	Total Equity	
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total			
BALANCE, JANUARY 1, 2022	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	-	-	-	295,784	-	(295,784)	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(817,500)	(817,500)	-	-	-	(817,500)	-	(817,500)
Total	-	-	-	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	2,475,958	4,105,362	7,698,310	(180,793)	(296,350)	(477,143)	22,604,813	71,411	22,676,224
Appropriation of the 2022 earnings													
Legal reserve	-	-	-	83,937	-	(83,937)	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(805,254)	(805,254)	-	-	-	(805,254)	-	(805,254)
Total	-	-	-	83,937	-	(889,191)	(805,254)	-	-	-	(805,254)	-	(805,254)
Actual acquisition of interests in subsidiaries	-	-	9,357	-	-	-	-	(1,205)	(689)	(1,894)	7,463	(7,463)	-
Changes in percentage of ownership interests in subsidiaries	-	-	12,516	-	-	-	-	(1,926)	-	(1,926)	10,590	727,295	737,885
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,679)	(1,679)
Net profit for the year ended December 31, 2023	-	-	-	-	-	624,719	624,719	-	-	-	624,719	918	625,637
Other comprehensive (loss) income for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(6,384)	(6,384)	(36,762)	61,670	24,908	18,524	(1,626)	16,898
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	618,335	618,335	(36,762)	61,670	24,908	643,243	(708)	642,535
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	49,010	49,010
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	229,720	229,720	-	(229,720)	(229,720)	-	-	-
BALANCE, DECEMBER 31, 2023	1,530,899	\$ 15,308,998	\$ 96,521	\$ 1,200,927	\$ 2,475,958	\$ 4,064,226	\$ 7,741,111	\$ (220,686)	\$ (465,089)	\$ (685,775)	\$ 22,460,855	\$ 837,866	\$ 23,298,721

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

BES ENGINEERING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 781,294	\$ 1,001,108
Adjustments for:		
Depreciation expense	166,217	160,142
Expected credit loss (reversal)	(35)	22,787
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	(109)	2,348,504
Finance costs	231,663	183,839
Interest income	(82,589)	(444,073)
Dividend income	(16,599)	(2,454,916)
Share of profit or loss of associates	60,091	20,046
(Gain) loss on disposal of property, plant and equipment	(10,693)	2,839
Impairment loss recognized on investment properties	14,962	-
(Gain) loss on lease modification	(2)	8
Reversal of compensation loss	(43,411)	(13,844)
Changes in operating assets and liabilities		
Contract assets	(2,439,637)	(39,498)
Notes receivable and trade receivables	(11,802)	2,018
Construction receivables	(1,431,680)	(316,427)
Accounts receivable on the development of industrial districts	86,426	3,179,156
Inventories	41,053	(66,726)
Construction in progress	(5,725,745)	(1,975,449)
Buildings and land held for sale	262,650	197,957
Other current assets	(979,554)	(3,782)
Contract liabilities	1,377,110	(582,778)
Notes payable	10,371	(4,989)
Trade payables	2,078,662	(320,492)
Accrued expenses	45,255	169,897
Accounts payable for the development of industrial districts	695	(1,963,320)
Provisions	15,036	32,816
Net defined benefit liabilities	(19,663)	(61,797)
Other current liabilities	(76,330)	(16,274)
Cash used in operations	(5,666,364)	(943,248)
Interest received	81,420	444,048
Interest paid	(376,631)	(229,735)
Income tax paid	(89,610)	(36,866)
Net cash used in operating activities	<u>(6,051,185)</u>	<u>(765,801)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	412,311	8,506
Cash returns from capital reduction of financial assets at fair value through other comprehensive income	-	81,736

(Continued)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Proceeds from (purchase) disposal of financial assets at amortized cost	(1,681,876)	123,872
Proceeds from purchase of financial assets at fair value through profit and loss	(32)	-
Proceeds from disposal of financial assets at fair value through profit and loss	36	27,560
Payments for property, plant and equipment	(187,388)	(44,189)
Proceeds from disposal of property, plant and equipment	12,370	758
Decrease in refundable deposits	70,894	43,870
Increase (decrease) in other assets	32,985	(7,386)
Dividends received	<u>16,599</u>	<u>2,454,916</u>
Net cash (used in) generated from investing activities	<u>(1,324,101)</u>	<u>2,689,643</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,177,500	1,668,887
Proceeds from (repayment of) short-term bills payable	411,909	(1,481,920)
Proceeds from (repayment of) long-term borrowings	4,801,286	(258,653)
Increase in guarantee deposits received	566,534	100,544
Repayment of the principal portion of lease liabilities	(84,315)	(78,872)
Cash dividends distributed	(805,254)	(817,500)
Acquisition of additional interests in subsidiaries	-	(5,527)
Dividends paid to non-controlling interests	(1,679)	(530)
Increase in non-controlling interests	<u>786,895</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>6,852,876</u>	<u>(873,571)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(32,536)</u>	<u>143,850</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(554,946)	1,194,121
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,189,543</u>	<u>2,995,422</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,634,597</u>	<u>\$ 4,189,543</u>

(Continued)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

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

(Concluded)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (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, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of the above standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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
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 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the above 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 MATERIAL ACCOUNTING POLICY INFORMATION

- 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 IFRS Accounting Standards 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 plans 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 of 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 5 and 6 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) 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 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 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 land owner 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 IFRS Accounting Standards 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.

l. 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 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 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:

- i) 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 agreed-upon 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 receivables 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 by the Bureau of Industrial Parks, Ministry of Economic Affairs 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, except 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 lessee, 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 rereasurement) 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 (recoverable) 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. MATERIAL 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	
	2023	2022
Cash on hand	\$ 7,151	\$ 7,361
Checking accounts and demand deposits	2,974,858	3,764,376
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>652,588</u>	<u>417,806</u>
	<u>\$ 3,634,597</u>	<u>\$ 4,189,543</u>

The market rate intervals of bank deposits at the end of the reporting period was as follows:

	December 31	
	2023	2022
Bank deposits	0.005%-0.580%	0.005%-0.455%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	<u>December 31</u>	
	2023	2022
<u>Financial assets at FVTPL</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 4,248	\$ 4,142

The appropriations of earnings for 2021 were approved by Core Pacific City Co., Ltd.'s ("Core Pacific City") 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	\$ 21,455
Less: Fair value of retained investment (15.34%)	<u>(21,520)</u>
Loss recognized (other gains and losses)	<u>\$ (65)</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments At FVTOCI

	<u>December 31</u>	
	2023	2022
<u>Current</u>		
Domestic investments		
Listed shares	\$ 875,959	\$ 1,214,472
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 1,788,277	\$ 1,808,411
Unlisted shares	113,162	104,762
The investment case of movie - The M Riders	<u>-</u>	<u>-</u>
	<u>\$ 1,901,439</u>	<u>\$ 1,913,173</u>

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months (a)	\$ 3,407,264	\$ 1,515,466
Others (b)	<u>2,841,470</u>	<u>2,425,731</u>
	<u>\$ 6,248,734</u>	<u>\$ 3,941,197</u>
<u>Non-current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months (a)	\$ 3,566	\$ 142
Others (b)	<u>2,735</u>	<u>631,820</u>
	<u>\$ 6,301</u>	<u>\$ 631,962</u>

a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.175%-5.650% and 0.002%-2.750% per annum as of December 31, 2023 and 2022, 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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
Notes receivable	\$ 329	\$ 61
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	107,330	95,823
Less: Allowance for impairment loss	<u>(338)</u>	<u>(400)</u>
	<u>106,992</u>	<u>95,423</u>
Notes receivable and trade receivables	<u>\$ 107,321</u>	<u>\$ 95,484</u>
Construction receivables	<u>\$ 4,034,845</u>	<u>\$ 2,603,165</u>

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:

	<u>December 31</u>	
	2023	2022
Not past due	\$ 4,140,030	\$ 2,697,808
Less than 60 days	807	644
61-90 days	-	-
90-120 days	-	3
Past due over 120 days	<u>-</u>	<u>133</u>
	<u>\$ 4,141,837</u>	<u>\$ 2,698,588</u>

The movements of the loss allowance of trade receivables were as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 400	\$ 12,666
Add: Net remeasurement of loss allowance	-	159
Less: Amounts written off	(27)	(12,425)
Less: Net remeasurement of loss allowance	<u>(35)</u>	<u>-</u>
Balance at December 31	<u>\$ 338</u>	<u>\$ 400</u>

11. ACCOUNTS RECEIVABLE ON THE DEVELOPMENT OF INDUSTRIAL DISTRICTS

	<u>December 31</u>	
	2023	2022
Chung Hua Coastal Industrial Park	\$ 897,375	\$ 971,231
Yunlin Technology-based Industrial Park	7,390	147
Other industrial districts	<u>1,906,856</u>	<u>1,926,669</u>
	<u>\$ 2,811,621</u>	<u>\$ 2,898,047</u>

The Group's development costs (including interest) amounted to \$1,433,795 thousand in 2023 and \$3,500,381 thousand in 2022, and the amounts collected were \$1,520,221 thousand in 2023 and \$6,679,537 thousand in 2022.

The Group's receivables on the development of industrial districts are mainly funded by advanced cash and interest from the Bureau of Industrial Parks, 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 Bureau of Industrial Parks, 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 Bureau of Industrial Parks, 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.

12. BUILDINGS AND LAND HELD FOR SALE, NET AND CONSTRUCTION IN PROGRESS

	Buildings and Land Held for Sale, Net	Construction in Progress		
		Cost of Land	Cost of Construction	Total
<u>December 31, 2023</u>				
Self-construction on self-possessed land	\$ 411,904	\$ 1,244,634	\$ 5,739,619	\$ 6,984,253
Joint construction	11,368,881	115,830	3,505,112	3,620,942
Undefined use	-	25,236	-	25,236
	<u>\$ 11,780,785</u>	<u>\$ 1,385,700</u>	<u>\$ 9,244,731</u>	<u>\$ 10,630,431</u>
<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
	<u>\$ 11,831,311</u>	<u>\$ 1,385,700</u>	<u>\$ 3,577,258</u>	<u>\$ 4,962,958</u>

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, 2023 and 2022.

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 57-13 and 57 in the Baoqing Section, Taipei City.

- a. 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 as of December 31, 2023, the interior and exterior decoration work were still in progress.
- b. 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, and as of December 31, 2023, the construction of the sheet piling works was still in progress.

In 2015, the Group started to process 3 urban renewal plans located on the land, plot number 316, in the Nangang Section, Taipei City. The application of the urban renewal business plans was completed in June 2015 and the approval was received in October 2020. The public hearing of the transfer of ownership rights was held on November 28, 2020, and the house selection was completed in January 2021. The public hearing was held on May 20, 2022, and the approval letter was received on July 11, 2023. As of December 31, 2023, the relocation was still in progress.

The land development plan for 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; the construction license was approved on June 24, 2023. On August 14, 2023, the beam erection ceremony was held, and as of December 31, 2023, the structural work was still in progress.

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 the New Taipei City Government was signed on December 24, 2021; the application for the change of scope was submitted to the Bureau of Finance in December 2022. The house selection was completed on October 25, 2023. As of December 31, 2023, the application was submitted for the urban renewal business plans and transfer of ownership rights.

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. The application of the urban renewal business plans was completed on February 24, 2023, and as of December 31, 2023, the house selection was completed.

The Group was awarded a tender for the 6 urban renewal plans located on the land in No. 60-19, Subsection 2, Fuhe Section, Zhongzheng District, Taipei City, on April 26, 2023. The contract with Taipei Housing and Urban Regeneration Center was signed on August 24, 2023. As of December 31, 2023, the integrative negotiation with tenants was still in progress.

The Group was awarded a tender for the 14 urban renewal plans located on the land in No. 956, Gongguan Section, Banqiao District, New Taipei City, on July 28, 2023. The contract with the National Housing and Urban Regeneration Center was signed on October 25, 2023, and as of December 31, 2023, the plan for the transfer of ownership rights was still in progress.

The Group was awarded a tender for the 2 urban renewal plans located on the land in No. 246, Subsection 2, Daan Section, Da'an District, Taipei City in September 2023, and as of December 31, 2023, the public hearing of the urban renewal business plans was held.

As of December 31, 2023 and 2022, the interest expense before capitalization was \$385,516 thousand and \$236,295 thousand, respectively; the capitalized construction interest was \$153,853 thousand and \$52,456 thousand, respectively; the capitalization rates per annum were 2.643%-2.658% and 2.053%-2.072%, 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:

Investor	Investee	Main Business	% of Ownership		Remark
			2023	2022	
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	-	-	Notes 2 and 3
	BES Investment Company Ltd.	Overseas construction and equipment sale	100.00	100.00	Note 6
	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	91.76	78.14	Notes 3 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	100.00	Note 3
Core Pacific World Co., Ltd.	Huading Enterprise Co., Ltd.	urban renewal and reconstruction industry	90.00	-	Note 5
	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	-	-	Note 3
Cinemark-Core Pacific, Ltd.	Cinemark-Core Pacific, Ltd.	Movie broadcasting and related businesses	-	-	Note 3
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 Company Limited	Engineering and construction	60.00	100.00	Note 6
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: In view of Group’s organizational adjustment, the board of directors resolved to merge with BES Machinery Co., Ltd. in accordance with the Business Mergers and Acquisitions Act on December 29, 2021. The record date of the merger was March 25, 2022. After the merger, the Corporation was the surviving corporation. Refer to the consolidated financial statements for the year ended December 31, 2023, in Note 31.
- 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.
- Note 4: On March 21, 2023, the Corporation subscribed for additional new shares of Cinemark-Core Pacific, Ltd. by \$200,000 thousand at a percentage different from its existing ownership percentage, resulting in its continuing interest increasing from 78.14% to 91.76%. Please refer to Note 31 in the consolidated financial statements for the year ended December 31, 2023.
- Note 5: On May 10, 2023, the board of directors of the Corporation resolved to establish Huading Enterprise Co., Ltd. The registration of establishment of Huading Enterprise Co., Ltd. was completed in June 2023. The Company held 90% of the equity with control and included it in the consolidated financial statements. Additionally, the Corporation subscribed to additional new shares of Huading Enterprise Co., Ltd. for 2023 by \$90 thousand at its existing ownership percentage.
- Note 6: On July 27, 2023, the Corporation subscribed for additional new shares of BES Investment Company Ltd. by US\$10 million and then invested US\$10 million in BES Engineering Vietnam Company Limited. The related procedures were completed in 2023. Additionally, the Corporation subscribed for additional new shares of BES Engineering Vietnam Company Limited at a percentage different from its existing ownership percentage, resulting in its continuing interest being reduced from 100.00% to 60.00%. Please refer to Note 31 in the consolidated financial statements for the year ended December 31, 2023.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in associates

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Associates that are not individually material	<u>\$ 1,529,580</u>	<u>\$ 1,591,585</u>

Aggregate information of joint ventures that are not individually material

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
The Group’s share of:		
Loss for the year	\$ (60,091)	\$ (20,046)
Other comprehensive loss	<u>(1,914)</u>	<u>(27,181)</u>
Total comprehensive loss for the year	<u>\$ (62,005)</u>	<u>\$ (47,227)</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	
	2023	2022
<u>Assets</u>		
Cash and cash equivalents	\$ 13,941	\$ 67,162
Construction receivables	-	10,997
Contract assets - current	-	85,928
Other current assets	-	2
	<u>\$ 13,941</u>	<u>\$ 164,089</u>
<u>Liabilities</u>		
Trade payables	\$ 3,702	\$ 702
Accrued expenses	-	269
Contract liabilities - current	28,780	77,110
Other current liabilities	<u>3,708</u>	<u>3,535</u>
	<u>\$ 36,190</u>	<u>\$ 81,616</u>
	For the Year Ended December 31	
	2023	2022
Construction revenue	<u>\$ 19,360</u>	<u>\$ 60,042</u>
Construction cost	<u>\$ 17,928</u>	<u>\$ 56,020</u>
Interest income	<u>\$ 274</u>	<u>\$ 86</u>

b. Twin Tower Joint Venture

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:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 40,699	\$ 3,179
Construction receivables	3,124	14,672
Refundable deposits	721	65
Other current assets	<u>68,806</u>	<u>2,747</u>
	<u>\$ 113,350</u>	<u>\$ 20,663</u>
<u>Liabilities</u>		
Trade payables	\$ 3,037	\$ 35
Accrued expenses	8	4
Contract liabilities - current	92,783	3,144
Other current liabilities	<u>8</u>	<u>8</u>
	<u>\$ 95,836</u>	<u>\$ 3,191</u>
	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Construction revenue	<u>\$ 165,200</u>	<u>\$ 13,401</u>
Construction cost	<u>\$ 162,910</u>	<u>\$ 13,308</u>
Interest income	<u>\$ 139</u>	<u>\$ 9</u>

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. The tax settlement was completed in 2023, and recognized in the profit and loss as \$74,803 thousand in 2023

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Property under Construction	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 2,764,808	\$ 642,748	\$ 851,879	\$ 353,415	\$ 7,581	\$ 4,620,431
Additions	-	1,677	29,834	4,091	8,587	44,189
Disposals	-	(42,995)	(331,734)	(7,796)	-	(382,525)
Transfers to investment properties	(40,883)	(148,620)	-	-	-	(189,503)
Reclassification	-	-	8,661	(880)	(7,781)	-
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>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ 287	\$ 405,916	\$ 701,279	\$ 302,877	\$ -	\$ 1,410,359
Depreciation expense	299	15,343	45,057	4,484	-	65,183
Disposals	-	(42,996)	(328,818)	(7,114)	-	(378,928)
Transfers to investment properties	-	(93,519)	-	-	-	(93,519)
Reclassification	-	-	668	(668)	-	-
Effect of foreign currency exchange differences	-	-	48	4	-	52
Balance at December 31, 2022	<u>\$ 586</u>	<u>\$ 284,744</u>	<u>\$ 418,234</u>	<u>\$ 299,583</u>	<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>	<u>\$ 3,089,497</u>
<u>Cost</u>						
Balance at January 1, 2023	\$ 2,723,925	\$ 452,810	\$ 558,688	\$ 348,834	\$ 8,387	\$ 4,092,644
Additions	-	-	177,857	5,898	3,633	187,388
Disposals	-	-	(14,177)	(1,917)	-	(16,094)
Reclassification	-	7,327	-	-	(7,327)	-
Effect of foreign currency exchange differences	-	-	(40)	-	-	(40)
Balance at December 31, 2023	<u>\$ 2,723,925</u>	<u>\$ 460,137</u>	<u>\$ 722,328</u>	<u>\$ 352,815</u>	<u>\$ 4,693</u>	<u>\$ 4,263,898</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ 586	\$ 284,744	\$ 418,234	\$ 299,583	\$ -	\$ 1,003,147
Depreciation expense	237	13,513	47,717	3,921	-	65,388
Disposals	-	-	(12,604)	(1,813)	-	(14,417)
Effect of foreign currency exchange differences	-	-	(33)	1	-	(32)
Balance at December 31, 2023	<u>\$ 823</u>	<u>\$ 298,257</u>	<u>\$ 453,314</u>	<u>\$ 301,692</u>	<u>\$ -</u>	<u>\$ 1,054,086</u>
Balance at December 31, 2023, net	<u>\$ 2,723,102</u>	<u>\$ 161,880</u>	<u>\$ 269,014</u>	<u>\$ 51,123</u>	<u>\$ 4,693</u>	<u>\$ 3,209,812</u>

No impairment assessment was performed for the years ended December 31, 2023 and 2022 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	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 40,649	\$ 38,498
Buildings	122,727	167,769
Transportation equipment	<u>42,903</u>	<u>28,021</u>
	<u>\$ 206,279</u>	<u>\$ 234,288</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 56,879</u>	<u>\$ 90,434</u>
Decrease in right-of-use assets	<u>\$ 689</u>	<u>\$ 4,860</u>
Depreciation charge for right-of-use assets		
Land	\$ 5,969	\$ 7,121
Buildings	55,654	54,203
Machinery	-	34
Transportation equipment	<u>22,579</u>	<u>17,857</u>
	<u>\$ 84,202</u>	<u>\$ 79,215</u>

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 77,121</u>	<u>\$ 71,090</u>
Non-current	<u>\$ 139,962</u>	<u>\$ 174,117</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	2.10%-2.80%	2.10%-2.80%
Buildings	2.10%-4.75%	2.10%-4.75%
Transportation equipment	2.10%-2.74%	2.10%-2.90%

c. 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	
	2023	2022
Year 1	\$ 1,986	\$ 2,066
Year 2	994	646
Year 3	<u>-</u>	<u>320</u>
	<u>\$ 2,980</u>	<u>\$ 3,032</u>

d. 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	
	2023	2022
Expenses relating to short-term leases	\$ 14,139	\$ 6,047
Expenses relating to low-value asset leases	<u>\$ 1,007</u>	<u>\$ 477</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 136,786</u>	<u>\$ 138,653</u>
Total cash outflow for leases	<u>\$ (242,092)</u>	<u>\$ (230,218)</u>

18. INVESTMENT PROPERTIES

	Completed Investment Properties
<u>Cost</u>	
Balance at January 1, 2022	\$ 1,251,967
Disposals	(3,447)
Transfers from property, plant and equipment	189,503
Effect of foreign currency exchange differences	<u>4,627</u>
Balance at December 31, 2022	<u>\$ 1,442,650</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ 222,938
Disposals	(3,447)
Transfers from property, plant and equipment	93,519
Depreciation expense	15,744
Effect of foreign currency exchange differences	<u>675</u>
Balance at December 31, 2022	<u>\$ 329,429</u>
Balance at December 31, 2022, net	<u>\$ 1,113,221</u>

(Continued)

	Completed Investment Properties
<u>Cost</u>	
Balance at January 1, 2023	\$ 1,442,650
Effect of foreign currency exchange differences	<u>(5,856)</u>
Balance at December 31, 2023	<u>\$ 1,436,794</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2023	\$ 329,429
Depreciation expense	16,627
Impairment losses	14,962
Effect of foreign currency exchange differences	<u>(1,511)</u>
Balance at December 31, 2023	<u>\$ 359,507</u>
Balance at December 31, 2023, net	<u>\$ 1,077,287</u> (Concluded)

The Group carried out a review of the recoverable amount of partial investment properties, determined that the carrying amount exceeded the recoverable amount of the relevant assets based on their fair values less costs of disposal. The fair values used in determining the recoverable amounts were categorized as Level 2 measurements and were measured using the market value. The review led to the recognition of an impairment loss of \$14,962 thousand, which was recognized in other gains and losses on the consolidated statement of comprehensive income for the year ended December 31, 2023.

No impairment assessment was performed for the years ended December 31, 2022 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, 2023 and 2022, respectively, was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Not later than 1 year	\$ 92,614	\$ 101,473
Later than 1 year and not later than 5 years	<u>55,287</u>	<u>77,038</u>
	<u>\$ 147,901</u>	<u>\$ 178,511</u>

The fair values of investment properties were arrived at on the basis of valuations carried out as of December 2023 and 2022 by independent and qualified professional appraiser. The fair values are shown below:

	December 31	
	2023	2022
Fair value	<u>\$ 6,760,559</u>	<u>\$ 5,953,397</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	
	2023	2022
<u>Secured borrowings</u>		
Bank loans	\$ 4,891,500	\$ 4,200,000
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>1,000,000</u>	<u>514,000</u>
	<u>\$ 5,891,500</u>	<u>\$ 4,714,000</u>

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 and buildings. (Refer to Note 35).

The range of weighted average effective interest rate on bank loans was 1.660%-3.353% and 1.540%-3.101% per annum at December 31, 2023 and 2022, respectively.

b. Short-term bills payable

	December 31	
	2023	2022
Commercial paper	\$ 1,462,300	\$ 1,051,000
Less: Unamortized discounts on bills payable	<u>(340)</u>	<u>(949)</u>
	<u>\$ 1,461,960</u>	<u>\$ 1,050,051</u>

Outstanding short-term bills payable were as follows:

December 31, 2023

Promissory Institution	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	Carrying Value of Collateral
<u>Commercial paper</u>						
Mega Bills Finance	\$ 714,000	\$ 107	\$ 713,893	2.710%	Land and building	\$ 1,864,733
Mega Bills Finance	450,000	68	449,932	2.710%	Land and building	495,105
Taiwan Finance Corporation	<u>298,300</u>	<u>165</u>	<u>298,135</u>	2.850%	Land and building	892,214
	<u>\$ 1,462,300</u>	<u>\$ 340</u>	<u>\$ 1,461,960</u>			

December 31, 2022

Promissory Institution	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	Carrying Value of Collateral
<u>Commercial paper</u>						
Mega Bills Finance	\$ 500,000	\$ 305	\$ 499,695	2.440%	Note 1	Note 1
Mega Bills Finance	237,000	264	236,736	2.500%	Note 1	Note 1
Taiwan Finance Corporation	<u>314,000</u>	<u>380</u>	<u>313,620</u>	2.720%	Note 2	Note 2
	<u>\$ 1,051,000</u>	<u>\$ 949</u>	<u>\$ 1,050,051</u>			

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.

The short-term bills payable were pledged by listed stocks held by the Group, buildings and land held for sale, freehold land and buildings. (Refer to Note 35)

c. Long-term borrowings

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Secured borrowings</u>		
Bank loans	\$ 5,727,564	\$ 4,397,569
<u>Unsecured borrowings</u>		
Bank loans	<u>4,874,939</u>	<u>1,403,648</u>
	10,602,503	5,801,217
Less: Current portion	<u>(631,181)</u>	<u>(57,057)</u>
Long-term borrowings	<u>\$ 9,971,322</u>	<u>\$ 5,744,160</u>

The long-term borrowings were pledged by some of the Group's bank deposits, construction in progress, freehold land and buildings and time deposits (refer to Note 35). As of December 31, 2023 and 2022, the effective annual interest rate ranges were 2.240%-3.132% and 2.115%-4.000%, respectively.

20. TRADE PAYABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Trade payables</u>		
Operating	<u>\$ 6,371,331</u>	<u>\$ 4,292,669</u>

Accounts payable classified as construction retainage received was \$2,260,542 thousand as of December 31, 2023 and \$1,979,280 thousand as of December 31, 2022. 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.

21. ACCOUNTS PAYABLE FOR THE DEVELOPMENT OF INDUSTRIAL DISTRICTS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Litzer Industrial District	\$ 3,095	\$ 2,400
Other Industrial Districts	<u>15,963</u>	<u>15,963</u>
	<u>\$ 19,058</u>	<u>\$ 18,363</u>

Accounts payable (receivable) for the development of industrial districts amounted to \$1,632 thousand in 2023 and \$37,598 thousand in 2022. The input costs were \$937 thousand in 2023 and \$5,589 thousand in 2022. The amount of the balance paid in 2022 was \$1,995,329 thousand.

22. PROVISIONS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Warranties	<u>\$ 505,734</u>	<u>\$ 492,541</u>
<u>Non-current</u>		
Long-term provision for the judgment of legal procedures	<u>\$ 930,278</u>	<u>\$ 971,846</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 2023 and 2022, 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 Company Limited, 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 were both 7%, and those of the other subsidiaries were both 2% for the years ended December 31, 2023 and 2022) 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	
	2023	2022
Present value of defined benefit obligation	\$ 249,832	\$ 276,204
Fair value of plan assets	<u>(266,802)</u>	<u>(281,464)</u>
Net defined benefit assets	<u>\$ (16,970)</u>	<u>\$ (5,260)</u>

Movements in net defined benefit 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, 2022	<u>\$ 301,691</u>	<u>\$ (227,869)</u>	<u>\$ 73,822</u>
Service cost			
Current service cost	5,819	-	5,819
Net interest expense (income)	<u>2,054</u>	<u>(1,476)</u>	<u>578</u>
Recognized in profit or loss	<u>7,873</u>	<u>(1,476)</u>	<u>6,397</u>
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	<u>12,734</u>	<u>-</u>	<u>12,734</u>
Recognized in other comprehensive (income) loss	<u>1,443</u>	<u>(18,728)</u>	<u>(17,285)</u>
Contributions from the employer	<u>-</u>	<u>(67,907)</u>	<u>(67,907)</u>
Benefits paid	<u>(34,803)</u>	<u>34,516</u>	<u>(287)</u>
Balance at December 31, 2022	<u>\$ 276,204</u>	<u>\$ (281,464)</u>	<u>\$ (5,260)</u>
Balance at January 1, 2023	<u>\$ 276,204</u>	<u>\$ (281,464)</u>	<u>\$ (5,260)</u>
Service cost			
Current service cost	5,526	-	5,526
Net interest expense (income)	<u>3,285</u>	<u>(3,396)</u>	<u>(111)</u>
Recognized in profit or loss	<u>8,811</u>	<u>(3,396)</u>	<u>5,415</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,088)	(2,088)
Actuarial loss			
Changes in financial assumptions	945	-	945
Experience adjustments	<u>9,096</u>	<u>-</u>	<u>9,096</u>
Recognized in other comprehensive (income) loss	<u>10,041</u>	<u>(2,088)</u>	<u>7,953</u>
Contributions from the employer	<u>-</u>	<u>(17,555)</u>	<u>(17,555)</u>
Benefits paid	<u>(45,224)</u>	<u>37,701</u>	<u>(7,523)</u>
Balance at December 31, 2023	<u>\$ 249,832</u>	<u>\$ (266,802)</u>	<u>\$ (16,970)</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 31	
	2023	2022
Operating costs	\$ 4,540	\$ 5,299
General and administrative expenses	1,010	1,141
Research and development expenses	39	43
Other income	<u>(174)</u>	<u>(86)</u>
	<u>\$ 5,415</u>	<u>\$ 6,397</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:

	<u>December 31</u>	
	2023	2022
Discount rate(s)	1.16%-1.20%	1.25%-1.30%
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) 0.25% as follows:

	<u>December 31</u>	
	2023	2022
Discount rate(s)		
0.25% increase	<u>\$ (4,649)</u>	<u>\$ (5,033)</u>
0.25% decrease	<u>\$ 4,778</u>	<u>\$ 5,179</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 4,728</u>	<u>\$ 5,128</u>
0.25% decrease	<u>\$ (4,624)</u>	<u>\$ (5,009)</u>

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.

	<u>December 31</u>	
	2023	2022
Expected contributions to the plans for the next year	<u>\$ 6,386</u>	<u>\$ 7,146</u>
Average duration of the defined benefit obligation	6-7 years	7-8 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, 2023		
	Due Within One Year	Due After One Year	Total
<u>Assets</u>			
Financial assets at amortized cost - current	\$ 921,028	\$ 565,887	\$ 1,486,915
Construction receivables	3,573,648	461,197	4,034,845
Contract assets - current	757,396	4,180,782	4,938,178
Accounts receivable on the development of industrial districts	-	2,811,621	2,811,621
Inventories	213,921	-	213,921
Buildings and land held for sale, net	1,009,424	10,771,361	11,780,785
Construction in progress	-	10,630,431	10,630,431
Refundable deposits on construction contracts	<u>22,371</u>	<u>32,404</u>	<u>54,775</u>
	<u>\$ 6,497,788</u>	<u>\$ 29,453,683</u>	<u>\$ 35,951,471</u>
<u>Liabilities</u>			
Notes payable	\$ 13,367	\$ -	\$ 13,367
Trade payables	5,435,089	913,583	6,348,672
Contract liabilities - current	2,341,917	1,200,044	3,541,961
Accounts payable for the development of industrial districts	-	19,058	19,058
Provisions - current	61,719	444,015	505,734
Guarantee deposits on construction contracts	<u>456,918</u>	<u>304,612</u>	<u>761,530</u>
	<u>\$ 8,309,010</u>	<u>\$ 2,881,312</u>	<u>\$ 11,190,322</u>

	December 31, 2022		
	Due Within One Year	Due After 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	-	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	<u>117,939</u>	<u>24,223</u>	<u>142,162</u>
	<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	-	18,363	18,363
Provisions - current	68,431	424,110	492,541
Guarantee deposits on construction contracts	<u>362,547</u>	<u>212,925</u>	<u>575,472</u>
	<u>\$ 5,313,364</u>	<u>\$ 2,215,726</u>	<u>\$ 7,529,090</u>

25. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands of shares)	<u>3,000,000</u>	<u>3,000,000</u>
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>	<u>1,530,899</u>
Shares issued	<u>\$ 15,308,998</u>	<u>\$ 15,308,998</u>

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
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	10,115	758
Changes in net equity of associates accounted for using the equity method	4,094	4,094
Donations	89	89
 <u>May only be used to offset a deficit (2)</u>		
Changes in percentage of ownership interests in subsidiaries	12,535	19
Others	<u>56,430</u>	<u>56,430</u>
	<u>\$ 96,521</u>	<u>\$ 74,648</u>

- 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 2022 and 2021, which had been approved in the Corporation's shareholders' meetings on June 7, 2023 and May 31, 2022, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	<u>\$ 83,937</u>	<u>\$ 295,784</u>
Cash dividends	<u>\$ 805,254</u>	<u>\$ 817,500</u>
Cash dividends per share (NT\$)	<u>\$ 0.526</u>	<u>\$ 0.534</u>

The appropriations of earnings for 2023, which had been proposed by the Corporation's board of directors on March 13, 2024, were as follows:

	For the Year Ended December 31, 2023
Legal reserve	<u>\$ 84,805</u>
Cash dividends	<u>\$ 796,068</u>
Cash dividends per share (NT\$)	<u>\$ 0.520</u>

The appropriations of earnings for 2023 is subject to the resolution of the shareholders in the shareholders' meeting to be held on May 31, 2024.

d. Special reserve

On first-time adoption of IFRS Accounting standards, 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 IFRS Accounting standards 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	
	2023	2022
Balance at January 1	\$ (180,793)	\$ (336,052)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(35,243)	147,633
Share from associates accounted for using the equity method	(1,519)	7,911
Actual acquisition of interests in subsidiaries (Note 31)	(1,205)	(285)
Changes in percentage of ownership interests in subsidiaries (Note 31)	<u>(1,926)</u>	<u>-</u>
Balance at December 31	<u>\$ (220,686)</u>	<u>\$ (180,793)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (296,350)	\$ 112,261
Recognized for the year		
Unrealized gain (loss) - equity instruments	62,065	(368,621)
Share from associates accounted for using the equity method	(395)	(35,092)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(229,720)	(4,629)
Actual acquisition of interests in subsidiaries (Note 31)	<u>(689)</u>	<u>(269)</u>
Balance at December 31	<u>\$ (465,089)</u>	<u>\$ (296,350)</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 71,411	\$ 93,223
Share in gain (loss) for the year	918	(16,159)
Other comprehensive income (loss) for the year		
Exchange differences on translating the financial statements of foreign entities	(1,646)	352
Remeasurement of defined benefit plans	26	492
Income tax related to actuarial losses	(5)	(98)
Unrealized loss on financial assets at FVTOCI	(1)	(132)
Acquisition of non-controlling interests in subsidiaries	49,010	-
Actual acquisition of interests in subsidiaries (Note 31)	(7,463)	(5,737)
Changes in percentage of ownership interests in subsidiaries (Note 31)	727,295	-
Cash dividends to shareholders of subsidiaries	<u>(1,679)</u>	<u>(530)</u>
Balance at December 31	<u>\$ 837,866</u>	<u>\$ 71,411</u>

26. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Construction contract revenue	\$ 17,227,199	\$ 13,473,803
Revenue from the rendering of services	1,180,238	1,154,991
Revenue from sell of properties	350,526	250,194
Other operating revenue	<u>201,376</u>	<u>214,384</u>
	<u>\$ 18,959,339</u>	<u>\$ 15,093,372</u>

Contract Balances

	December 31, 2023	December 31, 2022	January 1, 2022
Trade receivables (Note 10)	<u>\$ 106,992</u>	<u>\$ 95,423</u>	<u>\$ 96,507</u>
Construction receivables (Note 10)	<u>\$ 4,034,845</u>	<u>\$ 2,603,165</u>	<u>\$ 2,286,738</u>
Contract assets			
Amounts due from customers for construction contracts	\$ 2,770,617	\$ 733,340	\$ 792,572
Deposits under construction contracts for construction receivables	<u>2,167,561</u>	<u>1,765,201</u>	<u>1,666,471</u>
	<u>\$ 4,938,178</u>	<u>\$ 2,498,541</u>	<u>\$ 2,459,043</u>
Contract liabilities			
Amounts due to customers for construction contracts	\$ 3,339,726	\$ 2,065,899	\$ 2,627,413
Pre-construction sale	202,235	94,363	106,965
Advance payment for the rendering of services	<u>16,623</u>	<u>21,212</u>	<u>29,874</u>
	<u>\$ 3,558,584</u>	<u>\$ 2,181,474</u>	<u>\$ 2,764,252</u>

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

	For the Year Ended December 31	
	2023	2022
Financial assets at amortized cost	\$ 53,566	\$ 27,690
Bank deposits	10,275	10,877
Interest income from bond-type preferred stocks	-	374,807
Others	<u>18,748</u>	<u>30,699</u>
	<u>\$ 82,589</u>	<u>\$ 444,073</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Rental income	\$ 89,057	\$ 76,252
Dividends	16,599	2,454,916
Others	<u>457</u>	<u>15,183</u>
	<u>\$ 106,113</u>	<u>\$ 2,546,351</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Loan application fee	\$ (97,636)	\$ (119,831)
Reversal of compensation loss	43,411	13,844
Impairment losses on investment property	(14,962)	-
Gain (loss) on disposal of property, plant and equipment	10,693	(2,839)
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	109	(2,348,504)
Gain (loss) on lease modification	2	(8)
Others	<u>11,165</u>	<u>(81,480)</u>
	<u>\$ (47,218)</u>	<u>\$ (2,538,818)</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank overdrafts and loans	\$ 225,273	\$ 177,240
Interest on lease liabilities	5,845	6,163
Interest expense incurred on contracts with customers	<u>545</u>	<u>436</u>
	<u>\$ 231,663</u>	<u>\$ 183,839</u>

Refer to Note 12 for information about capitalized interest.

e. Depreciation

	For the Year Ended December 31	
	2023	2022
An analysis of amortization by function		
Operating costs	\$ 80,266	\$ 68,833
Operating expenses	<u>69,324</u>	<u>75,565</u>
	<u>\$ 149,590</u>	<u>\$ 144,398</u>

The depreciation of investment properties, which was recognized in other income - rental income, was \$16,627 thousand and \$15,744 thousand in 2023 and 2022, respectively.

f. Operating expenses directly related to investment properties

	<u>For the Year Ended December 31</u>	
	2023	2022
Direct operating expenses of investment properties generating rental income	<u>\$ 2,360</u>	<u>\$ 2,092</u>

g. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2023	2022
Short-term benefits	<u>\$ 2,164,612</u>	<u>\$ 1,917,861</u>
Post-employment benefits		
Defined contribution plan	97,056	87,933
Defined benefit plans	<u>5,589</u>	<u>6,483</u>
	<u>102,645</u>	<u>94,416</u>
Other employee benefits	<u>234,901</u>	<u>208,907</u>
Total employee benefits expense	<u>\$ 2,502,158</u>	<u>\$ 2,221,184</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 2,237,395	\$ 1,950,219
Operating expenses	<u>264,763</u>	<u>270,965</u>
	<u>\$ 2,502,158</u>	<u>\$ 2,221,184</u>

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, 2023 and 2022, which were approved by the Corporation's board of directors on March 13, 2024 and March 13, 2023, respectively, were as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	2023	2022
Compensation of employees	2%	2%
Remuneration of directors and supervisors	2%	2%

Amount

	<u>For the Year Ended December 31</u>	
	2023	2022
	Cash	Cash
Compensation of employees	<u>\$ 15,703</u>	<u>\$ 20,959</u>
Remuneration of directors and supervisors	<u>\$ 15,703</u>	<u>\$ 20,959</u>

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, 2022 and 2021.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Corporation's board of directors in 2023 and 2022 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 were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 26,848	\$ 15,925
Income tax on unappropriated earnings	288	78,883
Land value increment tax	5,565	3,872
Adjustments for prior year	<u>4,372</u>	<u>(1,368)</u>
	<u>37,073</u>	<u>97,312</u>
Deferred tax		
In respect of the current year	115,574	94,335
Adjustments for prior year	<u>3,010</u>	<u>4,305</u>
	<u>118,584</u>	<u>98,640</u>
Income tax expense recognized in profit or loss	<u>\$ 155,657</u>	<u>\$ 195,952</u>

A reconciliation of accounting profit and current income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Income tax expense calculated at the statutory rate	\$ 162,067	\$ 271,178
Nondeductible expenses in determining taxable income	7,395	477,702
Tax-exempt income	(19,771)	(648,645)
Income tax on unappropriated earnings	288	78,883
Land value increment tax	5,565	3,872
Unrecognized deductible temporary differences	(4,259)	14,330
Adjustments for prior years' tax	<u>4,372</u>	<u>(1,368)</u>
Income tax expense recognized in profit or loss	<u>\$ 155,657</u>	<u>\$ 195,952</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year - remeasurement of defined benefit plans	<u>\$ 1,590</u>	<u>\$ (3,457)</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, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensiv e Income	Closing Balance
Temporary differences				
Unrealized loss on construction	\$ 203,556	\$ (368)	\$ -	\$ 203,188
Provision for warranties	66,371	2,776	-	69,147
Defined benefit plans	6,496	(2,360)	1,590	5,726
Unrealized loss on doubtful debts	4,526	-	-	4,526
Others	50,336	6,079	-	56,415
Loss carryforwards	<u>139,113</u>	<u>(131,061)</u>	<u>-</u>	<u>8,052</u>
	<u>\$ 470,398</u>	<u>\$ (124,934)</u>	<u>\$ 1,590</u>	<u>\$ 347,054</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensiv e Income	Closing Balance
Temporary differences				
Provision for land value increment tax	\$ 991,342	\$ -	\$ -	\$ 991,342
Foreign investments accounted for using the equity method	84,525	911	-	85,436
Others	<u>14,498</u>	<u>(7,261)</u>	<u>-</u>	<u>7,237</u>
	<u>\$ 1,090,365</u>	<u>\$ (6,350)</u>	<u>\$ -</u>	<u>\$ 1,084,015</u>

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensiv e Income	Closing Balance
Temporary differences				
Unrealized loss on construction	\$ 206,078	\$ (2,522)	\$ -	\$ 203,556
Provision for warranties	60,035	6,336	-	66,371
Defined benefit plans	21,544	(11,591)	(3,457)	6,496
Unrealized loss on doubtful debts	-	4,526	-	4,526
Others	54,432	(4,096)	-	50,336
Loss carryforwards	<u>255,190</u>	<u>(116,077)</u>	<u>-</u>	<u>139,113</u>
	<u>\$ 597,279</u>	<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 for using the equity method	106,425	(21,900)	-	84,525
Others	<u>17,382</u>	<u>(2,884)</u>	<u>-</u>	<u>14,498</u>
	<u>\$ 1,115,149</u>	<u>\$ (24,784)</u>	<u>\$ -</u>	<u>\$ 1,090,365</u>

- d. Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2023	2022
Deductible temporary differences		
Impairment of assets	\$ 58,118	\$ 58,118
Impairment of financial assets	38,979	38,979
Unrealized loss on lawsuits	<u>-</u>	<u>71,082</u>
	<u>\$ 97,097</u>	<u>\$ 168,179</u>

- e. Information on unused investment credits, unused loss carryforwards and tax-exemptions

Loss carryforwards as of December 31, 2023 comprised:

Unused Amount	Expiry Year
\$ 7,683	2030 (approved)
30,307	2031 (approved)
<u>2,270</u>	2033 (unapproved)
<u>\$ 40,260</u>	

- f. Income tax assessments

	Last Income Tax Approval Year
BES Engineering Corporation	2020
Core Pacific World Co., Ltd.	2021
Cinemark-Core Pacific, Ltd.	2021
Chung Kung Safeguarding & Security Corp.	2021
Chung Kung Management Consultant Co., Ltd.	2020
Chung Kung Management and Maintenance of Apartment Co., Ltd.	2020
Core Asia Human Resources Management Co., Ltd.	2021
Elite Human Resources Management Co., Ltd.	2020
Cinema 7 Theater Co., Ltd.	2021

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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Earnings used in the computation of basic earnings per share	<u>\$ 624,719</u>	<u>\$ 821,315</u>

Weighted Average Number of Ordinary Shares Outstanding

(In Thousands of Shares)

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
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	<u>2,400</u>	<u>3,732</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,533,299</u>	<u>1,534,631</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, the Group's application for a government grant of \$612 thousand, respectively, in accordance with the Ministry of Culture's "Relief and Revitalization Measures for the Cultural and Arts Sectors Impacted by Covid-19" and in accordance with the Ministry of Economic Affairs's "Basic Salaries Subsidies for Occupations Affected by Severe Specific Infectious Pneumonia" 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, the amounts of the reduction in royalties was \$459 thousand.

31. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

BES Machinery Co., Ltd. purchased 86,850 treasury shares on March 2022, resulting in an increase in the Group's shareholding in BES Machinery Co., Ltd. from 99.35% to 99.46%.

The above transaction was accounted for as equity transactions, since the Group did not cease to have control over the subsidiaries.

	BES Machinery Co., Ltd.
Consideration paid	\$ (964)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>983</u>
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>
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In March 2022, the Group 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	4,754
Reattribution of other equity to (from) non-controlling interests	
Exchange differences on translating the financial statements of foreign operations	285
Unrealized gain (loss) on financial assets at FVTOCI	<u>269</u>
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>
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On March 21, 2023, the Group subscribed for additional new shares of Cinemark-Core Pacific, Ltd. at a percentage different from its existing ownership percentage, resulting in its continuing interest increasing from 78.14% to 91.76%.

The above transaction was accounted for as equity transaction since the Group did not cease to have control over the subsidiaries.

	Cinemark-Core Pacific, Ltd.
Consideration paid	\$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	7,463
Reattribution of other equity to (from) non-controlling interests	
Exchange differences on translating the financial statements of foreign operations	1,205
Unrealized gain (loss) on financial assets at FVTOCI	<u>689</u>
Differences recognized from equity transactions	<u>\$ 9,357</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>\$ 9,357</u>

On October 24, 2023, the Group subscribed for additional new shares of BES Engineering Vietnam Company Limited at a percentage different from its existing ownership percentage, resulting in its continuing interest being reduced from 100.00% to 60.00%.

The above transaction was accounted for as equity transaction since the Group did not cease to have control over the subsidiaries.

	BES Engineering Vietnam Company Limited
Consideration received	\$ 737,885
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(727,295)
Reattribution of other equity to (from) non-controlling interests	
Exchange differences on translating the financial statements of foreign operations	<u>1,926</u>
Differences recognized from equity transactions	<u>\$ 12,516</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus - changes in percentage of ownership interests in subsidiaries	<u>\$ 12,516</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, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ <u>4,248</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,248</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares	\$ 2,664,236	\$ -	\$ -	\$ 2,664,236
Unlisted shares	<u>-</u>	<u>113,162</u>	<u>-</u>	<u>113,162</u>
	<u>\$ 2,664,236</u>	<u>\$ 113,162</u>	<u>\$ -</u>	<u>\$ 2,777,398</u>

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	\$ 3,022,883	\$ -	\$ -	\$ 3,022,883
Unlisted shares	<u>-</u>	<u>104,762</u>	<u>-</u>	<u>104,762</u>
	<u>\$ 3,022,883</u>	<u>\$ 104,762</u>	<u>\$ -</u>	<u>\$ 3,127,645</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

For the year ended December 31, 2022

Financial Assets	<u>Financial Assets at FVTPL Equity Instruments</u>
Balance at January 1, 2022	\$ 2,369,559
Disposal	(21,455)
Recognized in profit or loss (included in other gains and losses)	<u>(2,348,104)</u>
Balance at December 31, 2022	<u>\$ -</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Unlisted shares	Transaction method of market approach. The approach is a valuation strategy that looks at market ratios 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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 4,248	\$ 4,142
Financial assets at amortized cost (Note 1)	14,202,425	11,670,905
Financial assets at FVTOCI		
Equity instruments	2,777,398	3,127,645
<u>Financial liabilities</u>		
Amortized cost (Note 2)	26,950,506	17,932,619

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, 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.

	<u>RMB Impact</u>		<u>HKD Impact</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Equity	\$ 53,778	\$ 56,143	\$ 22,701	\$ 23,436

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:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Fair value interest rate risk		
Financial assets	\$ 3,995,419	\$ 2,486,980
Financial liabilities	1,679,043	1,311,256
Cash flow interest rate risk		
Financial assets	5,804,551	6,221,602
Financial liabilities	16,494,003	10,499,219

The Group was exposed to fair value interest rate risk in relation to fixed-rate certificates 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 pre-tax profit for the years ended December 31, 2023 and 2022 would decrease by \$106,895 thousand and \$42,776 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, 2023 and 2022 would have increased by \$138,870 thousand and \$156,382 thousand, respectively.

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. 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, 2023 and 2022, the Group had available unutilized short-term bank loan facilities were shown as below:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 5,874,939	\$ 1,917,648
Amount unused	<u>6,280,809</u>	<u>4,641,950</u>
	<u>\$ 12,155,748</u>	<u>\$ 6,559,598</u>
Secured bank overdraft facilities:		
Amount used	\$ 12,081,024	\$ 9,647,620
Amount unused	<u>11,917,144</u>	<u>13,913,945</u>
	<u>\$ 23,998,168</u>	<u>\$ 23,561,565</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, 2023

	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
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities		\$ 1,729,840	\$ 2,998,282	\$ 734,448	\$ 799,795	\$ 122,691
Lease liabilities	2.100-4.750	6,941	13,742	58,715	130,631	19,546
Variable interest rate liabilities	1.660-3.353	2,272,704	1,485,456	3,122,476	10,341,170	46,786
Fixed interest rate liabilities	2.710-2.850	<u>1,462,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 5,471,785</u>	<u>\$ 4,497,480</u>	<u>\$ 3,915,639</u>	<u>\$ 11,271,596</u>	<u>\$ 189,023</u>

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
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities		\$ 1,016,432	\$ 1,665,415	\$ 867,233	\$ 649,797	\$ 97,146
Lease liabilities	2.100-4.750	6,486	12,300	51,900	168,198	18,073
Variable interest rate liabilities	1.540-3.101	24,402	678,238	4,254,541	5,993,409	65,812
Fixed interest rate liabilities	2.150-4.000	<u>1,054,679</u>	<u>4,317</u>	<u>8,144</u>	<u>-</u>	<u>-</u>
		<u>\$ 2,101,999</u>	<u>\$ 2,360,270</u>	<u>\$ 5,181,818</u>	<u>\$ 6,811,404</u>	<u>\$ 181,031</u>

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

<u>Related Party Name</u>	<u>Related Party Categories</u>
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 Marketing Corporation	Related party in substance
HRDD Logistics Co., Ltd.	Associate
Core Pacific City Co., Ltd.	Related party of the Corporation (Note)
Agora Garden Co., Ltd.	Related party of the Corporation
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
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
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

Line Items	Related Party Categories	<u>For the Year Ended December 31</u>	
		<u>2023</u>	<u>2022</u>
Operating revenue	Legal directors of the Corporation	\$ 62,707	\$ 28,083
	Subsidiaries of legal directors of the Corporation	695	440
	Related parties in substance	380	183
	Related parties of the Corporation	196	182
	Associate	<u>-</u>	<u>191</u>
		<u>\$ 63,978</u>	<u>\$ 29,079</u>

Line Items	Related Party Categories	For the Year Ended December 31	
		2023	2022
Operating costs	Related parties of the Corporation	\$ 4,169	\$ 7,879
Operating expenses	Related parties in substance	\$ 11,097	\$ 10,000
	Related parties of the Corporation	11,029	8,835
	Legal directors of the Corporation	<u>59</u>	<u>220</u>
		<u>\$ 22,185</u>	<u>\$ 19,055</u>

The prices and terms of the transactions with related parties are determined based on the contracts.

c. Receivables from related parties

Line Items	Related Party Categories	December 31	
		2023	2022
Construction receivables	Legal directors of the Corporation	\$ 19,703	\$ 1,240
Trade receivables	Legal directors of the Corporation	\$ 4,909	\$ 3,463
	Subsidiaries of legal directors of the Corporation	23	58
	Related parties in substance	28	16
	Related parties of the Corporation	<u>12</u>	<u>-</u>
		<u>\$ 4,972</u>	<u>\$ 3,537</u>
Other receivables (included in other current assets)	Related parties of the Corporation	\$ 505	\$ 505
	Related parties in substance	<u>-</u>	<u>616</u>
		<u>\$ 505</u>	<u>\$ 1,121</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for trade receivables from related parties.

d. Payables to related parties

Line Items	Related Party Categories	December 31	
		2023	2022
Accrued expenses	Related parties of the Corporation	\$ 965	\$ 965
	Legal directors of the Corporation	650	650
	Related parties in substance	<u>40</u>	<u>-</u>
		<u>\$ 1,655</u>	<u>\$ 1,615</u>

The outstanding trade payables from related parties are unsecured and will be settled in cash.

e. Prepayments (included in other current assets)

Related Party Categories	December 31	
	2023	2022
Related parties in substance	\$ <u>113,619</u>	\$ <u>-</u>

f. Contract liabilities

The contract liabilities as of December 31, 2023 and 2022, respectively, were as follows:

December 31, 2023

Related Party Name	Engineering Code	Total Amount of Construction	Contract Liabilities
China Petrochemical Development Corporation	A6E	\$ <u>1,528,593</u>	\$ <u>30,727</u>

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>

The construction contracts and engineering payment conditions with related parties were made at terms comparable to those with similar unrelated parties.

g. Lease arrangements

Related Party Categories	For the Year Ended December 31	
	2023	2022
<u>Acquisition of right-of-use assets</u>		
Related parties of the Corporation	\$ 4,333	\$ 41,708
Legal directors of the Corporation	<u>-</u>	<u>21,574</u>
	\$ <u>4,333</u>	\$ <u>63,282</u>

Line Items	Related Party Categories	December 31	
		2023	2022
Lease liabilities	Related parties in substance	\$ 18,991	\$ 20,528
	Related parties of the Corporation	17,162	31,436
	Legal directors of the Corporation	<u>9,756</u>	<u>16,897</u>
		\$ <u>45,909</u>	\$ <u>68,861</u>

Line Items	Related Party Categories	For the Year Ended December 31	
		2023	2022
Interest expenses	Related parties of the Corporation	\$ 593	\$ 589
	Related parties in substance	463	505
	Legal directors of the Corporation	<u>286</u>	<u>274</u>
		<u>\$ 1,342</u>	<u>\$ 1,368</u>

h. 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	<u>Stock</u> China Petrochemical Development	<u>\$ 689,134</u>

Note: The Corporation held individually the abovementioned investments that participated in China Petrochemical Development's seasoned equity offering.

i. Disposal of financial assets

For the year ended December 31, 2022

Related Party Names	Line Item	Number of Shares	Underlying Assets	Disposal Price	Disposal (Loss) Gain
Glory Construction Co., Ltd.	Financial assets at FVTPL	1,548,174	<u>Stock</u> Core Pacific City Co., Ltd.	<u>\$ 21,455</u>	<u>\$ (65)</u>

j. Loans to related parties

As of December 31, 2023, the receivable and interest receivable of the Group from associates HRDD Logistics Co., Ltd. were \$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

Related Party Categories	For the Year Ended December 31	
	2023	2022
Associates	<u>\$ 873</u>	<u>\$ 713</u>

The Group provided with short-term loan at rates comparable to market interest rates.

k. Other transactions with related parties

Interest income, rental revenue and other income are as follows:

Related Party Categories	For the Year Ended December 31	
	2023	2022
Subsidiaries of legal directors of the Corporation	\$ 21,753	\$ 15,297
Related parties in substance	7,512	7,046
Related parties of the Corporation	5,936	5,882
Legal directors of the Corporation	5,664	19,071
Associates	<u>-</u>	<u>51</u>
	<u>\$ 40,865</u>	<u>\$ 47,347</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

Related Party Categories	December 31	
	2023	2022
Related parties of the Corporation	\$ 837	\$ 1,292
Related parties in substance	238	-
Subsidiaries of legal directors of the Corporation	10	10
Associates	<u>-</u>	<u>1</u>
	<u>\$ 1,085</u>	<u>\$ 1,303</u>

Guarantee deposits received by related parties

Related Party Categories	December 31	
	2023	2022
Subsidiaries of legal directors of the Corporation	<u>\$ 7,584</u>	<u>\$ 7,584</u>

Other payables (included in other current liabilities) by related parties

Related Party Categories	December 31	
	2023	2022
Subsidiaries of legal directors of the Corporation	<u>\$ 28,571</u>	<u>\$ 28,571</u>

1. 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	
	2023	2022
Short-term employee benefits	\$ 40,802	\$ 46,319
Post-employment benefits	<u>12,168</u>	<u>-</u>
	<u>\$ 52,970</u>	<u>\$ 46,319</u>

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	
	2023	2022
Financial assets at FVTOCI - current	\$ 528,820	\$ 800,401
Financial assets at amortized cost - current	4,819,470	3,588,808
Buildings and land held for sale, net	4,924,977	4,855,276
Construction in progress	1,244,634	1,244,634
Financial assets at FVTOCI - non-current	1,486,750	1,454,089
Financial assets at amortized cost - non-current	5,909	631,820
Property, plant and equipment, net	1,699,286	1,513,013
Investment properties, net	<u>794,632</u>	<u>799,342</u>
	<u>\$ 15,504,478</u>	<u>\$ 14,887,383</u>

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, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Non-monetary items			
Investments accounted for using the equity method			
RMB	\$ 248,569	4.327 (RMB:NTD)	\$ 1,075,557
HKD	115,557	3.929 (HKD:NTD)	454,023

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Non-monetary items			
Investments accounted for using the equity method			
RMB	\$ 254,734	4.408 (RMB:NTD)	\$ 1,122,867
HKD	119,024	3.938 (HKD:NTD)	468,718

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains (losses) were \$1,431 thousand and \$9,013 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, 2024, the case is still pending in the court.

On October 12, 2023, the Group entered into a letter of intent to pre-purchase building and parking spaces with Cloud Network Technology Singapore Pte. Ltd. at a total transaction price of approximately \$7,549,580 thousand. As of March 13, 2024, a sale contract has not yet been signed for the above transaction. The Group received an earnest deposit of \$337,479 thousand (included in guarantee deposits received).

38. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices at least \$300 million or 20% of the paid-in capital. (Table 4)

- 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 5)
 - 11) Intercompany relationships and significant intercompany transactions. (Non-applicable)
- 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 6)
- 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 7)

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)	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Construction segment	\$ 16,132,880	\$ 12,524,849	\$ 955,995	\$ 863,249
Construction development segment	1,597,871	1,356,515	127,178	(37,555)
Other segments	<u>1,228,588</u>	<u>1,212,008</u>	<u>(151,609)</u>	<u>(49,679)</u>
	<u>\$ 18,959,339</u>	<u>\$ 15,093,372</u>	931,564	776,015
Interest income			82,589	444,073
Other income			106,113	2,546,351
Other gains and losses			(47,218)	(2,538,818)
Finance costs			(231,663)	(183,839)
Expected credit losses			-	(22,628)
Share of profit or loss of associates			<u>(60,091)</u>	<u>(20,046)</u>
Profit before income tax			<u>\$ 781,294</u>	<u>\$ 1,001,108</u>

Segment revenues were all generated by external customers. No inter-segment sales occurred during 2023 and 2022.

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

	December 31	
	2023	2022
<u>Segment assets</u>		
Construction segment	\$ 10,689,127	\$ 6,804,578
Construction development segment	24,952,947	18,963,445
Other segments	<u>19,108,863</u>	<u>18,747,922</u>
Total segment assets	54,750,937	44,515,945
Unallocated assets	<u>1,298,284</u>	<u>623,951</u>
Consolidated total assets	<u>\$ 56,049,221</u>	<u>\$ 45,139,896</u>

(Continued)

	December 31	
	2023	2022
<u>Segment liabilities</u>		
Construction segment	\$ 6,443,566	\$ 4,756,567
Construction development segment	630,804	522,203
Other segments	<u>25,215,711</u>	<u>16,632,362</u>
Total segment assets	32,290,081	21,911,132
Unallocated assets	<u>460,419</u>	<u>552,540</u>
Consolidated total liabilities	<u>\$ 32,750,500</u>	<u>\$ 22,463,672</u> (Concluded)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Financing 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	Collateral		Maximum Limit for Each Counterparty	Financing Company's Financing Amount Limits	Note
													Item	Value			
0	BES Engineering Corporation	HRDD Logistics Co., Ltd.	Accounts receivable - related party	Y	\$ 21,550	\$ 21,550	\$ 21,550	5	b.	\$ -	Business revolving fund	\$ 21,550	-	\$ -	\$ 898,434 (40% of BES Engineering Corporation's net equity)	\$ 8,984,342 (40% of BES Engineering Corporation's net equity)	Note 2
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	-	-	-	32,940 (40% of Chung Kung Safeguarding & Security Corp.'s net equity)	32,940 (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	7,000	3	b.	-	Business revolving fund	-	-	-	32,940 (40% of Chung Kung Safeguarding & Security Corp.'s net equity)	32,940 (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	-	3	b.	-	Business revolving fund	-	-	-	138,784 (40% of Cinemark-Core Pacific, Ltd.'s net equity)	138,784 (40% of Cinemark-Core Pacific, Ltd.'s net equity)	
		Agora Garden Co., Ltd	Other receivable	Y	100,000	-	-	3.5	b.	-	Business revolving fund	-	-	-	138,784 (40% of Cinemark-Core Pacific, Ltd.'s net equity)	138,784 (40% of Cinemark-Core Pacific, Ltd.'s net equity)	

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.

BES ENGINEERING CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		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	Ratio of 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
		Name	Relationship											
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.	\$ 346,960 (Note 2)	\$ 110,000	\$ 110,000	\$ 83,885	\$ 115,331	31.70	\$ 1,040,881 (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.	497,169 (Note 3)	312,073	312,073	260,000	312,073	62.77	994,339 (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.	493,698 (Note 4)	312,073	312,073	260,000	312,073	63.21	987,395 (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.	205,875 (Note 5)	25,000	25,000	-	-	30.36	247,050 (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.	205,875 (Note 5)	25,000	25,000	2,000	-	30.36	247,050 (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.

BES ENGINEERING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

No.	Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
					Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
0	BES Engineering Corporation	Taishin ESG Emerging Markets Bond Fund	-	Financial assets at FVTPL - current	500,000	\$ 4,248	-	\$ 4,248	Note 1
		Taiwan Business Bank	-	Financial assets at FVTOCI - current	40,613,608	556,406	0.49	556,406	Note 1
		China Petrochemical Development Corporation	Legal directors of the Corporation	Financial assets at FVTOCI - non-current	183,037,540	1,788,277	4.84	1,788,277	Note 1
		Century Development Corporation	-	Financial assets at FVTOCI - non-current	10,633,492	83,366	3.03	83,366	Note 1
		Overseas Investment & Development Corporation	-	Financial assets at FVTOCI - non-current	2,600,000	29,796	2.89	29,796	Note 1
		Zowie Technology Corporation	-	Financial assets at FVTOCI - non-current	6,611	-	0.02	-	
		Fortemedia	-	Financial assets at FVTOCI - non-current	4,137	-	-	-	
		Fortemedia	-	Financial assets at FVTOCI - non-current	62,282	-	-	-	Note 2
1	Core Pacific World Co., Limited	China Petrochemical Development Corporation	Legal directors of the Corporation	Financial assets at FVTOCI - current	30,649,620	299,447	0.81	299,447	Note 1
		Taiwan Business Bank	-	Financial assets at FVTOCI - current	1,467,608	20,106	0.02	20,106	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, 2023; values of unlisted shares were determined by using the fair value measurement as of December 31, 2023.

Note 2: Preference shares.

BES ENGINEERING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					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 Taiwan Business Bank	Financial assets at FVTOCI - current	-	-	68,964,727	\$ 893,093	-	\$ -	29,303,000	\$ 412,311	\$ 182,591	\$ 229,720	40,613,608	\$ 556,406

BES ENGINEERING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Investment Gain (Loss) Recognized (Note 1)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
BES Engineering Corporation	Core Pacific World Co., Limited BES Investment Company Ltd.	Taipei, Taiwan	Makes investments	\$ 1,530,094	\$ 1,530,094	115,942,000	99.95	\$ 1,404,066	\$ 29,931	\$ 29,917	Investee is a subsidiary
		Unit 1607,16th Floor, Fortress Tower,250 King's Road, North Point, Hong Kong	Overseas construction and equipment sale	1,807,467	1,485,277	59,600,000	100.00	1,634,210	(37,049)	(37,049)	Investee is a subsidiary
	BES Logistics International Co., Ltd.	Republic of Mauritius	Makes investments	348,278	348,278	13,995,389	100.00	722,187	4,888	4,888	Investee is a subsidiary
	Core Asia Human Resources Management Co., Ltd.	Taipei, Taiwan	Consultancy on business administration and investments	60,000	60,000	6,000,000	100.00	89,037	3,468	3,468	Investee is a subsidiary
	Chung Kung Safeguarding & Security Corp.	Taipei, Taiwan	Security and related services	38,127	38,127	3,880,000	64.67	53,257	5,335	3,450	Investee is a subsidiary
	Cinemark-Core Pacific, Ltd.	Taipei, Taiwan	Movie broadcasting and related businesses	315,380	115,380	29,455,180	91.76	318,373	(50,884)	(45,208)	Investee is a subsidiary
	BES Construction Corporation (U.S.A.)	141 Bennington Court McDonough, Georgia 30253, U.S.A.	Develops lands for investments	259,562	259,562	8,509	91.79	26,811	(114)	(104)	Investee is a subsidiary
	BES Global Investment Co.	4F, Ellen Skelton Building 3076 Sir Francis Drake Highway, Tortola, Bristish Virgin Islands	Overseas construction and equipment sale	51,313	51,313	1,510,100	100.00	17,132	(35)	(35)	Investee is a subsidiary
	BA & BES Contracting (L.L.C.) BESM Holding Co., Ltd.	P.O. Box 92237, Dubai-UAE Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Engineering and construction Holds investments	10,696 162,163	10,696 162,163	1,200,000 5,075,000	40.00 100.00	- 241,534	- 1,079	- 1,079	Investee is a subsidiary
	Huading Enterprise Co., Ltd.	Taipei, Taiwan	Urban renewal reconstruction	441,090	-	44,109,000	90.00	440,385	(783)	(705)	Investee is a subsidiary
Core Pacific World Co., Limited	Chinese City International Investment Co., Ltd. Zhong Hua Cheng Development Co., Ltd.	Republic of Mauritius	Consulting	330,714	330,714	9,500,000	100.00	505,888	21,222	21,222	Investee is a subsidiary
		Republic of Mauritius	Consulting	330,714	330,714	9,500,000	100.00	502,332	22,411	22,411	Investee is a subsidiary
BES Investment Company Ltd.	Wei-Jing Holdings Ltd. BES Construction Corporation (U.S.A.)	B.V.I.	Holds investments	463,104	463,104	14,400,000	44.67	454,023	(73,203)	(32,699)	Investee is a subsidiary
		141 Bennington Court McDonough, Georgia 30253, U.S.A.	Develops lands for investments	25,724	25,724	761	8.21	2,398	(114)	(10)	Investee is a subsidiary
	Global BES Engineering (Myanmar) Co., Ltd.	NO.153 / KA,Kyun Shwe Myaing Lane (2), 23 Ward, (Thuwanna), Thingangyun Township, Yangon, Myanmar	Engineering and construction	15,478	15,478	500,000	100.00	16,292	(512)	(512)	Investee is a subsidiary
BES Engineering Vietnam Company Limited	84 PHAN KHIEM ICH, P TAN PHONG, QUAN 7, TP HO CHI MINH, VIET NAM.	Engineering and construction	1,048,410	726,220	-	60.00	1,095,827	1,135	(3,637)	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	15,293	6,095	6,095	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	Business management consulting and running parking lots	10,000	10,000	-	100.00	14,619	427	427	Investee is a subsidiary
		Taipei, Taiwan	Manages apartment maintenance and renders related services	3,700	3,700	-	37.00	4,200	(666)	(246)	Investee is a subsidiary
Cinemark-Core Pacific, Ltd.	Cinemark-Core (Hong Kong) Pacific Ltd. Cinema 7 Theater Co., Ltd.	FLATB 3/F WING CHBONG COMMERCIAL BOILDING 19-25 JERVOIS STREET SHEVNG WAN HK	Hold investment	246,729	246,729	61,503,000	49.60	92,800	(18,734)	(9,292)	
		Taipei, Taiwan	Movie broadcasting and retail sale of rood products and groceries	150,183	150,183	25,000	100.00	(60,553)	(21,836)	(21,836)	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	7,151	(666)	(420)	Investee is a subsidiary

Note: Except BA & BES Contracting (L.L.C.), Wei-Jing Holding Ltd. and Cinemark - Core (Hong Kong) Pacific Ltd. the investment gains and losses between reinvestments, long-term equity investment of investors, and the equity between investees have been eliminated in the consolidated financial statements.

BES ENGINEERING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
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)	\$ 12,718 (RMB 2,893 thousand)	39.20	\$ 4,985 (RMB 1,134 thousand)	\$ 767,091 (RMB 177,280 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)	22,805 (RMB 5,188 thousand)	100.00	22,805 (RMB 5,188 thousand)	493,698 (RMB 114,097 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)	21,614 (RMB 4,917 thousand)	100.00	21,614 (RMB 4,917 thousand)	497,169 (RMB 114,899 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)	12,718 (RMB 2,893 thousand)	9.80	1,246 (RMB 284 thousand)	191,773 (RMB 44,300 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)	(9) (RMB (2) thousand)	49.60	(4) (RMB (1) thousand)	(483) (RMB (112) 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)	(9,133) (RMB (2,078) thousand)	24.30	(2,219) (RMB (505) thousand)	25,991 (RMB 6,007 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)	(103,058) (RMB (23,444) thousand)	23.61	(24,332) (RMB (5,535) thousand)	23,893 (RMB 5,522 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)	(16,125) (RMB (3,668) thousand)	49.60	(7,998) (RMB (1,819) thousand)	38,775 (RMB 8,961 thousand)	

Investor Company Name	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investment
BES Engineering Corporation	US\$ 12,103 thousand RMB 74,900 thousand	US\$ 23,809 thousand	\$ 13,979,233
Core Pacific World Co., Limited	US\$ 18,000 thousand	US\$ 19,000 thousand	\$ 842,861
Cinemark-Core Pacific, Ltd.	US\$ 7,875 thousand	US\$ 7,875 thousand	\$ 208,176

(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 firm 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: 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)

TABLE 7**BES ENGINEERING CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of 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 trustor 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 parent company only financial statements of BES Engineering Corporation (the "Corporation"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Corporation as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only 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 Financial Statement Audit and Attestation Engagements of 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 Parent Company Only 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 parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only 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 parent company only financial statements for the year ended December 31, 2023 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 for the year ended December 31, 2023 is material, hence, the accuracy of recognition of construction revenue was deemed as a key audit matter for the year ended December 31, 2023. Refer to Note 4 to the accompanying parent company only financial statements for the relevant accounting policies and Table 1 following the notes to the parent company only 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 is material in the parent company only balance sheets as of December 31, 2023. 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, 2023. Refer to Note 5 to the accompanying parent company only 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 Parent Company

Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only 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 Corporation to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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 parent company only financial statements for the year ended December 31, 2023 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, 2024

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.

BES ENGINEERING CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4, 6 and 14)	\$ 1,928,869	4	\$ 2,447,556	5
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 31)	4,248	-	4,142	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 32)	556,406	1	893,093	2
Financial assets at amortized cost - current (Notes 4, 9, 23 and 32)	4,193,230	8	3,797,966	9
Contract assets - current (Notes 14, 23, 25 and Table 1)	4,938,178	9	2,498,541	6
Construction receivables (Notes 4, 10, 14, 23, 25 and 31)	4,034,845	7	2,603,165	6
Accounts receivable on the development of industrial districts (Notes 4, 11 and 23)	2,811,621	5	2,898,047	6
Inventories (Notes 4 and 23)	213,921	-	254,843	1
Buildings and land held for sale, net (Notes 4, 5, 12, 23 and 32)	11,778,943	22	11,829,468	27
Construction in progress (Notes 4, 12, 23 and 32)	10,578,999	19	4,962,958	11
Refundable deposits on construction contracts (Note 23)	54,775	-	142,162	-
Other current assets (Notes 14 and 31)	2,278,763	4	1,309,265	3
Total current assets	<u>43,372,798</u>	<u>79</u>	<u>33,641,206</u>	<u>76</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8, 31 and 32)	1,901,439	3	1,913,173	4
Investments accounted for using the equity method (Notes 4 and 13)	4,970,885	9	4,448,482	10
Property, plant and equipment, net (Notes 4, 15 and 32)	3,165,605	6	3,035,216	7
Right-of-use assets (Notes 4, 16 and 31)	113,626	-	117,139	-
Investment properties, net (Notes 4, 17 and 32)	862,979	2	868,843	2
Deferred tax assets (Notes 4 and 27)	287,828	1	416,410	1
Refundable deposits (Notes 14 and 31)	48,791	-	39,713	-
Net defined benefit assets (Notes 4 and 22)	2,812	-	-	-
Other non-current assets	24,173	-	35,763	-
Total non-current assets	<u>11,378,138</u>	<u>21</u>	<u>10,874,739</u>	<u>24</u>
TOTAL	<u>\$ 54,750,936</u>	<u>100</u>	<u>\$ 44,515,945</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 32)	\$ 5,781,000	11	\$ 4,603,000	10
Short-term bills payable (Notes 18 and 32)	1,461,960	3	1,050,051	3
Contract liabilities - current (Notes 14, 23, 25, 31 and Table 1)	3,541,961	6	2,160,262	5
Notes payable (Note 23)	13,367	-	3,008	-
Trade payables (Notes 14, 19, 23 and 31)	6,361,319	12	4,288,029	10
Accrued expenses (Notes 14 and 31)	599,408	1	551,180	1
Accounts payable for the development of industrial districts (Notes 4, 20 and 23)	19,058	-	18,363	-
Current tax liabilities (Note 4)	-	-	69,950	-
Provisions - current (Notes 4, 21 and 23)	505,734	1	492,541	1
Lease liabilities - current (Notes 4, 16 and 31)	51,061	-	42,178	-
Current portion of long-term borrowings (Notes 18 and 32)	623,699	1	37,948	-
Guarantee deposits on construction contracts (Note 23)	761,530	1	575,472	1
Other current liabilities (Notes 14 and 31)	190,583	-	183,075	1
Total current liabilities	<u>19,910,680</u>	<u>36</u>	<u>14,075,057</u>	<u>32</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18 and 32)	9,969,417	18	5,734,094	13
Provisions - non-current (Notes 4 and 21)	930,278	2	971,846	2
Deferred tax liabilities (Notes 4 and 27)	1,005,634	2	1,016,744	2
Lease liabilities - non-current (Notes 4, 16 and 31)	64,981	-	76,728	-
Net defined benefit liabilities (Notes 4 and 22)	-	-	8,617	-
Guarantee deposits received (Note 31)	409,091	1	28,046	-
Total non-current liabilities	<u>12,379,401</u>	<u>23</u>	<u>7,836,075</u>	<u>17</u>
Total liabilities	<u>32,290,081</u>	<u>59</u>	<u>21,911,132</u>	<u>49</u>
EQUITY				
Ordinary shares	15,308,998	28	15,308,998	35
Capital surplus	96,521	-	74,648	-
Retained earnings				
Legal reserve	1,200,927	2	1,116,990	2
Special reserve	2,475,958	5	2,475,958	6
Unappropriated earnings	4,064,226	7	4,105,362	9
Total retained earnings	7,741,111	14	7,698,310	17
Other equity	(685,775)	(1)	(477,143)	(1)
Total equity	<u>22,460,855</u>	<u>41</u>	<u>22,604,813</u>	<u>51</u>
TOTAL	<u>\$ 54,750,936</u>	<u>100</u>	<u>\$ 44,515,945</u>	<u>100</u>

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

BES ENGINEERING CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 14, 25 and 31)				
Construction revenue	\$ 17,227,199	97	\$ 13,473,803	97
Other operating revenue	<u>505,629</u>	<u>3</u>	<u>409,634</u>	<u>3</u>
Total operating revenue	<u>17,732,828</u>	<u>100</u>	<u>13,883,437</u>	<u>100</u>
OPERATING COSTS (Notes 4, 14, 22, 26 and 31)				
Construction costs	16,089,827	91	12,448,464	90
Other operating costs	<u>294,898</u>	<u>2</u>	<u>218,678</u>	<u>1</u>
Total operating costs	<u>16,384,725</u>	<u>93</u>	<u>12,667,142</u>	<u>91</u>
GROSS PROFIT	<u>1,348,103</u>	<u>7</u>	<u>1,216,295</u>	<u>9</u>
OPERATING EXPENSES (Notes 22, 26 and 31)				
Selling and marketing expenses	93,861	-	86,510	1
General and administrative expenses	288,557	2	279,109	2
Research and development expenses	<u>33,571</u>	<u>-</u>	<u>30,838</u>	<u>-</u>
Total operating expenses	<u>415,989</u>	<u>2</u>	<u>396,457</u>	<u>3</u>
PROFIT FROM OPERATIONS	<u>932,114</u>	<u>5</u>	<u>819,838</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4, 14, 26 and 31)	38,811	-	40,350	-
Other income (Notes 4, 26 and 31)	106,098	-	2,520,195	18
Other gains and losses (Notes 7, 26, 31 and 34)	(32,848)	-	(2,522,010)	(18)
Finance costs (Notes 4, 12, 26 and 31)	(225,785)	(1)	(175,776)	(1)
Expected credit losses (Note 31)	-	-	(22,628)	-
Share of profit or loss of subsidiaries and associates (Notes 4 and 13)	<u>(64,631)</u>	<u>-</u>	<u>346,039</u>	<u>2</u>
Total non-operating income and expenses	<u>(178,355)</u>	<u>(1)</u>	<u>186,170</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	753,759	4	1,006,008	7
INCOME TAX EXPENSE (Notes 4 and 27)	<u>129,040</u>	<u>-</u>	<u>184,693</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>624,719</u>	<u>4</u>	<u>821,315</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 13, 22, 24 and 27)				

(Continued)

BES ENGINEERING CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(8,060)	-	15,763	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	63,890	-	(260,952)	(2)
Share of the other comprehensive loss of subsidiaries and associates accounted for using the equity method	(2,156)	-	(141,937)	(1)
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>1,612</u>	<u>-</u>	<u>(3,153)</u>	<u>-</u>
	55,286	-	(390,279)	(3)
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method	<u>(36,762)</u>	<u>-</u>	<u>155,544</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>18,524</u>	<u>-</u>	<u>(234,735)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 643,243</u>	<u>4</u>	<u>\$ 586,580</u>	<u>4</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 0.41</u>		<u>\$ 0.54</u>	
Diluted	<u>\$ 0.41</u>		<u>\$ 0.54</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

BES ENGINEERING CORPORATION

**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	Share Capital Issued and Outstanding (Notes 4 and 24)		Retained Earnings (Note 24)					Other Equity (Notes 4 and 24)			Total Equity
	Number of Shares (In thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	
BALANCE, JANUARY 1, 2022	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	-	-	-	295,784	-	(295,784)	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(817,500)	(817,500)	-	-	-	(817,500)
Total	-	-	-	295,784	-	(1,113,284)	(817,500)	-	-	-	(817,500)
Actual acquisition of interests in subsidiaries	-	-	745	-	-	-	-	(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	-	-	-	-	-	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	15,308,998	74,648	1,116,990	2,475,958	4,105,362	7,698,310	(180,793)	(296,350)	(477,143)	22,604,813
Appropriation of the 2022 earnings											
Legal reserve	-	-	-	83,937	-	(83,937)	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(805,254)	(805,254)	-	-	-	(805,254)
Total	-	-	-	83,937	-	(889,191)	(805,254)	-	-	-	(805,254)
Actual acquisition of interests in subsidiaries	-	-	9,357	-	-	-	-	(1,205)	(689)	(1,894)	7,463
Changes in percentage of ownership interests in subsidiaries	-	-	12,516	-	-	-	-	(1,926)	-	(1,926)	10,590
Net profit for the year ended December 31, 2023	-	-	-	-	-	624,719	624,719	-	-	-	624,719
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(6,384)	(6,384)	(36,762)	61,670	24,908	18,524
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	618,335	618,335	(36,762)	61,670	24,908	643,243
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	229,720	229,720	-	(229,720)	(229,720)	-
BALANCE, DECEMBER 31, 2023	1,530,899	\$ 15,308,998	\$ 96,521	\$ 1,200,927	\$ 2,475,958	\$ 4,064,226	\$ 7,741,111	\$ (220,686)	\$ (465,089)	\$ (685,775)	\$ 22,460,855

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

BES ENGINEERING CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 753,759	\$ 1,006,008
Adjustments for:		
Depreciation expenses	110,569	90,430
Expected credit losses	-	22,628
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	(106)	2,333,852
Finance costs	225,785	175,776
Interest income	(38,811)	(40,350)
Dividend income	(16,455)	(2,427,807)
Share of profit or loss of subsidiaries and associates	64,631	(346,039)
(Gain) loss on disposal of property, plant and equipment	(10,719)	839
Gain on lease modification	-	(85)
Reversal of compensation loss	(43,411)	(13,721)
Changes in operating assets and liabilities		
Contract assets	(2,439,637)	(39,498)
Construction receivables	(1,431,680)	(306,426)
Accounts receivable on the development of industrial districts	86,426	3,179,156
Inventories	40,922	(68,381)
Construction in progress	(5,674,313)	(1,975,449)
Buildings and land held for sale	262,650	197,957
Other current assets	(964,477)	(96,655)
Contract liabilities	1,381,699	(574,116)
Notes payable	10,359	(5,549)
Trade payables	2,073,290	(254,903)
Accounts payable for the development of industrial districts	695	(1,963,320)
Accrued expenses	39,343	170,328
Provisions	15,036	32,693
Net defined benefit plans	(19,489)	(61,737)
Other current liabilities	7,508	(15,026)
Cash used in operations	(5,566,426)	(979,395)
Interest received	37,642	40,325
Interest paid	(370,753)	(221,672)
Income tax paid	(83,758)	(30,329)
Net cash used in operating activities	<u>(5,983,295)</u>	<u>(1,191,071)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	412,311	8,506
Cash returns from capital reduction of financial assets at fair value through other comprehensive income	-	81,736
Proceeds from (purchase) disposal of financial assets at amortized cost	(395,264)	150,466
Proceeds from disposal of financial assets at fair value through profit or loss	-	21,321

(Continued)

BES ENGINEERING CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Payments for property, plant and equipment	(187,176)	(40,367)
Proceeds from disposal of property, plant and equipment	12,338	193
Decrease in refundable deposits	78,309	38,916
Net cash inflow on acquisition of subsidiary	-	189,386
Decrease in other assets	11,590	10,570
Dividends received from subsidiaries and associates	355,381	57,570
Dividends received from financial assets	<u>16,455</u>	<u>2,427,807</u>
Net cash generated from investing activities	<u>303,944</u>	<u>2,946,104</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,178,000	1,674,951
Proceeds from (repayments of) short-term bills payable	411,909	(1,481,920)
Proceeds from (repayments of) long-term borrowings	4,821,074	(242,137)
Increase in guarantee deposits received	567,103	72,436
Repayment of the principal portion of lease liabilities	(48,888)	(39,420)
Cash dividends distributed	(805,254)	(817,500)
Acquisition of additional interests in subsidiaries	<u>(963,280)</u>	<u>(4,563)</u>
Net cash generated from (used in) financing activities	<u>5,160,664</u>	<u>(838,153)</u>
NET INCREASE (DECREASE) IN CASH	(518,687)	916,880
CASH AT THE BEGINNING OF THE YEAR	<u>2,447,556</u>	<u>1,530,676</u>
CASH AT THE END OF THE YEAR	<u>\$ 1,928,869</u>	<u>\$ 2,447,556</u>

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

BES ENGINEERING CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(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 parent company only financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Corporation’s board of directors on March 13, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Corporation’s accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the parent company only financial statements were authorized for issue, the Corporation has assessed that the application of above standards and interpretations will not have a material impact on the Corporation’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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
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 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the parent company only financial statements were authorized for issue, the Corporation is continuously assessing the possible impact of the application of other standards and interpretations on the Corporation’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- 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 plans 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 parent company only 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 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 parent company only 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 land owner 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 and 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 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 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 parent company only 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 IFRS Accounting Standards 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 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. 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:

- i) 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 receivables 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 by the Bureau of Industrial Parks, Ministry of Economic Affairs 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, except 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 parent company only balance sheets as a liability under contract liabilities. Amounts billed for work performed but not yet paid by customers are included in the parent company only 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 parent company only 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 parent company only 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 rereasurement) 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 (recoverable) 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. MATERIAL 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

	<u>December 31</u>	
	2023	2022
Cash on hand	\$ 5,034	\$ 4,426
Checking accounts and demand deposits	<u>1,923,835</u>	<u>2,443,130</u>
	<u>\$ 1,928,869</u>	<u>\$ 2,447,556</u>

The market rate intervals of bank deposits at the end of the reporting period was as follows:

	<u>December 31</u>	
	2023	2022
Bank deposits	0.005%-0.580%	0.005%-0.455%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	<u>December 31</u>	
	2023	2022
<u>Financial assets at FVTPL</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>\$ 4,248</u>	<u>\$ 4,142</u>

The appropriations of earnings for 2021 were approved by Core Pacific City Co., Ltd.'s ("Core Pacific City") 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	\$ 21,321
Less: Fair value of retained investment (15.34%)	<u>(21,385)</u>
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

	<u>December 31</u>	
	2023	2022
<u>Current</u>		
Domestic investments		
Listed shares	<u>\$ 556,406</u>	<u>\$ 893,093</u>
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 1,788,277	\$ 1,808,411
Unlisted shares	<u>113,162</u>	<u>104,762</u>
	<u>\$ 1,901,439</u>	<u>\$ 1,913,173</u>

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months (a)	\$ 1,372,909	\$ 1,376,737
Others (b)	<u>2,820,321</u>	<u>2,421,229</u>
	<u>\$ 4,193,230</u>	<u>\$ 3,797,966</u>

a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.175%-1.600% and 0.002%-1.450% per annum as of December 31, 2023 and 2022, 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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Construction receivables	<u>\$ 4,034,845</u>	<u>\$ 2,603,165</u>

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, net was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Not past due	<u>\$ 4,034,845</u>	<u>\$ 2,603,165</u>

The above aging schedule was based on the past due days from the invoice date.

11. ACCOUNTS RECEIVABLE ON THE DEVELOPMENT OF INDUSTRIAL DISTRICTS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Chung Hua Coastal Industrial Park	\$ 897,375	\$ 971,231
Yunlin Technology-based Industrial Park	7,390	147
Other industrial districts	<u>1,906,856</u>	<u>1,926,669</u>
	<u>\$ 2,811,621</u>	<u>\$ 2,898,047</u>

The Corporation's development costs (including interest) amounted to \$1,433,795 thousand in 2023 and \$3,500,381 thousand in 2022, and the amounts collected were \$1,520,221 thousand in 2023 and \$6,679,537 thousand in 2022.

The Corporation's receivables on the development of industrial districts are mainly funded by advanced cash and interest from the Bureau of Industrial Parks, 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 Bureau of Industrial Parks, 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 Bureau of Industrial Parks, 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.

12. BUILDINGS AND LAND HELD FOR SALE, NET AND CONSTRUCTION IN PROGRESS

	Buildings and Land Held for Sale, Net	Construction in Progress		
		Cost of Land	Cost of Construction	Total
<u>December 31, 2023</u>				
Self-construction on self-possessed land	\$ 410,062	\$ 1,244,634	\$ 5,739,619	\$ 6,984,253
Joint construction	11,368,881	115,830	3,453,680	3,569,510
Undefined use	<u>-</u>	<u>25,236</u>	<u>-</u>	<u>25,236</u>
	<u>\$ 11,778,943</u>	<u>\$ 1,385,700</u>	<u>\$ 9,193,299</u>	<u>\$ 10,578,999</u>
<u>December 31, 2022</u>				
Self-construction on self-possessed land	\$ 410,062	\$ 1,244,634	\$ 1,510,060	\$ 2,754,694
Joint construction	11,419,406	115,830	2,067,198	2,183,028
Undefined use	<u>-</u>	<u>25,236</u>	<u>-</u>	<u>25,236</u>
	<u>\$ 11,829,468</u>	<u>\$ 1,385,700</u>	<u>\$ 3,577,258</u>	<u>\$ 4,962,958</u>

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, 2023 and 2022.

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 for Yan Shou Public Housing located on land numbers 57-13 and 57 in the Baoqing Section, Taipei City.

- a. 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. As of December 31, 2023, the interior and exterior decorations were still in progress.

- b. The Corporation 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, and as of December 31, 2023, the construction of the sheet piling work was still in progress.

In 2015, the Corporation started to process 3 urban renewal plans located on the land, plot number 316, in the Nangang Section, Taipei City. The application of the urban renewal business plans was completed in June 2015 and the approval was received in October 2020. The public hearing of the transfer of ownership rights was held on November 28, 2020, and the house selection was completed in January 2021. The public hearing was held on May 20, 2022, and the approval letter was received on July 11, 2023. As of December 31, 2023, the relocation was still in progress.

The land development plan for 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; the construction license was approved on June 24, 2023. On August 14, 2023, the beam erection ceremony was held, and as of December 31, 2023, the structural work was still in progress.

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 the New Taipei City Government was signed on December 24, 2021; the application for the change of scope was submitted to the Bureau of Finance in December 2022. The house selection was completed on October 25, 2023. As of December 31, 2023, the application was submitted for the urban renewal business plans and transfer of ownership rights.

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; The application of the urban renewal business plans was completed on February 24, 2023, and as of December 31, 2023, the house selection was completed.

The Corporation was awarded a tender for the 14 urban renewal plans located on the land in No. 956, Gongguan Section, Banqiao District, New Taipei City, on July 28, 2023. The contract with the National Housing and Urban Regeneration Center was signed on October 25, 2023, and as of December 31, 2023, the plan for the transfer of ownership rights was still in progress.

The Corporation was awarded a tender for the 2 urban renewal plans located on the land in No. 246, Subsection 2, Daan Section, Da'an District, Taipei City, in September 2023. As of December 31, 2023, the public hearing of the urban renewal business plans was held.

As of December 31, 2023 and 2022, the interest expense before capitalization was \$379,638 thousand and \$228,232 thousand, respectively; the capitalized construction interest was \$153,853 thousand and \$52,456 thousand, respectively; the capitalization rates per annum were 2.643%-2.658% and 2.053%-2.072%, 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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Investment in subsidiaries	\$ 4,946,992	\$ 4,399,743
Investment in associates	<u>23,893</u>	<u>48,739</u>
	<u>\$ 4,970,885</u>	<u>\$ 4,448,482</u>

a. Investment in subsidiaries

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Unlisted ordinary shares</u>		
Core Pacific World Co., Ltd.	\$ 1,404,066	\$ 1,742,545
BES Machinery Co., Ltd.	-	-
BES Investment Company Ltd.	1,634,210	1,336,679
BES Logistics International Co., Ltd.	722,187	730,805
Core Asia Human Resource Management Corporation	89,037	90,345
Cinemark-Core Pacific, Ltd.	318,373	157,468
Chung Kung Safeguarding & Security Corp.	53,257	52,522
BES Construction Corporation (U.S.A.)	26,811	26,918
BES Global Investment Co.	17,132	17,488
BESM Holding Co., Ltd.	241,534	244,973
Huading Enterprise Co., Ltd.	<u>440,385</u>	<u>-</u>
	<u>\$ 4,946,992</u>	<u>\$ 4,399,743</u>

	<u>Proportion of Ownership and Voting Rights</u>	
	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Name of Subsidiaries		
Core Pacific World Co., Ltd.	99.95%	99.95%
BES Machinery Co., Ltd. (Notes 1 and 2)	-	-
BES Investment Company Ltd.	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. (Notes 2 and 3)	91.76%	78.14%
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%
BESM Holding Co., Ltd. (Note 2)	100.00%	100.00%
Huading Enterprise Co., Ltd. (Note 4)	90.00%	-

Note 1: In view of Corporation's organizational adjustment, the board of directors resolved to merge with BES Machinery Co., Ltd. in accordance with the Business Mergers and Acquisitions Act on December 29, 2021. The record date of the merger was March 25, 2022. After the merger, the Corporation was the surviving corporation. Refer to the consolidated financial statements for the year ended December 31, 2023, in Note 31.

Note 2: 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.

Note 3: On March 21, 2023, the Corporation subscribed for additional new shares of Cinemark-Core Pacific, Ltd. by \$200,000 thousand at a percentage different from its existing ownership percentage, resulting in its continuing interest increasing from 78.14% to 91.76%. Please refer to Note 31 in the consolidated financial statements for the year ended December 31, 2023.

Note 4: On May 10, 2023, the board of directors of the Corporation resolved to establish Huading Enterprise Co., Ltd. The registration of establishment of Huading Enterprise Co., Ltd. was completed in June 2023. The Corporation held 90% of the equity and exercised control; therefore, the Corporation accounts for it as a subsidiary. Additionally, the Corporation subscribed to additional new shares of Huading Enterprise Co., Ltd. in 2023 for \$90 thousand at its existing ownership percentage.

b. Investment in associates

	December 31	
	2023	2022
Associates that are not individually material	<u>\$ 23,893</u>	<u>\$ 48,739</u>

Aggregate information of joint ventures that are not individually material:

	For the Year Ended December 31	
	2023	2022
The Corporation's share of:		
Gain (loss) for the year	\$ (24,332)	\$ 18,494
Other comprehensive loss	<u>(514)</u>	<u>(1,063)</u>
Total comprehensive income for the year	<u>\$ (24,846)</u>	<u>\$ 17,431</u>

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 parent company only financial statements are shown below:

	December 31	
	2023	2022
<u>Assets</u>		
Cash	\$ 13,941	\$ 67,162
Construction receivables	-	10,997
Contract assets - current	-	85,928
Other current assets	-	<u>2</u>
	<u>\$ 13,941</u>	<u>\$ 164,089</u>
<u>Liabilities</u>		
Trade payables	\$ 3,702	\$ 702
Accrued expenses	-	269
Contract liabilities - current	28,780	77,110
Other current liabilities	<u>3,708</u>	<u>3,535</u>
	<u>\$ 36,190</u>	<u>\$ 81,616</u>
For the Year Ended December 31		
	2023	2022
Construction revenue	<u>\$ 19,360</u>	<u>\$ 60,042</u>
Construction cost	<u>\$ 17,928</u>	<u>\$ 56,020</u>
Interest income	<u>\$ 274</u>	<u>\$ 86</u>

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:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash	\$ 40,699	\$ 3,179
Construction receivables	3,124	14,672
Refundable deposits	721	65
Other current assets	<u>68,806</u>	<u>2,747</u>
	<u>\$ 113,350</u>	<u>\$ 20,663</u>
<u>Liabilities</u>		
Trade payables	\$ 3,037	\$ 35
Accrued expenses	8	4
Contract liabilities - current	92,783	3,144
Other current liabilities	<u>8</u>	<u>8</u>
	<u>\$ 95,836</u>	<u>\$ 3,191</u>
	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Construction revenue	<u>\$ 165,200</u>	<u>\$ 13,401</u>
Construction cost	<u>\$ 162,910</u>	<u>\$ 13,308</u>
Interest income	<u>\$ 139</u>	<u>\$ 9</u>

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Property under Construction	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 2,197,639	\$ 547,759	\$ 155,233	\$ 68,022	\$ 9	\$ 2,968,662
Additions	-	1,677	23,666	6,828	8,196	40,367
Disposals	-	(38,826)	(8,005)	(2,192)	-	(49,023)
Transfers from investment 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	<u>(40,883)</u>	<u>(148,620)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(189,503)</u>
Balance at December 31, 2022	<u>\$ 2,712,588</u>	<u>\$ 445,169</u>	<u>\$ 714,056</u>	<u>\$ 87,169</u>	<u>\$ 8,205</u>	<u>\$ 3,967,187</u>

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Property under Construction	Total
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ 287	\$ 373,897	\$ 125,389	\$ 52,701	\$ -	\$ 552,274
Depreciation expense	299	14,647	24,018	6,723	-	45,687
Disposals	-	(38,826)	(7,192)	(1,973)	-	(47,991)
Transfers from investment 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>	<u>\$ 280,048</u>	<u>\$ 584,564</u>	<u>\$ 66,773</u>	<u>\$ -</u>	<u>\$ 931,971</u>
Balance at December 31, 2022, net	<u>\$ 2,712,002</u>	<u>\$ 165,121</u>	<u>\$ 129,492</u>	<u>\$ 20,396</u>	<u>\$ 8,205</u>	<u>\$ 3,035,216</u>
<u>Cost</u>						
Balance at January 1, 2023	\$ 2,712,588	\$ 445,169	\$ 714,056	\$ 87,169	\$ 8,205	\$ 3,967,187
Additions	-	-	172,745	10,798	3,633	187,176
Disposals	-	-	(11,993)	(1,981)	-	(13,974)
Reclassifications	-	7,327	-	-	(7,327)	-
Balance at December 31, 2023	<u>\$ 2,712,588</u>	<u>\$ 452,496</u>	<u>\$ 874,808</u>	<u>\$ 95,986</u>	<u>\$ 4,511</u>	<u>\$ 4,140,389</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ 586	\$ 280,048	\$ 584,564	\$ 66,773	\$ -	\$ 931,971
Depreciation expense	237	13,246	34,672	7,013	-	55,168
Disposals	-	-	(10,501)	(1,854)	-	(12,355)
Balance at December 31, 2023	<u>\$ 823</u>	<u>\$ 293,294</u>	<u>\$ 608,735</u>	<u>\$ 71,932</u>	<u>\$ -</u>	<u>\$ 974,784</u>
Balance at December 31, 2023, net	<u>\$ 2,711,765</u>	<u>\$ 159,202</u>	<u>\$ 266,073</u>	<u>\$ 24,054</u>	<u>\$ 4,511</u>	<u>\$ 3,165,605</u>

(Concluded)

No impairment assessment was performed for the years ended December 31, 2023 and 2022 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	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 40,355	\$ 37,813
Buildings	33,974	52,848
Transportation equipment	<u>39,297</u>	<u>26,478</u>
	<u>\$ 113,626</u>	<u>\$ 117,139</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 46,655</u>	<u>\$ 81,117</u>
Decrease in right-of-use assets	<u>\$ 631</u>	<u>\$ 4,837</u>
Depreciation charge for right-of-use assets		
Land	\$ 5,577	\$ 6,729
Buildings	22,973	16,907
Transportation equipment	<u>20,987</u>	<u>16,262</u>
	<u>\$ 49,537</u>	<u>\$ 39,898</u>

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 51,061</u>	<u>\$ 42,178</u>
Non-current	<u>\$ 64,981</u>	<u>\$ 76,728</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Land	2.10%-2.72%	2.10%-2.72%
Buildings	2.10%-2.36%	2.10%-2.40%
Transportation equipment	2.10%-2.72%	2.10%-2.72%

c. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 17.

	<u>For the Year Ended December 31</u>	
	2023	2022
Expenses relating to short-term leases	<u>\$ 10,918</u>	<u>\$ 5,879</u>
Expenses relating to low-value asset leases	<u>\$ 473</u>	<u>\$ -</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 134,854</u>	<u>\$ 132,096</u>
Total cash outflow for leases	<u>\$ (198,012)</u>	<u>\$ (179,839)</u>

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
<u>Cost</u>	
Balance at January 1, 2022	\$ 1,189,032
Disposals	(3,447)
Transfers from property, plant and equipment	189,503
Transfers to property, plant and equipment	<u>(232,119)</u>
Balance at December 31, 2022	<u>\$ 1,142,969</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2022	\$ 183,321
Disposals	(3,447)
Transfers from property, plant and equipment	93,519
Depreciation expense	4,845
Transfers to property, plant and equipment	<u>(4,112)</u>
Balance at December 31, 2022	<u>\$ 274,126</u>
Balance at December 31, 2022, net	<u>\$ 868,843</u>
<u>Cost</u>	
Balance at January 1, 2023	<u>\$ 1,142,969</u>
Balance at December 31, 2023	<u>\$ 1,142,969</u>

(Continued)

	Completed Investment Properties
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	\$ 274,126
Depreciation expense	<u>5,864</u>
Balance at December 31, 2023	<u>\$ 279,990</u>
Balance at December 31, 2023, net	<u>\$ 862,979</u> (Concluded)

No impairment assessment was performed for the years ended December 31, 2023 and 2022 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, 2023 and 2022, respectively, was as follows:

	<u>December 31</u>	
	2023	2022
Not later than 1 year	\$ 91,821	\$ 98,713
Later than 1 year and not later than 5 years	<u>55,392</u>	<u>72,600</u>
	<u>\$ 147,213</u>	<u>\$ 171,313</u>

The fair values of investment properties were arrived at on the basis of valuations carried out as of December 2023 and 2022 by independent and qualified professional appraiser. The fair values are shown below:

	<u>December 31</u>	
	2023	2022
Fair value	<u>\$ 6,486,290</u>	<u>\$ 5,591,520</u>

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Secured borrowings</u>		
Bank loans	\$ 4,781,000	\$ 4,089,000
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>1,000,000</u>	<u>514,000</u>
	<u>\$ 5,781,000</u>	<u>\$ 4,603,000</u>

The short-term borrowings were pledged by some of the Corporation's bank deposits, shares held by the Corporation, time deposits, 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 2.270%-2.983% and 2.050%-2.850% per annum at December 31, 2023 and 2022, respectively.

b. Short-term bills payable

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Commercial paper	\$ 1,462,300	\$ 1,051,000
Less: Unamortized discounts on bills payable	<u>(340)</u>	<u>(949)</u>
	<u>\$ 1,461,960</u>	<u>\$ 1,050,051</u>

Outstanding short-term bills payable were as follows:

December 31, 2023

Promissory Institution	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	Carrying Value of Collateral
<u>Commercial paper</u>						
Mega Bills Finance	\$ 714,000	\$ 107	\$ 713,893	2.710%	Land and building	\$ 1,864,733
Mega Bills Finance	450,000	68	449,932	2.710%	Land and building	495,105
Taiwan Finance Corporation	<u>298,300</u>	<u>165</u>	<u>298,135</u>	2.850%	Land and building	892,214
	<u>\$ 1,462,300</u>	<u>\$ 340</u>	<u>\$ 1,461,960</u>			

December 31, 2022

Promissory Institution	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	Carrying Value of Collateral
<u>Commercial paper</u>						
Mega Bills Finance	\$ 500,000	\$ 305	\$ 499,695	2.4400%	Note 1	Note 1
Mega Bills Finance	237,000	264	236,736	2.5000%	Note 1	Note 1
Taiwan Finance Corporation	<u>314,000</u>	<u>380</u>	<u>313,620</u>	2.7200%	Note 2	Note 2
	<u>\$ 1,051,000</u>	<u>\$ 949</u>	<u>\$ 1,050,051</u>			

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.

The short-term bills payable were pledged by listed stocks held by the Corporation, buildings and land held for sale, freehold land and buildings. (Refer to Note 32)

c. Long-term borrowings

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Secured borrowings</u>		
Bank loans	\$ 5,718,177	\$ 4,368,394
<u>Unsecured borrowings</u>		
Bank loans	<u>4,874,939</u>	<u>1,403,648</u>
	10,593,116	5,772,042
Less: Current portion	<u>(623,699)</u>	<u>(37,948)</u>
Long-term borrowings	<u>\$ 9,969,417</u>	<u>\$ 5,734,094</u>

The long-term borrowings were pledged by some of the Corporation's bank deposits, construction in progress, freehold land and buildings and time deposits. (Refer to Note 32)

As of December 31, 2023 and 2022, the effective annual interest rate ranges were 2.240%-3.132% and 2.115%-2.820%, respectively.

19. TRADE PAYABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Trade payables</u>		
Operating	<u>\$ 6,361,319</u>	<u>\$ 4,288,029</u>

Accounts payable classified as construction retainage received was \$2,260,585 thousand as of December 31, 2023 and \$1,979,288 thousand as of December 31, 2022. 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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Litzer Industrial District	\$ 3,095	\$ 2,400
Other Industrial Districts	<u>15,963</u>	<u>15,963</u>
	<u>\$ 19,058</u>	<u>\$ 18,363</u>

Accounts payable (receivable) for the development of industrial districts amounted to \$1,632 thousand in 2023 and \$37,598 thousand in 2022. The input costs were \$937 thousand in 2023 and \$5,589 thousand in 2022. The amount of the balance paid in 2022 was \$1,995,329 thousand.

21. PROVISIONS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Warranties	<u>\$ 505,734</u>	<u>\$ 492,541</u>
<u>Non-current</u>		
Long-term provision for the judgment of legal procedures	<u>\$ 930,278</u>	<u>\$ 971,846</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 both 7% for the years ended December 2023 and 2022) 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 parent company only balance sheets in respect of the Corporation’s defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 244,250	\$ 270,716
Fair value of plan assets	<u>(247,062)</u>	<u>(262,099)</u>
Net defined benefit liabilities (assets)	<u>\$ (2,812)</u>	<u>\$ 8,617</u>

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, 2022	\$ 271,058	\$ (190,393)	\$ 80,665
Service cost			
Current service cost	5,819	-	5,819
Net interest expense (income)	<u>1,915</u>	<u>(1,352)</u>	<u>563</u>
Recognized in profit or loss	<u>7,734</u>	<u>(1,352)</u>	<u>6,382</u>
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	<u>12,576</u>	<u>-</u>	<u>12,576</u>
Recognized in other comprehensive income	<u>1,551</u>	<u>(17,314)</u>	<u>(15,763)</u>
Contributions from the employer	<u>-</u>	<u>(67,832)</u>	<u>(67,832)</u>
Benefits paid	<u>(33,148)</u>	<u>32,861</u>	<u>(287)</u>
Business combination acquisition	<u>23,521</u>	<u>(18,069)</u>	<u>5,452</u>
Balance at December 31, 2022	<u>\$ 270,716</u>	<u>\$ (262,099)</u>	<u>\$ 8,617</u>
Balance at January 1, 2023	<u>\$ 270,716</u>	<u>\$ (262,099)</u>	<u>\$ 8,617</u>
Service cost			
Current service cost	5,526	-	5,526
Net interest expense (income)	<u>3,217</u>	<u>(3,154)</u>	<u>63</u>
Recognized in profit or loss	<u>8,743</u>	<u>(3,154)</u>	<u>5,589</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (1,918)	\$ (1,918)
Actuarial loss			
Changes in financial assumptions	919	-	919
Experience adjustments	<u>9,059</u>	<u>-</u>	<u>9,059</u>
Recognized in other comprehensive income	<u>9,978</u>	<u>(1,918)</u>	<u>8,060</u>
Contributions from the employer	<u>-</u>	<u>(17,555)</u>	<u>(17,555)</u>
Benefits paid	<u>(45,187)</u>	<u>37,664</u>	<u>(7,523)</u>
Balance at December 31, 2023	<u>\$ 244,250</u>	<u>\$ (247,062)</u>	<u>\$ (2,812)</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 31	
	2023	2022
Operating costs	\$ 4,540	\$ 5,220
General and administrative expenses	1,010	1,118
Research and development expenses	<u>39</u>	<u>44</u>
	<u>\$ 5,589</u>	<u>\$ 6,382</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 Corporation 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	
	2023	2022
Discount rate(s)	1.20%	1.25%
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	
	2023	2022
Discount rate(s)		
0.25% increase	<u>\$ (4,544)</u>	<u>\$ (4,921)</u>
0.25% decrease	<u>\$ 4,670</u>	<u>\$ 5,063</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 4,621</u>	<u>\$ 5,013</u>
0.25% decrease	<u>\$ (4,520)</u>	<u>\$ (4,897)</u>

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	
	2023	2022
Expected contributions to the plans for the next year	<u>\$ 6,386</u>	<u>\$ 7,146</u>
Average duration of the defined benefit obligation	7 years	7 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, 2023		
	Due Within One Year	Due After One Year	Total
<u>Assets</u>			
Financial assets at amortized cost - current	\$ 921,028	\$ 565,887	\$ 1,486,915
Construction receivables	3,573,648	461,197	4,034,845
Contract assets - current	757,396	4,180,782	4,938,178
Accounts receivable on the development of industrial districts	-	2,811,621	2,811,621
Inventories	213,921	-	213,921
Buildings and land held for sale, net	1,009,424	10,769,519	11,778,943
Construction in progress	-	10,578,999	10,578,999
Refundable deposits on construction contracts	<u>22,371</u>	<u>32,404</u>	<u>54,775</u>
	<u>\$ 6,497,788</u>	<u>\$ 29,400,409</u>	<u>\$ 35,898,197</u>
<u>Liabilities</u>			
Notes payable	\$ 13,367	\$ -	\$ 13,367
Trade payables	5,447,736	913,583	6,361,319
Contract liabilities - current	2,341,917	1,200,044	3,541,961
Accounts payable for the development of industrial districts	-	19,058	19,058
Provisions - current	61,719	444,015	505,734
Guarantee deposits on construction contracts	<u>456,918</u>	<u>304,612</u>	<u>761,530</u>
	<u>\$ 8,321,657</u>	<u>\$ 2,881,312</u>	<u>\$ 11,202,969</u>

	December 31, 2022		
	Due Within One Year	Due After 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	-	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	<u>117,939</u>	<u>24,223</u>	<u>142,162</u>
	<u>\$ 6,324,313</u>	<u>\$ 20,329,939</u>	<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	<u>362,547</u>	<u>212,925</u>	<u>575,472</u>
	<u>\$ 5,321,949</u>	<u>\$ 2,215,726</u>	<u>\$ 7,537,675</u>

24. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands of shares)	<u>3,000,000</u>	<u>3,000,000</u>
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>	<u>1,530,899</u>
Shares issued	<u>\$ 15,308,998</u>	<u>\$ 15,308,998</u>

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
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	10,115	758
Changes in net equity of associates accounted for using the equity method	4,094	4,094
Donations	89	89
<u>May only be used to offset a deficit (2)</u>		
Changes in percentage of ownership interests in subsidiaries	12,535	19
Others	<u>56,430</u>	<u>56,430</u>
	<u>\$ 96,521</u>	<u>\$ 74,648</u>

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 2022 and 2021, which had been approved in the Corporation's shareholders' meetings on June 7, 2023 and May 31, 2022, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	<u>\$ 83,937</u>	<u>\$ 295,784</u>
Cash dividends	<u>\$ 805,254</u>	<u>\$ 817,500</u>
Cash dividends per share (NT\$)	\$ 0.526	\$ 0.534

The appropriations of earnings for 2023, which had been proposed by the Corporation's board of directors on March 13, 2024, were as follows:

	For the Year Ended December 31, 2023
Legal reserve	<u>\$ 84,805</u>
Cash dividends	<u>\$ 796,068</u>
Cash dividends per share (NT\$)	\$ 0.520

The appropriations of earnings for 2023 is subject to the resolution of the shareholders in the shareholders' meeting to be held on May 31, 2024.

d. Special reserve

On first-time adoption of IFRS Accounting Standards, 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 IFRS Accounting Standards 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	
	2023	2022
Balance at January 1	\$ (180,793)	\$ (336,052)
Recognized for the year		
Share from associates accounted for using the equity method	(36,762)	155,544
Actual acquisition of interests in subsidiaries	(1,205)	(285)
Changes in percentage of ownership interests in subsidiaries	<u>(1,926)</u>	<u>-</u>
Balance at December 31	<u>\$ (220,686)</u>	<u>\$ (180,793)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (296,350)	\$ 112,261
Recognized for the year		
Unrealized gain (loss) - equity instruments	63,890	(260,952)
Share from associates accounted for using the equity method	(2,220)	(142,761)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(229,720)	(4,629)
Actual acquisition of interests in subsidiaries	<u>(689)</u>	<u>(269)</u>
Balance at December 31	<u>\$ (465,089)</u>	<u>\$ (296,350)</u>

25. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Construction contract revenue	\$ 17,227,199	\$ 13,473,803
Revenue from sell of properties	350,526	250,194
Revenue from the rendering of services	116,865	47,400
Other operating revenue	<u>38,238</u>	<u>112,040</u>
	<u>\$ 17,732,828</u>	<u>\$ 13,883,437</u>

Contract Balances

	December 31, 2023	December 31, 2022	January 1, 2022
Construction receivables	<u>\$ 4,034,845</u>	<u>\$ 2,603,165</u>	<u>\$ 2,286,738</u>
Contract assets			
Amounts due from customers for construction contracts	\$ 2,770,617	\$ 733,340	\$ 792,572
Deposits under construction contracts for construction receivables	<u>2,167,561</u>	<u>1,765,201</u>	<u>1,666,471</u>
	<u>\$ 4,938,178</u>	<u>\$ 2,498,541</u>	<u>\$ 2,459,043</u>
Contract liabilities			
Amounts due to customers for construction contracts	\$ 3,339,726	\$ 2,065,899	\$ 2,627,413
Pre-construction sale	<u>202,235</u>	<u>94,363</u>	<u>106,965</u>
	<u>\$ 3,541,961</u>	<u>\$ 2,160,262</u>	<u>\$ 2,734,378</u>

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Financial assets at amortized cost	\$ 15,847	\$ 7,646
Bank deposits	5,089	1,858
Others	<u>17,875</u>	<u>30,846</u>
	<u>\$ 38,811</u>	<u>\$ 40,350</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2023	2022
Rental income	\$ 89,186	\$ 77,817
Dividends	16,455	2,427,807
Others	<u>457</u>	<u>14,571</u>
	<u>\$ 106,098</u>	<u>\$ 2,520,195</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Loan application fee	\$ (97,628)	\$ (114,590)
Reversal of compensation loss	43,411	13,721
Gain (loss) on disposal of property, plant and equipment	10,719	(839)
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	106	(2,333,852)
Gain on lease modification	-	85
Others	<u>10,544</u>	<u>(86,535)</u>
	<u>\$ (32,848)</u>	<u>\$ (2,522,010)</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank overdrafts and loans	\$ 223,943	\$ 174,158
Interest on lease liabilities	1,297	1,182
Interest expense incurred on contracts with customers	<u>545</u>	<u>436</u>
	<u>\$ 225,785</u>	<u>\$ 175,776</u>

Refer to Note 12 for information about capitalized interest.

e. Depreciation

	For the Year Ended December 31	
	2023	2022
An analysis of amortization by function		
Operating costs	\$ 76,058	\$ 57,174
Operating expenses	<u>28,647</u>	<u>28,411</u>
	<u>\$ 104,705</u>	<u>\$ 85,585</u>

The depreciation of investment properties, which was recognized in other income - rental income, was \$5,864 thousand and \$4,845 thousand in 2023 and 2022, respectively.

f. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2023	2022
Direct operating expenses of investment properties generating rental income	<u>\$ 2,722</u>	<u>\$ 3,295</u>

g. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2023	2022
Short-term benefits	\$ 1,179,543	\$ 916,441
Post-employment benefits		
Defined contribution plan	43,628	34,488
Defined benefit plans	<u>5,589</u>	<u>6,382</u>
	<u>49,217</u>	<u>40,870</u>
Other employee benefits	<u>122,655</u>	<u>97,637</u>
Total employee benefits expense	<u>\$ 1,351,415</u>	<u>\$ 1,054,948</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,169,939	\$ 883,907
Operating expenses	<u>181,476</u>	<u>171,041</u>
	<u>\$ 1,351,415</u>	<u>\$ 1,054,948</u>

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, 2023 and 2022, which were approved by the Corporation's board of directors on March 13, 2024 and March 13, 2023, respectively, were as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	2023	2022
Compensation of employees	2%	2%
Remuneration of directors and supervisors	2%	2%

Amount

	<u>For the Year Ended December 31</u>	
	2023	2022
	Cash	Cash
Compensation of employees	\$ 15,703	\$ 20,959
Remuneration of directors and supervisors	<u>\$ 15,703</u>	<u>\$ 20,959</u>

If there is a change in the amounts after the annual parent company only 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 parent company only financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Corporation's board of directors in 2023 and 2022 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 were as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
Land value increment tax	\$ 5,565	\$ 3,872
Income tax on unappropriated earnings	-	78,162
Adjustments for prior year	<u>4,391</u>	<u>(2,357)</u>
	<u>9,956</u>	<u>79,677</u>
Deferred tax		
In respect of the current year	119,448	101,833
Adjustments for prior year	<u>(364)</u>	<u>3,183</u>
	<u>119,084</u>	<u>105,016</u>
Income tax expense recognized in profit or loss	<u>\$ 129,040</u>	<u>\$ 184,693</u>

A reconciliation of accounting profit and current income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022
Income tax expense calculated at the statutory rate	\$ 150,752	\$ 201,202
Nondeductible expenses in determining taxable income	1,935	466,770
Tax-exempt income	(19,022)	(563,938)
Land value increment tax	5,565	3,872
Income tax on unappropriated earnings	-	78,162
Unrecognized deductible temporary differences	(14,581)	982
Adjustments for prior years' tax	<u>4,391</u>	<u>(2,357)</u>
Income tax expense recognized in profit or loss	<u>\$ 129,040</u>	<u>\$ 184,693</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year - remeasurement of defined benefit plans	<u>\$ (1,612)</u>	<u>\$ 3,153</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, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre hensive Income	Closing Balance
Temporary differences				
Unrealized loss on construction	\$ 203,556	\$ (368)	\$ -	\$ 203,188
Provision for warranties	66,371	2,776	-	69,147
Defined benefit plans	5,816	(2,376)	1,612	5,052
Unrealized loss on doubtful debts	4,526	-	-	4,526
Others	314	64	-	378
Loss carryforwards	<u>135,827</u>	<u>(130,290)</u>	<u>-</u>	<u>5,537</u>
	<u>\$ 416,410</u>	<u>\$ (130,194)</u>	<u>\$ 1,612</u>	<u>\$ 287,828</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre hensive Income	Closing Balance
Temporary differences				
Provision for land value increment tax	\$ 991,342	\$ -	\$ -	\$ 991,342
Foreign investments accounted for using the equity method	<u>25,402</u>	<u>(11,110)</u>	<u>-</u>	<u>14,292</u>
	<u>\$ 1,016,744</u>	<u>\$ (11,110)</u>	<u>\$ -</u>	<u>\$ 1,005,634</u>

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	\$ 206,078	\$ -	\$ (2,522)	\$ -	\$ 203,556
Provision for warranties	60,035	-	6,336	-	66,371
Defined benefit plans	19,984	1,085	(12,100)	(3,153)	5,816
Unrealized loss on doubtful debts	-	-	4,526	-	4,526
Others	373	455	(514)	-	314
Loss carryforwards	<u>250,282</u>	<u>-</u>	<u>(114,455)</u>	<u>-</u>	<u>135,827</u>
	<u>\$ 536,752</u>	<u>\$ 1,540</u>	<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 Comprehensiv e Income	Closing Balance
Temporary differences					
Provision for land value increment tax	\$ 991,342	\$ -	\$ -	\$ -	\$ 991,342
Foreign investments accounted for using the equity method	<u>44,041</u>	<u>(4,926)</u>	<u>(13,713)</u>	<u>-</u>	<u>25,402</u>
	<u>\$1,035,383</u>	<u>\$ (4,926)</u>	<u>\$ (13,713)</u>	<u>\$ -</u>	<u>\$1,016,744</u>

- d. Deductible temporary differences for which no deferred tax assets have been recognized in the parent company only balance sheets

	<u>December 31</u>	
	2023	2022
Deductible temporary differences		
Impairment of assets	\$ 58,118	\$ 58,118
Impairment of financial assets	38,979	38,979
Unrealized loss on lawsuits	<u>-</u>	<u>71,082</u>
	<u>\$ 97,097</u>	<u>\$ 168,179</u>

- e. Information on unused investment credits, unused loss carryforwards and tax-exemptions

Loss carryforwards as of December 31, 2023 comprised:

Unused Amount	Expiry Year
<u>\$ 27,685</u>	2031 (unapproved)

- 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

	<u>For the Year Ended December 31</u>	
	2023	2022
Earnings used in the computation of basic earnings per share	<u>\$ 624,719</u>	<u>\$ 821,315</u>

Weighted Average Number of Ordinary Shares Outstanding

(In Thousands of Shares)

	<u>For the Year Ended December 31</u>	
	2023	2022
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	<u>2,400</u>	<u>3,732</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,533,299</u>	<u>1,534,631</u>

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, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	<u>\$ 4,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,248</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares	\$ 2,344,683	\$ -	\$ -	\$ 2,344,683
Unlisted shares	<u>-</u>	<u>113,162</u>	<u>-</u>	<u>113,162</u>
	<u>\$ 2,344,683</u>	<u>\$ 113,162</u>	<u>\$ -</u>	<u>\$ 2,457,845</u>

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	\$ 2,701,504	\$ -	\$ -	\$ 2,701,504
Unlisted shares	<u>-</u>	<u>104,762</u>	<u>-</u>	<u>104,762</u>
	\$ <u>2,701,504</u>	\$ <u>104,762</u>	\$ <u>-</u>	\$ <u>2,806,266</u>

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	Financial Assets at FVTPL Equity Instruments
Balance at January 1, 2022	\$ 2,354,728
Disposal	(21,321)
Recognized in profit or loss (included in other gains and losses)	<u>(2,333,407)</u>
Balance at December 31, 2022	\$ <u>-</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Unlisted shares	Transaction method of market approach. The approach is a valuation strategy that looks at market ratios 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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 4,248	\$ 4,142
Financial assets at amortized cost (Note 1)	10,282,692	9,047,157
Financial assets at FVTOCI		
Equity instruments	2,457,845	2,806,266
<u>Financial liabilities</u>		
Amortized cost (Note 2)	26,817,395	17,784,035

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, 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 Impact		HKD Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
Equity	\$ 50,237	\$ 52,100	\$ 81,710	\$ 66,834

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	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 1,304,909	\$ 1,301,297
Financial liabilities	1,578,002	1,168,957
Cash flow interest rate risk		
Financial assets	4,746,419	4,910,528
Financial liabilities	16,374,116	10,375,042

The Corporation was exposed to fair value interest rate risk in relation to fixed-rate certificates of deposit, short-term bills payable and lease liabilities.

The Corporation was 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, 2023 and 2022 would decrease by \$116,277 thousand and \$54,645 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 the equity prices had been 5% higher, the Corporation's pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased by \$122,892 thousand and \$140,313 thousand, respectively.

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. 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, 2023 and 2022, the Corporation had available unutilized short-term bank loan facilities were shown as below:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 5,874,939	\$ 1,917,648
Amount unused	<u>6,280,809</u>	<u>4,641,950</u>
	<u>\$ 12,155,748</u>	<u>\$ 6,559,598</u>

(Continued)

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Secured bank overdraft facilities:		
Amount used	\$ 11,961,137	\$ 9,507,445
Amount unused	<u>11,676,000</u>	<u>13,703,000</u>
	<u>\$ 23,637,137</u>	<u>\$ 23,210,445</u>
		(Concluded)

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, 2023

	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
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities		\$ 1,735,221	\$ 2,991,391	\$ 734,448	\$ 799,795	\$ 113,831
Lease liabilities	2.100-2.720	4,569	8,999	37,536	52,771	19,546
Variable interest rate liabilities	2.240-3.132	2,244,895	1,456,438	3,060,288	10,339,256	46,786
Fixed interest rate liabilities	2.710-2.850	<u>1,462,300</u>	-	-	-	-
		<u>\$ 5,446,985</u>	<u>\$ 4,456,828</u>	<u>\$ 3,832,272</u>	<u>\$ 11,191,822</u>	<u>\$ 180,163</u>

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
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities		\$ 1,028,495	\$ 1,657,289	\$ 867,202	\$ 649,767	\$ 88,284
Lease liabilities	2.100-2.720	3,720	7,223	31,249	66,603	18,073
Variable interest rate liabilities	2.050-2.850	23,928	606,418	4,211,928	5,982,965	65,812
Fixed interest rate liabilities	2.440-2.720	<u>1,051,000</u>	-	-	-	-
		<u>\$ 2,107,143</u>	<u>\$ 2,270,930</u>	<u>\$ 5,110,379</u>	<u>\$ 6,699,335</u>	<u>\$ 172,169</u>

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
Yunheyue Agriculture Co., Ltd.	Related party in substance
Sheen Chuen-Chi Cultural & Education Foundation	Related party in substance
Core Pacific Marketing Corporation	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 Company Limited	Subsidiary
Huading Enterprise 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

Line Items	Related Party Categories	December 31	
		2023	2022
Operating revenue	Legal directors of the Corporation Subsidiaries	\$ 38,727	\$ 5,098
		<u>493</u>	<u>411</u>
		<u>\$ 39,220</u>	<u>\$ 5,509</u>
Operating costs	Subsidiaries Related parties of the Corporation	\$ 127,034	\$ 317,347
		<u>3,209</u>	<u>2,830</u>
		<u>\$ 130,243</u>	<u>\$ 320,177</u>
Operating expenses	Related parties in substance Related parties of the Corporation Subsidiaries Legal directors of the Corporation	\$ 11,097	\$ 10,000
		7,466	5,753
		6,244	6,156
		<u>-</u>	<u>220</u>
		<u>\$ 24,807</u>	<u>\$ 22,129</u>

The prices and terms of the transactions with related parties are determined based on the contracts.

c. Receivables from related parties

Line Items	Related Party Categories	December 31	
		2023	2022
Construction receivables	Legal directors of the Corporation	\$ 19,703	\$ 1,240
Other receivables (included in other current assets)	Related parties of the Corporation	\$ 505	\$ 505
	Related parties in substance	-	616
	Subsidiaries	-	43
		<u>\$ 505</u>	<u>\$ 1,164</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for trade receivables from related parties.

d. Payables to related parties

Line Items	Related Party Categories	December 31	
		2023	2022
Trade payables	Subsidiaries	\$ 12,646	\$ 8,585
Accrued expenses	Subsidiaries	\$ 1,963	\$ 1,511
	Related parties of the Corporation	965	965
	Legal directors of the Corporation	650	650
	Related parties in substance	40	-
		<u>\$ 3,618</u>	<u>\$ 3,126</u>

The outstanding trade payables from related parties are unsecured and will be settled in cash.

e. Prepayments (included in other current assets)

Related Party Categories	December 31	
	2023	2022
Related parties in substance	\$ 113,619	\$ -

f. Contract liabilities

The contract liabilities as of December 31, 2023 and 2022, respectively, were as follows:

December 31, 2023

Related Party Name	Engineering Code	Total Amount of Construction	Contract Liabilities
China Petrochemical Development Corporation	A6E	\$ 1,528,593	\$ 30,727

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>

The construction contracts and engineering payment conditions with related parties were made at terms comparable to those with similar unrelated parties.

g. Lease arrangements

Related Party Name	<u>For the Year Ended December 31</u>	
	2023	2022
<u>Acquisition of right-of-use assets</u>		
China Petrochemical Development Corporation	\$ -	\$ 21,574
Glory Construction Co., Ltd.	<u>-</u>	<u>32,598</u>
	<u>\$ -</u>	<u>\$ 54,172</u>

Related Party Name	<u>December 31</u>	
	2023	2022
<u>Lease liabilities</u>		
Yunheyue Agriculture Co., Ltd.	\$ 18,991	\$ 20,528
Glory Construction Co., Ltd.	17,162	27,711
China Petrochemical Development Corporation	<u>9,756</u>	<u>16,897</u>
	<u>\$ 45,909</u>	<u>\$ 65,136</u>

Related Party Name	<u>For the Year Ended December 31</u>	
	2023	2022
<u>Interest expense</u>		
Glory Construction Co., Ltd.	\$ 481	\$ 333
Yunheyue Agriculture Co., Ltd.	463	505
China Petrochemical Development Corporation	286	274
BES Machinery Co., Ltd.	<u>-</u>	<u>20</u>
	<u>\$ 1,230</u>	<u>\$ 1,132</u>

h. 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	<u>Stock</u> China Petrochemical Development	<u>\$ 689,134</u>

Note : The Corporation held individually the abovementioned investments that participated in China Petrochemical Development's seasoned equity offering.

i. Disposal of financial assets

For the year ended December 31, 2022

Related Party Names	Line Item	Number of Shares	Underlying Assets	Disposal Price	Disposal (Loss) Gain
Glory Construction Co., Ltd.	Financial assets at FVTPL	1,538,484	<u>Stock</u> Core Pacific City Co., Ltd.	<u>\$ 21,321</u>	<u>\$ (64)</u>

j. Loans to related parties

As of December 31, 2023, the receivable and interest receivable of the Corporation from associates HRDD Logistics Co., Ltd. were \$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 Corporation recorded an allowance for doubtful accounts of \$22,628 thousand for the above-mentioned in September 2022.

Interest income

Related Party Categories	For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ -	\$ 339
Associates	<u>-</u>	<u>713</u>
	<u>\$ -</u>	<u>\$ 1,052</u>

The Corporation provided with short-term loan at rates comparable to market interest rates.

k. Other transactions with related parties

Interest income, rental revenue and other income are as follows:

Related Party Categories	For the Year Ended December 31	
	2023	2022
Subsidiaries of legal directors of the Corporation	\$ 21,753	\$ 15,297
Related parties in substance	7,512	7,046
Related parties of the Corporation	5,932	5,877
Legal directors of the Corporation	5,664	19,071
Subsidiaries	3,701	1,215
Associates	<u>-</u>	<u>51</u>
	<u>\$ 44,562</u>	<u>\$ 48,557</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 generated from the sale of construction equipment, steel plates, and rent.

Endorsements and guarantees are as follows:

Refundable deposits by related parties

Related Party Categories	December 31	
	2023	2022
Related parties of the Corporation	\$ 637	\$ 637
Related parties in substance	<u>238</u>	<u>-</u>
	<u>\$ 875</u>	<u>\$ 637</u>

Guarantee deposits received by related parties

Related Party Categories	December 31	
	2023	2022
Subsidiaries	<u>\$ 56</u>	<u>\$ 56</u>

Other payables (included in other current liabilities) by related parties

Related Party Categories	December 31	
	2023	2022
Subsidiaries of legal directors of the Corporation	<u>\$ 28,571</u>	<u>\$ 28,571</u>

1. 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	
	2023	2022
Short-term employee benefits	\$ 40,780	\$ 46,141
Post-employment benefits	<u>12,168</u>	<u>-</u>
	<u>\$ 52,948</u>	<u>\$ 46,141</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:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Financial assets at FVTOCI - current	\$ 528,820	\$ 800,401
Financial assets at amortized cost - current	4,078,982	3,469,342
Buildings and land held for sale, net	4,924,977	4,855,276
Construction in progress	1,244,634	1,244,634
Financial assets at FVTOCI - non-current	1,486,750	1,454,089
Property, plant and equipment, net	1,699,286	1,487,667
Investment properties, net	<u>794,632</u>	<u>813,624</u>
	<u>\$ 14,758,081</u>	<u>\$ 14,125,033</u>

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, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Non-monetary items			
Investments accounted for using the equity method			
RMB	\$ 232,204	4.327 (RMB:NTD)	\$ 1,004,746
HKD	415,935	3.929 (HKD:NTD)	1,634,210

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
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

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains were \$928 thousand and \$1,972 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, 2024, the case is still pending in the court.

On October 12, 2023, the Corporation entered into a letter of intent to pre-purchase building and parking spaces with Cloud Network Technology Singapore Pte. Ltd. at a total transaction price of approximately \$7,549,580 thousand. As of March 13, 2024, a sale contract has not yet been signed for the above transaction. The Corporation was received an earnest deposit of \$337,479 thousand (included in guarantee deposits received).

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)

BES ENGINEERING CORPORATION

CONTRACT ASSETS, CONTRACT LIABILITIES AND AMOUNTS DUE TO CUSTOMERS FOR CONSTRUCTION CONTRACTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

Contract assets - amounts due from customers for construction contracts

December 31, 2023

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	\$ 11,083,081	\$ 10,432,926	\$ 4,534,709	30.27	\$ 196,828	\$ 3,583,895	\$ 950,814
B1C	2025	4,274,286	3,910,496	1,967,451	37.26	135,559	1,592,744	374,707
B1D	2029	4,921,084	4,663,765	1,280,525	17.56	45,193	932,992	347,533
A6B-1	2025	3,204,567	3,088,361	2,702,135	73.54	85,458	2,383,424	318,711
B0B	2026	5,657,143	5,231,931	1,240,596	16.66	70,853	942,649	297,947
B1H-1	2026	5,840,421	5,371,139	960,016	12.30	57,717	718,312	241,704
A5C	2024	4,045,280	4,199,542	2,863,624	62.81	(154,262)	2,682,688	180,936
B1E	2026	1,944,445	1,788,209	113,835	4.33	6,765	84,194	29,641
A7D	2023	2,487,369	2,382,229	2,506,679	100.00	105,140	2,487,370	19,309
B2E	2027	4,429,353	4,057,131	10,115	0.02	67	800	9,315
		<u>\$ 47,887,029</u>	<u>\$ 45,125,729</u>	<u>\$ 18,179,685</u>		<u>\$ 549,318</u>	<u>\$ 15,409,068</u>	<u>\$ 2,770,617</u>

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
		<u>\$ 34,888,314</u>	<u>\$ 33,265,149</u>	<u>\$ 10,724,988</u>		<u>\$ 222,714</u>	<u>\$ 9,991,648</u>	<u>\$ 733,340</u>

(Continued)

Contract liabilities - amounts due to customers for construction contracts

December 31, 2023

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	\$ 4,577,950	\$ 4,283,557	\$ 2,340,197	91.40, 32.65	\$ 168,388	\$ 3,042,826	\$ 702,629
A8C	2024	8,843,039	8,340,823	8,032,744	96.05	482,363	8,510,441	477,697
A6E	2024	2,312,393	2,196,754	1,774,426	73.51, 100.00, 100.00, 39.43	93,898	2,059,697	285,271
A9A	2029	13,490,863	12,546,969	3,637,924	27.08	255,597	3,912,034	274,110
A7B-1	2031	10,568,036	9,845,479	2,800,417	28.84	208,371	3,047,586	247,169
A8F-1	2024	4,154,602	3,908,471	3,133,857	79.01	194,468	3,344,274	210,417
A8F-2	2025	1,723,810	1,592,412	571,828	41.54	54,576	715,984	144,156
A6F	2023	1,763,885	1,637,084	1,632,130	100.00	126,801	1,763,885	131,755
A0B	2023	14,150,183	16,331,372	14,033,339	100.00	(2,181,189)	14,150,183	116,844
B0C	2024	2,690,868	2,483,579	999,710	40.75	84,462	1,113,467	113,757
A7B-2	2028	610,089	518,517	125,713	37.25	34,108	227,238	101,525
A6C	2023	3,600,872	3,687,601	3,499,448	99.42	(86,729)	3,581,963	82,515
B2A	2029	4,283,756	3,939,902	51,048	0.90	3,105	124,325	73,277
A8F-3	2023	226,170	203,473	160,753	100.00	22,697	226,170	65,417
B1B-1	2028	4,930,610	4,864,329	70,486	2.68	1,777	132,200	61,714
A7F	2023	3,569,633	3,372,332	3,324,459	94.51	186,463	3,381,784	57,325
A7C	2023	2,079,969	1,958,592	2,042,251	99.96	121,324	2,079,044	36,793
B1F	2025	1,030,885	948,027	109,987	13.93	11,543	143,616	33,629
B1B-2	2027	3,201,697	3,159,875	15,333	1.45	606	46,402	31,069
A7E	2023	1,065,251	994,259	1,036,471	100.00	70,992	1,065,251	28,780
B0A	2025	4,652,352	4,303,168	1,212,393	25.62	89,461	1,236,339	23,946
93C	2023	711,143	850,234	675,960	97.47	(139,091)	693,668	17,708
A6D	2023	2,951,138	2,817,999	2,935,129	99.97	133,092	2,950,137	15,008
B1H-2	2025	65,948	60,648	699	12.00	636	7,914	7,215
A4C	2023	758,642	780,812	758,642	100.00	(22,170)	758,642	-
A6B-2	2023	3,485,574	3,050,564	3,485,574	100.00	435,010	3,485,574	-
		101,499,358	98,676,832	58,460,918		350,559	61,800,644	3,339,726
750		-	-	20,738,595		-	20,738,595	-
		<u>\$ 101,499,358</u>	<u>\$ 98,676,832</u>	<u>\$ 79,199,513</u>		<u>\$ 350,559</u>	<u>\$ 82,539,239</u>	<u>\$ 3,339,726</u>

(Continued)

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	-
		91,473,741	89,423,318	48,879,858		(250,532)	50,945,757	2,065,899
750		-	-	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>	<u>\$ 2,065,899</u>

(Concluded)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Financing 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	Collateral		Maximum Limit for Each Counterparty	Financing Company's Financing Amount Limits	Note
													Item	Value			
0	BES Engineering Corporation	HRDD Logistics Co., Ltd.	Accounts receivable - related party	Y	\$ 21,550	\$ 21,550	\$ 21,550	5	b.	\$ -	Business revolving fund	\$ 21,550	-	\$ -	\$ 898,434 (40% of BES Engineering Corporation's net equity)	\$ 8,984,342 (40% of BES Engineering Corporation's net equity)	Note 2
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	-	-	-	32,940 (40% of Chung Kung Safeguarding & Security Corp.'s net equity)	32,940 (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	7,000	3	b.	-	Business revolving fund	-	-	-	32,940 (40% of Chung Kung Safeguarding & Security Corp.'s net equity)	32,940 (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	-	3	b.	-	Business revolving fund	-	-	-	138,784 (40% of Cinemark-Core Pacific, Ltd.'s net equity)	138,784 (40% of Cinemark-Core Pacific, Ltd.'s net equity)	
		Agora Garden Co., Ltd.	Other receivable	Y	100,000	-	-	3.5	b.	-	Business revolving fund	-	-	-	138,784 (40% of Cinemark-Core Pacific, Ltd.'s net equity)	138,784 (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.

BES ENGINEERING CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		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	Ratio of 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
		Name	Relationship											
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.	\$ 346,960 (Note 2)	\$ 110,000	\$ 110,000	\$ 83,885	\$ 115,331	31.70	\$1,040,881 (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.	497,169 (Note 3)	312,073	312,073	260,000	312,073	62.77	994,339 (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.	493,698 (Note 4)	312,073	312,073	260,000	312,073	63.21	987,395 (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.	205,875 (Note 5)	25,000	25,000	-	-	30.36	247,050 (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.	205,875 (Note 5)	25,000	25,000	2,000	-	30.36	247,050 (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.

BES ENGINEERING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

No.	Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
					Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
0	BES Engineering Corporation	Taishin ESG Emerging Markets Bond Fund	-	Financial assets at FVTPL - current	500,000	\$ 4,248	-	\$ 4,248	Note 1
		Taiwan Business Bank	-	Financial assets at FVTOCI - current	40,613,608	556,406	0.49	556,406	Note 1
		China Petrochemical Development Corporation	Legal directors of the Corporation	Financial assets at FVTOCI - non-current	183,037,540	1,788,277	4.84	1,788,277	Note 1
		Century Development Corporation	-	Financial assets at FVTOCI - non-current	10,633,492	83,366	3.03	83,366	Note 1
		Overseas Investment & Development Corporation	-	Financial assets at FVTOCI - non-current	2,600,000	29,796	2.89	29,796	Note 1
		Zowie Technology Corporation	-	Financial assets at FVTOCI - non-current	6,611	-	0.02	-	
		Fortemedia	-	Financial assets at FVTOCI - non-current	4,137	-	-	-	
		Fortemedia	-	Financial assets at FVTOCI - non-current	62,282	-	-	-	Note 2
1	Core Pacific World Co., Limited	China Petrochemical Development Corporation	Legal directors of the Corporation	Financial assets at FVTOCI - current	30,649,620	299,447	0.81	299,447	Note 1
		Taiwan Business Bank	-	Financial assets at FVTOCI - current	1,467,608	20,106	0.02	20,106	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, 2023; values of unlisted shares were determined by using the fair value measurement as of December 31, 2023.

Note 2: Preference shares.

BES ENGINEERING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					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 Taiwan Business Bank	Financial assets at FVTOCI - current	-	-	68,964,727	\$ 893,093	-	\$ -	29,303,000	\$ 412,311	\$ 182,591	\$ 229,720	40,613,608	\$ 556,406

BES ENGINEERING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Investment Gain (Loss) Recognized	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
BES Engineering Corporation	Core Pacific World Co., Limited BES Investment Company Ltd.	Taipei, Taiwan	Makes investments	\$ 1,530,094	\$ 1,530,094	115,942,000	99.95	\$ 1,404,066	\$ 29,931	\$ 29,917	Investee is a subsidiary
		Unit 1607,16th Floor, Fortress Tower,250 King's Road, North Point, Hong Kong	Overseas construction and equipment sale	1,807,467	1,485,277	59,600,000	100.00	1,634,210	(37,049)	(37,049)	Investee is a subsidiary
	BES Logistics International Co., Ltd. Core Asia Human Resources Management Co., Ltd.	Republic of Mauritius	Makes investments	348,278	348,278	13,995,389	100.00	722,187	4,888	4,888	Investee is a subsidiary
		Taipei, Taiwan	Consultancy on business administration and investments	60,000	60,000	6,000,000	100.00	89,037	3,468	3,468	Investee is a subsidiary
	Chung Kung Safeguarding & Security Corp. Cinemark-Core Pacific, Ltd.	Taipei, Taiwan	Security and related services	38,127	38,127	3,880,000	64.67	53,257	5,335	3,450	Investee is a subsidiary
		Taipei, Taiwan	Movie broadcasting and related businesses	315,380	115,380	29,455,180	91.76	318,373	(50,884)	(45,208)	Investee is a subsidiary
	BES Construction Corporation (U.S.A.)	141 Bennington Court	Develops lands for investments	259,562	259,562	8,509	91.79	26,811	(114)	(104)	Investee is a subsidiary
		McDonough, Georgia 30253, U.S.A.									
	BES Global Investment Co.	4F, Ellen Skelton Building 3076 Sir Francis Drake Highway, Tortola, Bristish Virgin Islands	Overseas construction and equipment sale	51,313	51,313	1,510,100	100.00	17,132	(35)	(35)	Investee is a subsidiary
	BA & BES Contracting (L.L.C.) BESM Holding Co., Ltd.	P.O. Box 92237, Dubai-UAE	Engineering and construction	10,696	10,696	1,200,000	40.00	-	-	-	
Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands		Holds investments	162,163	162,163	5,075,000	100.00	241,534	1,079	1,079	Investee is a subsidiary	
Huading Enterprise Co., Ltd.	Taipei, Taiwan	Urban renewal reconstruction	441,090	-	44,109,000	90.00	440,385	(783)	(705)	Investee is a subsidiary	
Core Pacific World Co., Limited	Chinese City International Investment Co., Ltd. Zhong Hua Cheng Development Co., Ltd.	Republic of Mauritius	Consulting	330,714	330,714	9,500,000	100.00	505,888	21,222	21,222	Investee is a subsidiary
		Republic of Mauritius	Consulting	330,714	330,714	9,500,000	100.00	502,332	22,411	22,411	Investee is a subsidiary
BES Investment Company Ltd.	Wei-Jing Holdings Ltd. BES Construction Corporation (U.S.A.)	B.V.I.	Holds investments	463,104	463,104	14,400,000	44.67	454,023	(73,203)	(32,699)	Investee is a subsidiary
		141 Bennington Court	Develops lands for investments	25,724	25,724	761	8.21	2,398	(114)	(10)	Investee is a subsidiary
	McDonough, Georgia 30253, U.S.A.										
	Global BES Engineering (Myanmar) Co., Ltd.	NO.153 / KA,Kyun Shwe Myaing Lane (2), 23 Ward, (Thuwanna), Thingangyun Township, Yangon, Myanmar	Engineering and construction	15,478	15,478	500,000	100.00	16,292	(512)	(512)	Investee is a subsidiary
BES Engineering Vietnam Company Limited	84 PHAN KHIEM ICH, P TAN PHONG, QUAN 7, TP HO CHI MINH, VIET NAM.	Engineering and construction	1,048,410	726,220	-	60.00	1,095,827	1,135	(3,637)	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	15,293	6,095	6,095	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	Business management consulting and running parking lots	10,000	10,000	-	100.00	14,619	427	427	Investee is a subsidiary
		Taipei, Taiwan	Manages apartment maintenance and renders related services	3,700	3,700	-	37.00	4,200	(666)	(246)	Investee is a subsidiary
Cinemark-Core Pacific, Ltd.	Cinemark-Core (Hong Kong) Pacific Ltd.	FLATB 3/F WING CHBONG COMMERCIAL BOILDING 19-25 JERVOIS STREET SHEVNG WAN HK	Hold investment	246,729	246,729	61,503,000	49.60	92,800	(18,734)	(9,292)	
		Taipei, Taiwan	Movie broadcasting and retail sale of rood products and groceries	150,183	150,183	25,000	100.00	(60,553)	(21,836)	(21,836)	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	7,151	(666)	(420)	Investee is a subsidiary

BES ENGINEERING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					Outward	Inward						
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)	\$ 12,718 (RMB 2,893 thousand)	39.20	\$ 4,985 (RMB 1,134 thousand)	\$ 767,091 (RMB 177,280 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)	22,805 (RMB 5,188 thousand)	100.00	22,805 (RMB 5,188 thousand)	493,698 (RMB 114,097 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)	21,614 (RMB 4,917 thousand)	100.00	21,614 (RMB 4,917 thousand)	497,169 (RMB 114,899 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)	12,718 (RMB 2,893 thousand)	9.80	1,246 (RMB 284 thousand)	191,773 (RMB 44,300 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)	(9) (RMB (2) thousand)	49.60	(4) (RMB (1) thousand)	(483) (RMB (112) 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)	(9,133) (RMB (2,078) thousand)	24.30	(2,219) (RMB (505) thousand)	25,991 (RMB 6,007 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)	(103,058) (RMB (23,444) thousand)	23.61	(24,332) (RMB (5,535) thousand)	23,893 (RMB 5,522 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)	(16,125) (RMB (3,668) thousand)	49.60	(7,998) (RMB (1,819) thousand)	38,775 (RMB 8,961 thousand)	

Investor Company Name	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investment
BES Engineering Corporation	US\$ 12,103 thousand RMB 74,900 thousand	US\$ 23,809 thousand	NT\$ 13,979,233
Core Pacific World Co., Limited	US\$ 18,000 thousand	US\$ 19,000 thousand	NT\$ 842,861
Cinemark-Core Pacific, Ltd.	US\$ 7,875 thousand	US\$ 7,875 thousand	NT\$ 208,176

(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 firm 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.

(Concluded)

BES ENGINEERING CORPORATION**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of 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 parent company only 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 trustor 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.

BES ENGINEERING CORPORATION

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BES ENGINEERING CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS - CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Name	January 1, 2023		Additions		Decrease		Gain (Loss) on Financial Assets at Fair Value Through Profit or Loss	December 31, 2023		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount		
Mutual funds											
Taishin ESG Emerging Markets Bond Fund	500,000	\$ 4,142	-	\$ -	-	\$ -	\$ 106	500,000	\$ 4,248	None	

BES ENGINEERING CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name	January 1, 2023		Additions		Decrease		Unrealized Gain on Financial Assets at Fair Value Through Other Comprehen- sive Income	December 31, 2023		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount		
Listed shares - ordinary shares Taiwan Business Bank	68,964,727	\$ 893,093	951,881	\$ -	29,303,000	\$ 412,311	\$ 75,624	40,613,608	\$ 556,406	Yes	Note

Note: As of December 31, 2023, Taiwan Business Bank is pledged for short-term borrowings with a mortgage amount of \$528,820 thousand.

BES ENGINEERING CORPORATION**STATEMENT OF CONSTRUCTION RECEIVABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Name of Owner	Amount
Hsinchu Science Park Bureau, National Science and Technology Council	\$ 588,099
Department of Rapid Transit Systems, Taoyuan City Government	567,200
National Taiwan University Hospital	563,542
Air Force Combatant Command	367,791
Land Administration Department, New Taipei City Government	367,163
Southern Region Water Resources Office, Water Resources Agency, Ministry of Economic Affairs	337,887
Department of Urban Development, Taipei City Government	208,370
Others (Note)	<u>1,034,793</u>
	<u>\$ 4,034,845</u>

Note: The amount of each item does not exceed 5% of the account balance.

BES ENGINEERING CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Balance, January 1, 2023			Additions		Decrease		Investment Profit (Loss) Accounted for Ownership of Subsidiaries	Translation Adjustment	Changes in Using the Equity Method	Balance, December 31, 2023			Note
	Number of Shares	Percentage of Ownership (%)	Amount	Number of Shares	Amount	Number of Shares	Amount				Number of Shares	Percentage of Ownership (%)	Amount	
Core Pacific World Co., Limited	115,942,000	99.95	\$ 1,742,545	-	\$ -	-	\$ 349,651	\$ 29,917	\$ (18,745)	\$ -	115,942,000	99.95	\$ 1,404,066	Notes 5 and 6
BES Investment Company Ltd.	49,600,000	100.00	1,336,679	10,000,000	322,190	-	395	(37,049)	2,195	10,590	59,600,000	100.00	1,634,210	Notes 4 and 6
BES Logistics International Co., Ltd.	13,995,389	100.00	730,805	-	-	-	-	4,888	(13,506)	-	13,995,389	100.00	722,187	
Core Asia Human Resources Management Co., Ltd.	6,000,000	100.00	90,345	-	24	-	4,800	3,468	-	-	6,000,000	100.00	89,037	Notes 1 and 5
Chung Kung Safeguarding & Security Corp.	3,880,000	64.67	52,522	-	40	-	2,755	3,450	-	-	3,880,000	64.67	53,257	Notes 1 and 5
Cinemark - Core Pacific, Ltd.	9,455,180	78.14	157,468	20,000,000	200,000	-	-	(45,208)	(1,350)	7,463	29,455,180	91.76	318,373	Note 2
BES Construction Corporation (U.S.A.)	8,509	91.79	26,918	-	-	-	-	(104)	(3)	-	8,509	91.79	26,811	
BES Global Investment Co.	1,510,100	100.00	17,488	-	-	-	-	(35)	(321)	-	1,510,100	100.00	17,132	
BA & BES Contracting (L.L.C.)	1,200,000	40.00	-	-	-	-	-	-	-	-	1,200,000	40.00	-	
BESM Holding Co., Ltd.	5,075,000	100.00	244,973	-	-	-	-	1,079	(4,518)	-	5,075,000	100.00	241,534	
HRDD Logistics Co., Ltd.	34,000,000	23.61	48,739	-	-	-	-	(24,332)	(514)	-	34,000,000	23.61	23,893	
Huading Enterprise Co., Ltd.	-	-	-	44,109,000	441,090	-	-	(705)	-	-	44,109,000	90.00	440,385	Note 3
			<u>\$ 4,448,482</u>		<u>\$ 963,344</u>		<u>\$ 357,601</u>	<u>\$ (64,631)</u>	<u>\$ (36,762)</u>	<u>\$ 18,053</u>			<u>\$ 4,970,885</u>	

Note 1: The increase in the current year is due to accrued defined benefit gain of \$24 thousand from Core Asia Human Resource Management Co., Ltd. and \$40 thousand from Chung Kung Safeguarding & Security Corp.

Note 2: The increase in the current year is due to subscription of additional new shares of Cinemark-Core Pacific, Ltd. by \$200,000 thousand on March 21, 2023.

Note 3: The increase in the current year is due to the board of directors of the Corporation resolved to establish Huading Enterprise Co., Ltd. on May 10, 2023, and the Corporation holds 90% of the equity with control. Additionally, the Corporation subscribed to additional new shares of Huading Enterprise Co., Ltd. for 2023 by \$90 thousand at its existing ownership percentage on July 25, 2023.

Note 4: The increase in the current year is due to subscription of additional new shares of BES Investment Company Ltd. by US\$10 million on July 27, 2023.

Note 5: The decrease in the current year is due to cash dividends distributed from investee companies, \$347,826 thousand from Core Pacific World Co., Limited, \$4,800 thousand from Core Asia Human Resource Management Co., Ltd. and \$2,755 thousand from Chung Kung Safeguarding & Security Corp.

Note 6: The decrease in the current period is due to unrealized loss on financial assets, \$1,825 thousand from Core Pacific World Co., Limited and \$395 thousand from BES Investment Company Ltd.

Note 7: As of December 31, 2023, no investments accounted for using the equity method were pledged as collateral or provided as a guarantee.

BES ENGINEERING CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

Name	January 1, 2023		Additions		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	December 31, 2023		Collateral	Note
	Shares	Amount	Shares	Amount		Shares	Amount		
Listed shares - ordinary shares									
China Petrochemical Development Corporation	183,037,540	\$ 1,808,411	-	\$ -	\$ (20,134)	183,037,540	\$ 1,788,277	Yes	Note
Unlisted shares - ordinary shares									
Century Development Corporation	10,633,492	83,260	-	-	106	10,633,492	83,366	None	
Overseas Investment & Development Corporation	2,600,000	21,502	-	-	8,294	2,600,000	29,796	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	
		\$ 1,913,173		\$ -	\$ (11,734)		\$ 1,901,439		

Note: As of December 31, 2023, China Petrochemical Development Corporation is pledged for short-term borrowings with a mortgage amount of \$1,486,750 thousand.

BES ENGINEERING CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

Item	Land	Buildings	Transportation Equipment	Total
<u>Cost</u>				
Balance, January 1, 2023	\$ 55,210	\$ 66,940	\$ 50,249	\$ 172,399
Additions	8,750	4,100	33,805	46,655
Decrease	<u>(3,299)</u>	<u>(771)</u>	<u>(10,119)</u>	<u>(14,189)</u>
Balance, December 31, 2023	<u>\$ 60,661</u>	<u>\$ 70,269</u>	<u>\$ 73,935</u>	<u>\$ 204,865</u>
<u>Accumulated depreciation</u>				
Balance, January 1, 2023	\$ 17,397	\$ 14,092	\$ 23,771	\$ 55,260
Additions	5,577	22,974	20,986	49,537
Decrease	<u>(2,668)</u>	<u>(771)</u>	<u>(10,119)</u>	<u>(13,558)</u>
Balance, December 31, 2023	<u>\$ 20,306</u>	<u>\$ 36,295</u>	<u>\$ 34,638</u>	<u>\$ 91,239</u>
Net, December 31, 2023	<u>\$ 40,355</u>	<u>\$ 33,974</u>	<u>\$ 39,297</u>	<u>\$ 113,626</u>

BES ENGINEERING CORPORATION

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Type	Contract Period	Interest Rate (%)	Amount	Loan Commitments	Collateral
Unsecured loans					
Hua Nan Bank - Chungshiao East Road Branch	2023.08.21-2024.08.21	2.7013	\$ 800,000	\$ 800,000	
Entie Bank	2023.12.20-2024.02.16	2.8330	<u>200,000</u>	<u>200,000</u>	
			<u>1,000,000</u>	<u>1,000,000</u>	
Mortgage loan					
Bank of Taiwan Department of Business	2023.09.26-2024.01.16	2.6600	1,100,000	1,100,000	Land and building
Bank of Taiwan Department of Business	2023.10.20-2024.01.16	2.6600	800,000	800,000	Land, buildings and parking space
Taiwan Business Bank Department - Ta an Branch	2023.11.16-2024.02.16	2.5500	500,000	500,000	Land and building
Taichung Commercial Bank - Linkou Branch	2023.10.02-2024.10.02	2.2700	320,000	320,000	Shares of China Petrochemical Development Corporation
The Shanghai Commercial & Savings Bank - Tienmou Branch	2023.08.23-2024.08.23	2.8000	309,000	309,000	Land and building
Bank of Taiwan Department of Business	2023.07.20-2024.01.16	2.6600	300,000	300,000	Land and building
Bank of East Asia	2023.02.17-2024.02.16	2.9829	300,000	300,000	Land and building
Sunny Bank - Min sheng Branch	2023.04.20-2024.04.20	2.5050	266,000	316,000	Taiwan Business Bank, Ltd. shares
The Shanghai Commercial & Savings Bank - Tienmou Branch	2023.08.23-2024.08.23	2.4000	194,000	300,000	Shares of China Petrochemical Development Corporation
Bank of Kaohsiung - Taipei Branch	2023.11.24-2024.02.22	2.4900	180,000	200,000	Shares of China Petrochemical Development Corporation
Taiwan Cooperative Bank - Dong Taipei Branch	2023.03.30-2024.03.30	2.4530	180,000	180,000	Land and building
Taichung Commercial Bank - Linkou Branch	2023.10.02-2024.10.02	2.5200	170,000	170,000	Shares of China Petrochemical Development Corporation
Sunny Bank - Min sheng Branch	2023.04.20-2024.04.20	2.6050	114,000	114,000	Taiwan Business Bank, Ltd. shares
Shin Kong Bank - Chang An Branch	2023.10.17-2024.04.15	2.7600	<u>48,000</u>	<u>48,000</u>	Land and building
			<u>4,781,000</u>	<u>4,957,000</u>	
			<u>\$ 5,781,000</u>	<u>\$ 5,957,000</u>	

Note: As of December 31, 2023, the Corporation's short-term financing facilities with banks amounted to approximately \$6,257,000 thousand, net of short-term loans of \$5,781,000 thousand, which had available unutilized short-term borrowings facilities of \$476,000 thousand.

BES ENGINEERING CORPORATION**STATEMENT OF TRADE PAYABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Related parties	
Chung Kung Safeguarding & Security Corp.	\$ 9,655
Core Asia Human Resources Management Co., Ltd.	<u>2,991</u>
	12,646
Unrelated parties	
Chun Yuan Steel Industry Co., Ltd.	474,424
Others (Note)	<u>5,874,249</u>
	<u>\$ 6,361,319</u>

Note: The amount of each item does not exceed 5% of the account balance.

BES ENGINEERING CORPORATION

STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollar)

Type	Expected Duration and Repayment Method	Range of Interest Rates (%)	Ending Balance			Collateral
			Long-term Borrowings Due Within A Year	Long-term Borrowings Over A Year	Total	
Credit Loans						
Taiwan Cooperative Bank - Dong Taipei Branch	From April 17, 2023 to November 18, 2024, the principal is written off by 42% 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.	2.8930	\$ 34,464	\$ -	\$ 34,464	
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.	2.5950	21,667	5,417	27,084	
Taiwan Business Bank Department -Ta an Branch	From October 3, 2023 to October 3, 2028, the first instalment will be repaid from October 3, 2024, and it will be amortized in 17 quarterly installments.	2.5000	3,000	397,000	400,000	
Bank of Taiwan Department of Business	Note 2	2.9211	-	400,980	400,980	
Taiwan Cooperative Bank - Dong Taipei Branch	Note 2	2.9211	-	306,632	306,632	
Agricultural Bank of Taiwan	Note 2	2.9211	-	306,632	306,632	
Taiwan Business Bank Department -Ta an Branch	Note 2	2.9211	-	212,284	212,284	
First Bank - Xingya Branch	Note 2	2.9211	-	212,284	212,284	
Hua Nan Bank - Chungshiao East Road Branch	Note 2	2.9211	-	212,284	212,284	
Hua Nan Bank - Chungshiao East Road Branch	Note 3	2.7632	-	20,608	20,608	
Taiwan Business Bank Department - Ta an Branch	Note 3	2.7632	-	5,152	5,152	
Taiwan Cooperative Bank - Dong Taipei Branch	Note 3	2.7632	-	5,152	5,152	
Bank of Panhsin - Neihu Branch	Note 3	2.7632	-	5,152	5,152	
Agricultural Bank of Taiwan	Note 3	2.7632	-	5,152	5,152	
Taiwan Business Bank Department - Ta an Branch	From May 29, 2023 to March 26, 2026, interest will be paid monthly, the principal will be repaid according to the loan ratio when the house is completed and handed over and the remaining principal is repaid once at maturity.	2.8800	-	668,000	668,000	
Bank of Taiwan Department of Business	From November 16, 2023 to October 2, 2028, interest will be paid monthly, the principal will be repaid according to the loan ratio when the house is completed and handed over and the remaining principal is repaid once at maturity.	2.7632	-	351,600	351,600	
Hua Nan Bank - Chungshiao East Road Branch	From October 3, 2023 to August 30, 2027, the principal is written off by 25% 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.	2.7400	-	295,845	295,845	
Taiwan Cooperative Bank - Dong Taipei Branch	From October 26, 2023 to October 26, 2026, the principal is written off by 40% 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.	2.8930	-	281,103	281,103	
Taiwan Business Bank Department - Ta an Branch	From August 16, 2021 to March 26, 2026, interest will be paid monthly, the principal will be repaid according to the loan ratio when the house is completed and handed over and the remaining principal is repaid once at maturity.	2.8800	-	269,000	269,000	

(Continued)

Type	Expected Duration and Repayment Method	Range of Interest Rates (%)	Ending Balance			Collateral
			Long-term Borrowings Due Within A Year	Long-term Borrowings Over A Year	Total	
Taichung Commercial Bank - Linkou Branch	From November 29, 2023 to November 29, 2026, the principal is written off by 40% 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.	2.7500	\$ -	\$ 200,000	\$ 200,000	
Taiwan Cooperative Bank - Dong Taipei Branch	From July 18, 2023 to July 18, 2026, the principal is written off by 40% 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.	2.8930	-	130,330	130,330	
Taiwan Cooperative Bank - Dong Taipei Branch	From April 17, 2023 to December 4, 2025, the principal is written off by 20% 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.	2.8930	-	120,721	120,721	
Bank of Taiwan Department of Business	From November 16, 2023 to October 2, 2028, interest will be paid monthly, the principal will be repaid according to the loan ratio when the house is completed and handed over and the remaining principal is repaid once at maturity.	2.7632	-	117,400	117,400	
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.	2.6500	-	113,798	113,798	
Taiwan Business Bank Department - Ta an Branch	From October 26, 2023 to April 28, 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.	2.5000	-	89,594	89,594	
Taiwan Business Bank Department - Ta an Branch	From April 17, 2023 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.	2.3750	-	82,118	82,118	
Taiwan Cooperative Bank - Dong Taipei Branch	From October 3, 2023 to November 12, 2025, the principal is written off by 20% 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.	2.8930	-	1,570	1,570	
			<u>59,131</u>	<u>4,815,808</u>	<u>4,874,939</u>	
Guaranteed loans						
Bank of East Asia	From December 14, 2022 to December 13, 2024, the interest is paid monthly and the remaining principal is repaid once at maturity.	3.0882	520,000	-	520,000	Letter of credit
Bank of Kaohsiung	From March 16, 2023 to March 16, 2028, \$14,000,000 will be amortized every six months, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.7500	28,000	208,000	236,000	Land and building
First Bank - Xingya Branch	From May 25, 2022 to June 15, 2031, the fixed annuity method is used to repay principal and interest in equal installments per month.	2.2400	16,568	115,609	132,177	Land and building
Bank of Taiwan Department of Business	Note 4	3.0263	-	1,170,000	1,170,000	Land
Taiwan Business Bank Department of Business	Note 4	3.0263	-	442,000	442,000	Land
Hua Nan Bank - Chungshiao East Road Branch	Note 4	3.0263	-	442,000	442,000	Land
First Bank - Xingya Branch	Note 4	3.0263	-	442,000	442,000	Land
Land Bank of Taiwan - Chung Lun Branch	Note 4	3.0263	-	435,000	435,000	Land
Taiwan Cooperative Bank - Dong Taipei Branch	Note 4	3.0263	-	221,000	221,000	Land
Chang Hwa Bank - His-Neihu Branch	Note 4	3.0263	-	221,000	221,000	Land
Agricultural Bank of Taiwan	Note 4	3.0263	-	221,000	221,000	Land
The Bank of East Asia	Note 4	3.0263	-	106,000	106,000	Land
Bank of Taiwan Department of Business	Note 5	3.1316	-	351,557	351,557	Land
First Bank - Xingya Branch	Note 5	3.1316	-	136,018	136,018	Land
Taiwan Business Bank Department of Business	Note 5	3.1316	-	136,018	136,018	Land
Hua Nan Bank - Chungshiao East Road Branch	Note 5	3.1316	-	136,018	136,018	Land

(Continued)

Type	Expected Duration and Repayment Method	Range of Interest Rates (%)	Ending Balance			Collateral
			Long-term Borrowings Due Within A Year	Long-term Borrowings Over A Year	Total	
Land Bank of Taiwan - Chung Lun Branch	Note 5	3.1316	\$ -	\$ 132,880	\$ 132,880	Land
Taiwan Cooperative Bank - Dong Taipei Branch	Note 5	3.1316	-	68,009	68,009	Land
Agricultural Bank of Taiwan	Note 5	3.1316	-	68,009	68,009	Land
Chang Hwa Bank - His-Neihu Branch	Note 5	3.1316	-	68,009	68,009	Land
The Bank of East Asia	Note 5	3.1316	-	33,482	33,482	Land
			<u>564,568</u>	<u>5,153,609</u>	<u>5,718,177</u>	
			<u>\$ 623,699</u>	<u>\$ 9,969,417</u>	<u>\$ 10,593,116</u>	

Note 1: As of December 31, 2023, the Corporation's long-term financing facilities with banks amounted to approximately \$28,073,925 thousand, net of long-term loans of \$10,593,116 thousand (including long-term loans due within one year), which had available unutilized long-term borrowings facilities of \$17,480,809 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 October 26, 2023 to September 14, 2026, the principal is written off by 20% 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 4: From April 14, 2021 to April 14, 2026, the interest is paid monthly and the remaining principal is repaid once at maturity.

Note 5: From August 18, 2023 to April 14, 2026, the interest is paid monthly and the remaining principal is repaid once at maturity.

(Concluded)

BES ENGINEERING CORPORATION

STATEMENT OF CONSTRUCTION CONTRACT REVENUE AND
CONSTRUCTION CONTRACT COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Code	Construction Contract Revenue	Construction Contract Cost	Construction Contract Gross Profit (Loss)
1. Engineering station			
B1C	\$ 1,562,744	\$ 1,429,340	\$ 133,404
A9A	1,949,519	1,817,290	132,229
A8C	1,646,506	1,538,240	108,266
A8F-1	1,463,153	1,374,926	88,227
A7B-1	950,429	867,969	82,460
B0C	868,306	799,953	68,353
B0A	766,761	706,817	59,944
B1H-1	718,312	660,595	57,717
A7A	815,146	757,825	57,321
B0B	659,651	607,448	52,203
A8B	780,844	732,991	47,853
B1D	879,812	836,684	43,128
A8F-2	494,992	455,219	39,773
A6E	425,361	390,600	34,761
A8F-3	226,170	203,473	22,697
A6B-1	373,985	355,240	18,745
A7F	283,064	264,335	18,729
A6B-2	-	(15,940)	15,940
B1F	143,616	132,073	11,543
A5C	456,242	446,958	9,284
B1E	84,194	77,429	6,765
A6C	295,115	289,109	6,006
A7B-2	33,137	27,939	5,198
B2A	38,645	35,540	3,105
B1B-1	124,147	122,426	1,721
A7E	19,360	17,928	1,432
B1H-2	7,914	7,278	636
A7C	9,076	8,479	597
B1B-2	41,053	40,484	569
93C	20,368	20,085	283
B2E	800	733	67

(Continued)

Code	Construction Contract Revenue	Construction Contract Cost	Construction Contract Gross Profit (Loss)
A6F	\$ -	\$ 1,617	\$ (1,617)
A4C	-	1,814	(1,814)
A0B	142,857	151,279	(8,422)
A7D	<u>-</u>	<u>28,000</u>	<u>(28,000)</u>
	16,281,279	15,192,176	1,089,103
2. Development station			
750	<u>945,920</u>	<u>897,651</u>	<u>48,269</u>
	<u>\$ 17,227,199</u>	<u>\$ 16,089,827</u>	<u>\$ 1,137,372</u>

(Concluded)

BES ENGINEERING CORPORATION**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Salary (Note 1)	\$ 30,962	\$ 124,838	\$ 13,752	\$ 169,552
Professional fees	7,520	22,497	14,001	44,018
Taxes and fees	117	40,747	-	40,864
Advertising expenses	32,135	2,833	-	34,968
Depreciation	3,984	21,170	3,493	28,647
Other (Note 2)	<u>19,143</u>	<u>76,472</u>	<u>2,325</u>	<u>97,940</u>
	<u>\$ 93,861</u>	<u>\$ 288,557</u>	<u>\$ 33,571</u>	<u>\$ 415,989</u>

Note 1: Salary includes salary, bonus and retirement expense.

Note 2: The amount of each item does not exceed 5% of the account balance.

BES ENGINEERING CORPORATION

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

Item	2023			2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employees benefits expense						
Salaries expenses	\$ 1,016,031	\$ 140,410	\$ 1,156,441	\$ 761,445	\$ 127,284	\$ 888,729
Labor and health expenses	89,639	10,198	99,837	69,792	9,164	78,956
Pension expenses	43,177	6,040	49,217	35,468	5,402	40,870
Director's emoluments	-	23,102	23,102	-	27,712	27,712
Other employee benefits	<u>21,092</u>	<u>1,726</u>	<u>22,818</u>	<u>17,202</u>	<u>1,479</u>	<u>18,681</u>
	<u>\$ 1,169,939</u>	<u>\$ 181,476</u>	<u>\$ 1,351,415</u>	<u>\$ 883,907</u>	<u>\$ 171,041</u>	<u>\$ 1,054,948</u>
Depreciation expense	<u>\$ 81,922</u>	<u>\$ 28,647</u>	<u>\$ 110,569</u>	<u>\$ 62,019</u>	<u>\$ 28,411</u>	<u>\$ 90,430</u>

Note 1: As of December 31, 2023 and 2022, the Corporation had 1,075 and 922 employees, respectively, of which 7 and 8 directors were not concurrently serving as employees, respectively.

Note 2: The average employee benefits expenses were \$1,244 thousand and \$1,124 thousand in 2023 and 2022, respectively.

Note 3: The average employees' salary expenses were \$1,083 thousand and \$972 thousand in 2023 and 2022, respectively.

Note 4: The change in the average employees' salary expenses was 11.4%.

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

Item	Year	Year 2022	Year 2023	Deviance	
				Increase (Decrease) Amount	Change Ratio%
Current Assets		35,989,828	47,670,307	11,680,479	32.45
Investments by the Equity Method		1,591,585	1,529,580	(62,005)	(3.90)
Property, Plant and Equipment		3,089,497	3,209,812	120,315	3.89
Other Non-Current Assets		4,468,986	3,639,522	(829,464)	(18.56)
Total Assets		45,139,896	56,049,221	10,909,325	24.17
Current Liabilities		14,451,715	20,212,978	5,761,263	39.87
Non-current Liabilities		8,011,957	12,537,522	4,525,565	56.49
Total Liabilities		22,463,672	32,750,500	10,286,828	45.79
Share Capital		15,308,998	15,308,998	0	0.00
Capital Reserves		74,648	96,521	21,873	29.30
Retained Earnings		7,698,310	7,741,111	42,801	0.56
Other Equity		(477,143)	(685,775)	(208,632)	43.73
Equity Attributed to the Owners of the Parent Company		22,604,813	22,460,855	(143,958)	(0.64)
Non-controlling Equity		71,411	837,866	766,455	1,073.30
Total of Shareholders' Equity		22,676,224	23,298,721	622,497	2.75
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

Item	Year 2022	Year 2023	Deviance	
			Increase (Decrease) Amount	Change Ratio%
Operating Revenue	15,093,372	18,959,339	3,865,967	25.61
Operating Costs	13,715,550	17,436,809	3,721,259	27.13
Gross Operating Profit	1,377,822	1,522,530	144,708	10.50
Operating Expenses	601,807	590,966	(10,841)	(1.80)
Operating Income (Loss)	776,015	931,564	155,549	20.04
Non-operating Revenue and Expenses	225,093	(150,270)	(375,363)	(166.76)
Pre-tax Net Profit	1,001,108	781,294	(219,814)	(21.96)
Income Tax Expenses (Incomes)	195,952	155,657	(40,295)	(20.56)
Net profit for the year	805,156	625,637	(179,519)	(22.30)
Other Comprehensive Incomes and Losses	(234,121)	16,898	251,019	(107.22)
Total Comprehensive Incomes and Losses	571,035	642,535	71,500	12.52
<ol style="list-style-type: none"> The increase in operating profit and operating profit was mainly due to the decrease in operating costs. The increase in other comprehensive profit and loss losses was mainly due to the increase in unrealized evaluation losses on equity instrument investments. 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:

Item	Year	Year 2022	Year 2023	Percentage of Increase (Decrease) (%)
Operating Margin (%)		9.12	8.03	(11.95)
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

Item	Year	Year 2022	Year 2023	Percentage of Increase (Decrease) (%)
Cash flow ratio (%)		-	-	-
Cash flow adequacy ratio (%)		8.65	5.78	(33.18)
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 beginning of the year Balance ①	Net cash flow from the operating activities for the full year ②	Cash outflow for the full year ③	Remaining cash (insufficient) amount ① + ② - ③	Remedy for insufficient cash amount	
				Investment Plan	Wealth management Plan
3,634,597	35,575,299	41,744,133	-2,534,237	-	4,000,000

(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:

Remedial measures for expected cash shortage and liquidity analysis: This year's shortage in cash mainly involve the real estate business, which requires initial funding from own resources before applying for construction financing from banks. It is expected to raise about NT\$4,000,000 thousand in short- and long-term loans. Furthermore, real estate is currently being liquidated and sold, which may increase cash flow.

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: None

Unit: NT NTD in thousands

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. As of December 31, 2023, the company has no external endorsements or guarantees. On June, September, and December of 2023, the board of directors of Cinemark-Core Pacific, Ltd., a subsidiary where the company holds direct and indirect voting rights exceeding fifty percent, approved applications for additional operating funds for Cinema 7 Theater Co., Ltd. Accordingly,

applications were made to Yuanta Bank for NT\$20,000 thousand (secured by a CNY 5,000 thousand fixed deposit), Taishin International Commercial Bank for NT\$70,000 thousand (secured by a CNY 16,000 thousand fixed deposit) and First Commercial Bank for NT\$20,000 thousand (secured by a foreign currency (CNY or USD) fixed deposit equivalent to no more than NT\$23,000 thousand). As of December 31, 2023, the actual disbursed amount for these endorsement guarantees was NT\$83,885 thousand. , 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, 2023, the actual drafted amount by both companies is NT\$520,000 thousand. The meeting of the Board of Director in July 2023 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, Chung Kung Management Consultant Co., Ltd. and Chung Kung Management and Maintenance of Apartment Co., Ltd., for the joint financing facility of NT\$ 50,000 thousand from the Shanghai Commercial and Savings Bank, Ltd. The endorsement/guarantee amount complies with the Guidelines of Loaning of Funds and Making of Endorsements/ Guarantees. As of December 31, 2023, 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, 2023, there was one company for loaning of funds to others provided by the Company: 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, 2023, the loaning of funds provided by the Company to the external was NT\$21,550 thousand. Up to December 31, 2023, 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 Chung Kung Management Consultant Co., Ltd. for an amount of NT\$15,000 thousand and loaning of funds to Chung Kung Management and Maintenance of Apartment Co., Ltd. for an amount of NT\$15,000 thousand, and up to December 31, The actual disbursement amount is NT\$70,000 thousand.

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, 2023, No Amount actually drafted

(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. With the Democratic Progressive Party returning to power, in addition to continuing the existing industrial land policy as outlined in the White Paper, efforts are being made to actively prevent speculation on industrial land in industrial areas and to encourage Taiwanese businesses to return, promoting the benefits of the "Return to Taiwan" investment initiative, thereby increasing the willingness of companies to reinvest in Taiwan. Furthermore, whether the new president will continue to implement the "Great Southern Plan" and expand the benefits of the Hsinchu-Taoyuan-Miaoli Silicon Valley plan, as promised during the election campaign, to promote investment and talent migration to the southern region, and drive industrial development in central and southern Taiwan. This would benefit industrial real estate sales and therefore, should continue to be monitored closely.

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. (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. Observing the global economic situation, in 2023, the global economy continued to recover slowly from the economic recession following the post-pandemic era. The global technology and consumer products sectors remained in a phase of destocking. Additionally, the outbreak of wars affected the short-term fluctuations of international raw material prices. These factors led to a cooling of overall international industrial terminal demand. The overall environment continued to be affected by high interest rates and economic uncertainty. However, with the Federal Reserve expected to slow down inflation, shifting away from the aggressive interest rate hikes seen in 2022, and maintaining the benchmark interest rate in the range of 5.25% to 5.5% in December 2023, domestic policies followed suit by keeping policy rates unchanged and adopting a wait-and-see approach. It can be expected that the interest rate hike cycle will come to an end, inflationary pressures will ease and there is hope for gradual economic recovery. Nevertheless, there remain many uncertainties overall.
- B. In terms of domestic situation, Taiwan's recent exports have been declining due to multiple factors such as the global economic slowdown, decreased trade volume, property market bubbles in China, and sluggish domestic demand. On the other hand, with the conclusion of the 2024 presidential election and the Democratic Progressive Party (DPP) continuing its governance, tensions in the Taiwan Strait have heightened. There are concerns that mainland China may impose economic sanctions on Taiwan due to political reasons, affecting assessments of foreign investment and adding uncertainty to the return of Taiwanese businesses. Before the inauguration of the new president, the overall situation remains unclear.
- C. 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. Even in the most severe year of the pandemic in 2020, Vietnam still maintained a growth rate of 2.91%. From the trade war during the Trump administration to the sanctions and related regulatory measures during the Biden administration, Vietnam has emerged as a winner amidst these developments. Many labor-intensive industries from China continue to move southward, with Vietnam often being the preferred choice for many companies as "China plus one" due to its advantages. The military coup in Myanmar in 2021 has once again set back democracy and development in the country. The political instability, military government, conflicts between the military and the People's Defense Force, as well as among ethnic minorities, have cast a shadow over Myanmar's economic prospects. As a result, investment projects and amounts have significantly decreased, leading to a halt in social and economic development. Currently, the circulation of currency in Myanmar has significantly decreased, leading to a sharp increase in demand for USD, resulting in severe currency depreciation.

(5) Interest rate change risk:

The Federal Reserve in the United States has slowed down its interest rate hikes and maintained the benchmark interest rate, with central banks following suit. However, there hasn't been any loosening of selective credit control policies, which still affect the financing costs for land acquisition by businesses. Whether or not there is a possibility of gradual interest rate cuts in the current year still remains to be observed.

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 reached a peak of 1,624 Myanmar kyats per USD in 2019, before gradually declining to as low as 1,274 kyats per USD 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 4,000 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. The regulation is effective until December 2023. The current central bank exchange rate is 2,100 (although the actual black market exchange rate may be higher), while the market price refers to the actual buying and selling price at banks, mostly close to around 3,500, similar to the black market rate. Myanmar government's policy on the interest rate once reached the highest of 12.50% in 1996 and was 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:

in 2023, international oil prices continued to decline, with occasional spikes due to the outbreak of the war in Ha, but overall they were still affected by slow post-pandemic economic recovery in China and weak manufacturing in major global economies, leading to subdued demand. International oil prices remained on a downward trend, with the median forecast for Brent crude oil prices in 2024 by the five major U.S. banks at \$85 per barrel. However, the recent tension in the Red Sea has once again disrupted global trade and the economic growth prospects of the United States and thus, it's inevitable that there will be fluctuations in oil prices in the long term, necessitating continued monitoring.

(7) Water and Electricity Supply Fluctuation Risk:

affected by the surge in global energy prices, domestic electricity tariffs have been raised for two consecutive years. The government announced in April 2023 that electricity prices would increase by an average of 11%, with high-voltage and extra-high-voltage industrial users facing a 17% increase. As a result, the operating costs for manufacturers continue to rise, potentially accelerating the implementation of ESG and green energy initiatives by businesses.

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 establish 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. Continuing to promote the development of land in Chung Hua Coastal Industrial Park is conducive to the continuous rolling investment of funds into development operations. Seeking preferential land policies and assisting communication between businesses and government agencies can accelerate land sales. Strive to relax the land use restrictions.
- B. (Vietnam) 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. Currently, the military government's rule in Myanmar is fraught with uncertainty across political, social, and economic spheres. With foreign capital withdrawal and major construction projects on hold, the situation remains unstable. Additionally, there is uncertainty about whether the subsequent government will inherit the military government's liabilities. Therefore, dealings with the official government may still require a wait-and-see approach and further evaluation until after the election.

(4) Countermeasures for the economic environment:

- A. To align with the government's existing “Nuclear-Free Homeland by 2025” policy and the “Southern Expansion Plan,” we will utilize the resources of the Changhua Coastal Industrial Park and its stable water supply to attract domestic and foreign investors to establish factories.
- B. In accordance with the needs of businesses, we will formulate sales strategies for each zone, tailoring land use solutions to meet the specific needs of potential customers for large land plots. For small and medium enterprises, we will offer small plots to accommodate flexible factory setups for diverse industries. Additionally, to meet urgent land acquisition timelines, we will provide early land handover, allowing businesses to construct their facilities simultaneously with the construction of public infrastructure. We will also assist in adjusting work schedules to increase businesses' willingness to invest in land acquisition. The eastern area of Lunwei (Haiti) will be designated as a special zone for renewable energy solar power generation, while the fourth phase of the western area of Lunwei (West 1) will be allocated for general production and business land use by small and medium enterprises. In line with the industrial clustering characteristics of Changhua County and the government's crackdown on illegal factories, a specialized area for metal surface treatment will be planned in Lunwei to provide legitimate industrial land for local electroplating businesses.
- C. To stay abreast of global economic developments, we will strengthen our collaboration with central and local governments (such as the Ministry of Economic Affairs Industrial Park Bureau and Changhua County Government) to understand the future direction of industrial land planning. We will continue to visit businesses to investigate market demand, plan suitable product types and refine our sales methods.
- D. The pressure of the devaluation of the Vietnamese dong has eased, as liquidity demand increases towards the end of the year. The State Bank of Vietnam has halted the issuance of treasury bills. As approximately \$820 million worth of treasury bills mature, they inject liquidity into the financial system, alleviating concerns about tightening fund flows in the market. Additionally, the market anticipates that the National Assembly will pass the new Land Law and related real estate laws by the end of the month. The revised Land Law is considered the most influential document, especially concerning land price calculation, land auctions and project bidding, land expropriation and other aspects. The new Land Law will improve market transparency, reduce risks for market participants, and enhance the efficiency of real estate development projects, which is seen as a positive development for the overall real estate industry. At present, the valuation of the Vietnamese stock market remains very attractive relative to the average, and compared to other markets in the ASEAN region, it is at its lowest level in 10 years. According to Lipper data up to the end of October this year, regular investment in the Vietnamese stock market over the past 10 years has yielded impressive results. Holding for a 3-year period resulted in an average return of 38.7%, with a probability of positive returns as high as 98%.

(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.

In 2023, Vietnam has lowered various interest rates four times (by 0.5% to 2% each time). As of now, the average deposit and loan interest rates in Vietnamese dong have decreased by over 1% compared to the end of last year. It is expected that loan interest rates will continue to decrease in the future, which will help increase the opportunities for businesses and the public to apply for loans. Credit projects are mainly focused on production operations and priority projects. Credit for projects with potential risks is also monitored. Flexible adjustment of the official exchange rate, coupled with other monetary policy tools, helps maintain stability in the foreign exchange market and the overall economy, as well as curb inflation. As of September 26, 2023, the official exchange rate was approximately 24,084 Vietnamese dong to one USD, an increase of 2% compared to the end of last year.

(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 difference between the official and black market exchange rates is approximately 35%. It is also worth noting that the Central Bank of Myanmar opened up partial liberalization of the exchange rate in December, hoping to stimulate the recovery of domestic economy and trade. However, the effectiveness of this move remains to be seen.

(6) Countermeasures for changes in oil prices:

If rising oil prices lead to an increase in production costs for businesses, it is advisable to enhance the convenience of the surrounding transportation system. This can reduce transportation mileage and fuel consumption, thereby enhancing the willingness of businesses to invest in setting up factories.

(7) Countermeasures for movement in water and power supply:

The 50,000-ton water supply project for 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, , this can serve as an incentive to increase the 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:	Taichung City Hall Construction Payment Dispute
Involved Parties	Plaintiff: the Company Defendant: Taichung City Government
Summary:	Regarding the construction payment of the 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	NT\$ 340,707,789
Date starting the lawsuit	2013/07/11
Current status	The first instance judgment ruled that the owner should pay NT\$ 11,020,000 . Both parties appealed the unfavorable parts. The second-instance judgment upheld the original judgment. Both parties appealed to the Supreme Court, which remanded the case for retrial. Currently, the second-instance trial is being handled .

Item	2
Name of case:	Employee compensation and withdrawal of arbitration case of ADE Technology Inc.
Involved Parties	Plaintiff: the Company Defendant: ADE Technology Inc.
Summary:	Hereby revoke the arbitration decision No. 080 of the year 2020 between our company and BYD Company.
Subject or amount	NT\$ 37,295,023
Date starting the lawsuit	2021/11/25
Current status	ADE Technology Inc. applied for revoking arbitration to the court. The application was overruled in the first instance and ADE Technology Inc. appealed. The case is currently being heard in the second instance by the High Court.

Item	3
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 and second instance trials. The company is appealing to the third instance, and the Supreme Court is currently hearing the case.

Item	4
Name of case:	Damage Indemnification
Involved Parties	Plaintiff: Zhou, Sui, Lin, Hui-Ling Defendant: the Company
Summary:	Due to illegal road closure during construction, which led to the death of road user Zhou Ye-lin, their family filed an associated civil lawsuit for compensation.
Subject or amount	54,720,577 NTD
Date starting the lawsuit	2021/05/11
Current status	The case has been transferred to the civil court for further proceedings, awaiting trial.

Item	5
Name of case:	Request for price difference of the engineering funds resulting from the direct procurement of CF650.
Involved Parties	Plaintiff: the Company Defendant: Taipei City Metro Bureau, First District Engineering Office
Summary:	Due to changes in the contract, both parties were unable to reach an agreement. Therefore, the owner sought compensation for the price difference of the engineering funds resulting from this direct procurement.
Subject or amount	NT\$ 107,489,135
Date starting the lawsuit	2021/9/27
Current status	The case is under review in the first instance trial.

Item	6
Name of case:	Confiscation of the improper benefits of Yonghe Expressway 78 tender
Involved Parties	Plaintiff: Prosecutor's Office Defendant: the Company
Summary:	Because tender 78 of Yonghe Expressway was approved by Taiwan High Court in 2021 under Chong-Shang-Geng-I-Zi No. 40, the participants had their illicit benefits confiscated due to the violation of the Anti-Corruption Act by 9 people, including Kuo, Chan-Yuan and Yu, Chih-Cheng, and violation of the Government Procurement Act by Hsieh, Chih-Ren and Lee, Chi-Hua. After appealing for a retrial, the High Court remanded decision to forfeit more than NT\$300,000 of the Company's unjustifiable gains and the prosecutor appealed to the third trial.
Subject or amount	NT\$ 38,770,000
Date starting the lawsuit	2017/12/10
Current status	The case is under review in the third instance trial.

Item	7
Name of case:	Damage Indemnification Lawsuit
Involved Parties	Plaintiff: the Company Defendants: Shen Hua-yang, Shen Qing-guang, Zhang Shi-wen, Zhang Da-wei, Sun Wen-yu, and Dong Jun-yi
Summary:	Zhang Dawei and Shen Huayang, along with 6 others, were prosecuted by the Taiwan New Taipei District Prosecutors Office under case number 2020 Military Investigation, no. 69, for suspicion of offenses under the Anti-Corruption Act and violations of the Securities and Exchange Act, including special breach of trust. Furthermore, they were convicted by the New Taipei District Court under case number 2021 Military Appeal no. 3, and their guilt is established. Due to their breach of trust and fraudulent actions resulting in damages to our company, we are seeking compensation from them.
Subject or amount	NT\$ 95,000,000
Date starting the lawsuit	2021/10/21
Current status	The case is under review in the first instance trial.

Item	8
Name of case:	Taiwan Power Damage Indemnification Lawsuit
Involved Parties	Plaintiff: Taiwan Power Company Defendant: the Company
Summary:	Due to the incomplete retrieval of the old power cables by Taiwan Power Company in the CK570D section of the MRT Xinzhuang Line, Taiwan Power Company has filed a lawsuit against the property owner and our company, seeking compensation for damages. I. TPC lost the first and the second instance.
Subject or amount	NT\$ 12,280,364
Date starting the lawsuit	2017/02/16
Current status	The case is under review in the third instance trial.

Item	9
Name of case:	CF650 Soundproof Wall and Hollow Cement Wall Request for Construction Payment Lawsuit
Involved Parties	Plaintiff: the Company Defendant: Taipei City Metro Bureau, First District Engineering Office
Summary:	For the expenses related to the size and enlargement of the embedded anchor bolts of the soundproof wall, and the modification of the hollow cement wall columns, the Company was awarded a payment of NT\$19,213,636 in the first instance, which is now appealing for the second instance.
Subject or amount	NT\$ 38,396,155
Date starting the lawsuit	2022/1/17
Current status	The second instance is under review.

Item	10
Name of case:	CF650 Voluntary Traffic Warden Fee Dispute Lawsuit
Involved Parties	Plaintiff: the Company Defendant: Taipei City Government Metro Bureau, First District Engineering Office
Summary:	A dispute arising from the request for expenses occurred due to the extension of the construction period and the property owner's instructions to increase the personnel costs for duty.
Subject or amount	NT\$ 170,612,151
Date starting the lawsuit	2022/11/11
Current status	The case is under review in the first instance trial.

Item	11
Name of case:	CF650 Dispute Lawsuits Related to Five Items of Steel Bars
Involved Parties	Plaintiff: the Company Defendant: Taipei City Government Metro Bureau, First District Engineering Office
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\$ 104,658,147
Date starting the lawsuit	2022/12/27
Current status	The case is under review in the first instance trial.

Item	12
Name of case:	CF650 Bidding Platform Gates and Five Other Disputed Litigations.
Involved Parties	Plaintiff: the Company Defendant: Taipei City Government Metro Bureau, First District Engineering Office
Summary:	This case involves five disputes related to changes in the covering material of the platform gates equipment, changes in the form of the drainage heads, addition of groove steel and angle iron to the platform gates equipment, changes in aluminum ceiling panels and the three-dimensional metal ceiling light box and the relocation of the grounding interface box of the elevated bridge grounding system, among others.
Subject or amount	NT\$ 32,730,768
Date starting the lawsuit	2023/3/9
Current status	The case is under review in the first instance trial.

Item	13
Name of case:	CF650 Bidding Settlement Quantity Dispute Exceeding 30%.
Involved Parties	Plaintiff: the Company Defendant: Taipei City Government Metro Bureau, First District Engineering Office
Summary:	This case involves a dispute arising from the request for a price difference in engineering funds due to a separate negotiation of unit prices for items where the settlement quantity exceeds 30% of the original contract quantity.
Subject or amount	NT\$ 271,363,646
Date starting the lawsuit	2023/3/7
Current status	The case is under review in the first instance trial.

Item	14
Name of case:	Dispute Case Regarding Engineering Funds, Performance Bond, and Material Adjustment Payment For The Gongguan Fuxing Camp Construction Project.
Involved Parties	Plaintiff: the Company Defendant: ROC Air Force Combatant Command
Summary:	This case was mainly due to the delay default fine dispute, therefore, a request for the owner to pay the engineering funds, performance bond and materials adjustment payment.
Subject or amount	NT\$ 663,528,045
Date starting the lawsuit	2022/11/15
Current status	The case is under review in the first instance trial.

Item	15
Name of case:	Dispute regarding Baobosen's request for payment of engineering funds.
Involved Parties	Plaintiff: Baobosen Construction Co., Ltd. Defendant: The Company
Summary:	This case involves a claim by Baobosen Construction Co., Ltd. against our company for extension management fees, engineering funds, interest on delayed payment of engineering funds, water and electricity fees, environmental safety and cleanliness fees related to the small package CF650 bidding project.
Subject or amount	NT\$ 32,616,333
Date starting the lawsuit	2023/6/2
Current status	The case is under review in the first instance trial.

Item	16
Name of case:	Lawsuit For The Claim of Payment For Engineering Funds of Nakosin Enterprise Co., Ltd. and Yong Ching Enterprise.
Involved Parties	Plaintiffs: Nakosin Enterprise Co., Ltd., Yong Ching Enterprise Defendant: The Company
Summary:	This case involves a claim by Yong Ching Enterprise, a subcontractor in the riverside social housing project, for payment of engineering funds from our company. Additionally, Nakosin Enterprise Co., Ltd. is claiming payment from our company after being assigned the aforementioned engineering funds debt by Yong Ching Enterprise.
Subject or amount	NT\$ 190,000,000
Date starting the lawsuit	2023/9/18
Current status	The case is under review in the first instance trial.

Item	17
Name of case:	Dispute Over Geological Differences In The Shimen Reservoir Project.
Involved Parties	Plaintiff: The Company Defendant: Northern Region Water Resources Department, Ministry of Economic Affairs
Summary:	Request for expenses due to geological differences dispute.
Subject or amount	NT\$ 180,000,000
Date starting the lawsuit	2023/7/31
Current status	The Public Construction Commission is in mediation.

Item	18
Name of case:	Dispute Regarding The Bird's Beak Reservoir Artificial Lake Project.
Involved Parties	Plaintiff: The Company Defendant: Central Region Water Resources Department, Ministry of Economic Affairs
Summary:	Dispute over earthwork and backfill unit price adjustments, among other issues.
Subject or amount	NT\$ 260,000,000
Date starting the lawsuit	2023/9/23
Current status	The Public Construction Commission members is in mediation.

Item	19
Name of case:	Taoyuan Airport Earthwork Bidding Extension Management Fee Claim.
Involved Parties	Plaintiff: The Company Defendant: Taoyuan International Airport Corporation
Summary:	Request for management fees arising from a 1771.5-calendar day extension of the project duration.
Subject or amount	NT\$ 66,347,481
Date starting the lawsuit	2023/8/29
Current status	The case is under review in the first instance trial.

The case was finalized with a confirmed judgment in 2023

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:	Due to the owner, Central Taiwan University of Science and Technology's claim that our company did not complete the construction work and failed to repair defects, and their refusal to pay the engineering fees and retainage based on the grounds of delay, our company filed a lawsuit against them to demand payment.
Subject or amount	NT\$ 142,096,460
Date starting the lawsuit	2010/11/02
Current status	Both parties reached a settlement in the Supreme Court on June 13, 2023 , with Central Taiwan University of Science and Technology paying our company a total of NT\$127,000,000.

Item	2
Name of case:	Dispute Over Contract Performance For National Expressway 2 H42 Tender
Involved Parties	Plaintiff: the Company Defendant: Freeway Bureau, MOTC
Summary:	The disputes over the water drainage holes and earthworks in the items to be performed and the additions to the contract were claimed.
Subject or amount	NT\$ 18,316,940
Date starting the lawsuit	2013/11/14
Current status	In the third-instance judgment finalized on November 9, 2023, Freeway Bureau, MOTC, paid our company NT\$24,571.

Item	3
Name of case:	Lawsuit for Chunghwa Telecom
Involved Parties	Plaintiff: the Company Defendant: North District of Chunghwa Telecom
Summary:	Due to the termination of the contract by the owner, Chunghwa Telecom, our company claimed compensation according to the contract. The owner then countersued our company.
Subject or amount	Main Claim: NT\$ 38,936,235 Counterclaim: NT\$ 36,602,159
Date starting the lawsuit	2019/02/14
Current status	On August 4, 2023, both parties reached a settlement at the district court. The company forfeited the performance bond of NT\$11,900,000 without the obligation to return it to the owner and both parties waived their remaining claims.

Item	4
Name of case:	CF650 Bidding Extension Period Request For Direct Project Expenses.
Involved Parties	Plaintiff: the Company Defendant: Taipei City Government Metro Bureau, First District Engineering Office
Summary:	The request arises from the increase in direct project expenses, including construction surveying, safety and health management fees, quality management fees, and others, caused by the extension of the construction period.
Subject or amount	NT\$ 157,154,629
Date starting the lawsuit	2021/11/1
Current status	Both parties reached a settlement at the district court on March 17, 2023, with the MRT Bureau paying our company NT\$150,000,000.

Item	5
Name of case:	Lawsuit Regarding The Objections Of The Debtor, ADE Technology Inc.
Involved Parties	Plaintiff: ADE Technology Inc. Defendant: the Company
Summary:	ADE Technology Inc. filed an objection to the debtor's claim against the arbitration judgment No. 109 arbitration statement No. 80, asserting a credit of NT\$37,295,023 and seeking offset against the debt of NT\$12,950,000 from arbitration judgment No. 108 arbitration statement No. 63.
Subject or amount	NT\$ 96,631,789
Date starting the lawsuit	2022/07/25
Current status	The Supreme Court ruled against our company on November 28, 2023, and the judgment in this case is final.

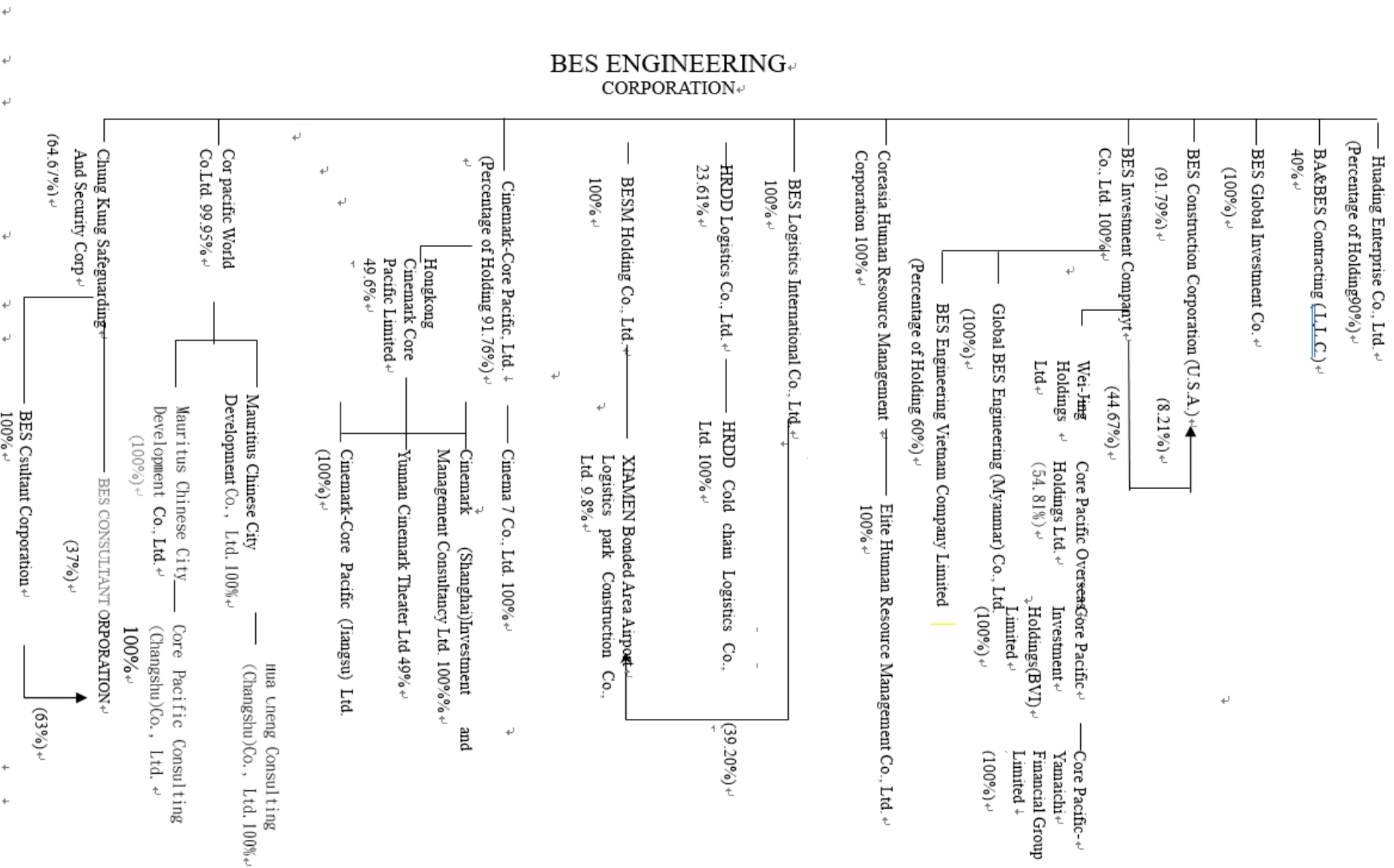
(XIII) Other material risks and countermeasures: None

VII. Other Important Matters: None

Eight. Special notes and matters

I. Information of Affiliates

(I) Organizational Chart of Affiliates



(II) Consolidated Business Report

1. Basic information of Affiliates

Unit: unless otherwise specified, Thousand NTS

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	60,000	Security business
BES Consultant Corporation	1999.04.02	2F, No. 12, Dongxing Rd., Taipei City	10,000	Operation of parking lots and business management consultancy
BES Apartment Maintenance and Management Ltd.	2000.06.29	2F, No. 12, Dongxing Rd., Taipei City	10,000	Management service of apartment buildings
Coreasia Human Resource Management Corporation	1999.05.18	2F, No. 12, Dongxing Rd., Taipei City	60,000	Business management consultancy and investment advices
Huading Enterprise Co., Ltd.	2023.06.14	14F., No. 12, Dongxing Rd., Taipei City	490,100	Urban Renewal Reconstruction
BES Global Investment Co.	1995.01.17	4F, Ellen Skelton Building 3076 Sir Francis Drake Highway, Tortola, British Virgin Islands	USD1,510,000	Overseas operations of construction, machine and electrical equipment
BES Investment Company Ltd.	1996.08.06	Unit 1607, 16th Floor, Fortress Tower, 250 King's Road, North Point, Hong Kong	USD 49,600,000	Overseas operations of construction, machine and electrical equipment
BESM Holding Co., Ltd.	2005.10.18	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, 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

Name of Enterprise	Date of establishment	Address	Paid-up Capital	Major business or products
Cinemark Core Pacific Limited	1999.03.15	4F, No. 102, Kuanfu S. Rd, Taipei City	321,000	Domestic and overseas movie playing
Hongkong Cinemark Core Pacific Limited	2011.09.27	FLATB 3/F WING CHBONG COMMERCIAL BUILDING 19-25 JERVOIS STREET SHEVNG WAN HK	HKD 111,503,000	Investment Holding
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	USD 900,000	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 Pacific (Jiangsu) Ltd.	2015.07.16	Room 1001, Building 1, Duanmu Mansion, No. 18 Jinghua Cheng Road, Hanjiang District, Yangzhou City	USD 11,000,000	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)	RMB 144,000,000	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 Company Limited	2020.02.06	84 PHAN KHIEM ICH, P TAN PHONG, QUAN 7, TP HO CHI MINH, VIET NAM.	USD 600,000,000	Contracting Construction

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. (as of March 31, 2024)

Unit: Thousands NTD unless specified otherwise; share

Name of Enterprise	Position title	Name or Representative	Holding shares	
			Number of shares	Percentage of Holding
Core Pacific World Co., Ltd.	Director	BES ENGINEERING CORPORATION Representatives: Shen, Ching-Jing, Zhou, Zhi-Ming, Chen, Yu-Kuan	115,936,200	99.95
Chung Kung Safeguarding and Security Corp.	Director	BES ENGINEERING CORPORATION Representatives: Shan, Du-Wu, Yang, Mei-Yuan, Cheng, An-Tzu, Chiu, Yung-Tsai	3,880,000	64.67
	General manager	Kou, Ming-Hung	—	—
BES Consultant Corporation	Director	Chung Kung Safeguarding and Security Corp. Representatives: Shan, Du-Wu	10,000 (Capital Contribution)	100
BES Apartment Maintenance and Management Ltd.	Director	BES Consultant Corporation Representatives: Shan, Du-Wu	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	—	—
Huading Enterprise Co., Ltd.	Director	BES Engineering Corporation Representative: Chou, Chih-Ming, Chen, Wen-Ke, Lin, Chun-Yao	44,109,000	90.00
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	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 Representative: Chen, Jui-Lung, Wang, Ting-Tse, Chiu, Yung-Tsai Representative of Supervisors: Wang, Ying-Chuan	RMB 122,500,000 (Capital Contribution)	49.00
BES Investment Company Ltd.	Director	BES ENGINEERING CORPORATION 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,	500,000	100.00
	General manager	Lin, Yu-Bin	—	—

Name of Enterprise	Position title	Name or Representative	Holding shares	
			Number of shares	Percentage of Holding
Cinemark Core Pacific Limited	Supervisor	BES ENGINEERING CORPORATION Representative of Supervisors: Wang, Ting-Tse、Zhang, Jia-Wen	29,455,180	91.76
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, Cai, Zhi-Zhang, Chen, Yi-Shang Representative of Supervisors: Zhang, Zhi-Cheng	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; TR Representative of Supervisors: Chen, Yi-Shang	RMB 12,250,000 (Capital Contribution)	49.00
Cinemark-Core Pacific (Jiangsu) Ltd.	Director and Supervisor	Hongkong Cinemark Core Pacific Limited Representatives: Shen, Ching-Jing, Chiu, Wen-Yi, Shen, Huei-Ting 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: Chou, Chih-Ming	RMB 34,000,000 (Capital Contribution)	23.61
Global BES Engineering (Myanmar) Co., Ltd.	Director	BES Investment Company Ltd. Representative: Yang, Jia-Chun, Chou, Chih-Ming	USD 500,000 (Capital Contribution)	100.00
BES Engineering Vietnam Company Limited	Director	BES Investment Company Ltd. Representative: Shen, Ching-Jing	USD 36,000,000	60.00

4. Overview of the Operations of Each Affiliates, 2023

Unit: unless otherwise specified, Thousand NTS

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
Huading Enterprise Co., Ltd.	490,100							
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)	0 (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 (RMB)	11,418,024 (RMB)	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)	56,290,172 (RMB)	715,456 (RMB)	55,574,716 (RMB)	0 (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)	—	—	—	—	—	—	—
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)
Cinemark-Core Pacific (Jiangsu) 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)

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)
HRDD Logistics Co., Ltd.	144,000,000 (RMB)	210,143,774 (RMB)	163,315,970 (RMB)	46,827,804 (RMB)	26,130,630 (RMB)	(20,897,577) (RMB)	(19,495,348) (RMB)	(19,495,348) (RMB)
Global BES Engineering (Myanmar) Co., Ltd.	748,635,000 (MMK)	852,645,463 (MMK)	4,546,524 (MMK)	848,098,939 (MMK)	0 (MMK)	(22,933,365) (MMK)	107,057,657 (MMK)	117,793,908 (MMK)
BES Engineering Vietnam CO., Ltd.	588,535,000 (Thousand VND)	576,378,827 (Thousand VND)	715,487 (Thousand VND)	575,663,340 (Thousand VND)	0 (Thousand VND)	(16,651,471) (Thousand VND)	(13,863,654) (Thousand VND)	(14,092,351) (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, 2023 to December 31 2023), 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, 2024

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, 2023 to December 31, 2023

Unit: NT NTD in thousands

No.	Fund loaner	Fund borrower	Item for transaction	Related party or not	Maximum balance of the year (Note1)	Balance at the end of year (Note1)	Amount actually drafted	Interest rate Range	Nature of Loaning of funds (Note3)	Business relationship Amount	Reason for short-term financing	Amount to be provided for bad loans	Collateral		Limit of loaning of funds to one single counterparty	Nature of Total Limit	Note
													Name	Value			
0	BES Engineering Corporation	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)	Note 2 Note 4
1	Chung Kung Safeguarding and Security Corp.	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	Chung Kung Safeguarding and Security Corp.	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)	
2	Cinemark-Core Pacific, Ltd.	Agora Garden Co., Ltd.	Other receivables	Yes	100,000	—	—	—	2	—	Operating Turnover	—	—	—	79,726 (40% of net worth of Cinemark-Core Pacific, Ltd.'s net equity)	79,726 (40% of net worth of Cinemark-Core Pacific, Ltd.'s net equity)	

Note1: The limit of loaning of funds passed by the Board of Directors of the Company and subsidiaries.

Note2: 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.

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, 2023 to December 31, 2023

Unit: NT NTD in thousands

	Endorsements and guarantees provider Name of the Company	Counterparty of endorsements and guarantees		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	Amount of endorsements and guarantees with property as collateral(s)	Ratio of accumulated amount of endorsements and guarantees to the net value in the latest financial statement.	Maximum limit of endorsements and guarantees	Endorsements and guarantees from the Company to subsidiaries	Endorsements and guarantees from subsidiaries to the Company	Endorsements and guarantees in Mainland China	Note
		Company Name	Relationship											
1	Cinemark Core Pacific Limited	Cinema7 Theater Co., Ltd.	Companies to which the Company holding more than 50% voting rights directly or indirectly	\$ 199,315 (Note2)	\$ 94,300	\$ 94,300	\$ 74,507	\$ 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)Co., 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	Chung Kung Safeguarding and Security Corp.	Chung Kung Management and Maintenance of Apartment Co., Ltd.	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	Chung Kung Safeguarding and Security Corp	BES Consultant Corporation	Companies to which the Company holding more than 50% voting rights directly or indirectly	\$ 203,037 (Note5)	\$ 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