

**BES Engineering Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2024 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

BES ENGINEERING CORPORATION

By

CHOU, CHIH-MING

March 13, 2025

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, 2024 and 2023, 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, 2024 and 2023, 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, 2024. 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.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2024 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 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, 2024 is material, hence, the accuracy of recognition of construction revenue was deemed as a key audit matter for the year ended December 31, 2024. 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, 2024. 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, 2024. 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, 2024 and 2023, 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, 2024, 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 17, 2025

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, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 15)	\$ 5,124,515	8	\$ 3,634,597	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	9,473	-	4,248	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 34)	910,165	2	875,959	2
Financial assets at amortized cost - current (Notes 4, 9, 24 and 34)	5,257,566	8	6,248,734	11
Contract assets - current (Notes 15, 24 and 26)	4,614,661	7	4,938,178	9
Notes receivable and trade receivables, net (Notes 4, 10, 26 and 33)	117,338	-	107,321	-
Construction receivables (Notes 4, 10, 24, 26 and 33)	5,319,144	8	4,034,845	7
Accounts receivable on the development of industrial districts (Notes 4, 11 and 24)	2,359,746	4	2,811,621	5
Current tax assets (Notes 4 and 28)	1,442	-	5,201	-
Inventories (Notes 4 and 24)	199,833	-	214,169	-
Buildings and land held for sale, net (Notes 4, 5, 12, 24 and 34)	11,713,254	18	11,780,785	21
Construction in progress (Notes 4, 12, 24 and 34)	16,683,726	26	10,630,431	19
Refundable deposits on construction contracts (Note 24)	80,163	-	54,775	-
Other current assets (Notes 15 and 33)	<u>3,302,705</u>	<u>5</u>	<u>2,329,443</u>	<u>4</u>
Total current assets	<u>55,693,731</u>	<u>86</u>	<u>47,670,307</u>	<u>85</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 34)	1,502,093	2	1,901,439	3
Financial assets at amortized cost - non-current (Notes 4, 9 and 33)	1,243,059	2	6,301	-
Investments accounted for using the equity method (Notes 4 and 14)	1,417,478	2	1,529,580	3
Property, plant and equipment, net (Notes 4, 16, 33 and 34)	3,533,418	5	3,209,812	6
Right-of-use assets (Notes 4, 17 and 33)	100,211	-	206,279	-
Investment properties, net (Notes 4, 18 and 34)	1,065,923	2	1,077,287	2
Deferred tax assets (Notes 4 and 28)	356,952	1	347,054	1
Refundable deposits (Notes 15 and 33)	41,037	-	59,477	-
Net defined benefit assets (Notes 4 and 23)	56,990	-	16,970	-
Other non-current assets	<u>21,094</u>	<u>-</u>	<u>24,715</u>	<u>-</u>
Total non-current assets	<u>9,338,255</u>	<u>14</u>	<u>8,378,914</u>	<u>15</u>
TOTAL	<u>\$ 65,031,986</u>	<u>100</u>	<u>\$ 56,049,221</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 34)	\$ 5,330,400	8	\$ 5,891,500	11
Short-term bills payable (Notes 19 and 34)	2,797,746	4	1,461,960	3
Contract liabilities - current (Notes 15, 24, 26 and 33)	6,236,765	10	3,558,584	6
Notes payable (Note 24)	2,853	-	13,725	-
Trade payables (Notes 15, 20 and 24)	7,136,383	11	6,371,331	11
Accrued expenses (Notes 15 and 33)	756,989	1	676,888	1
Accounts payable for the development of industrial districts (Notes 4, 21 and 24)	17,605	-	19,058	-
Current tax liabilities (Notes 4 and 28)	183,316	-	28,292	-
Provisions - current (Notes 4, 22 and 24)	547,641	1	505,734	1
Lease liabilities - current (Notes 4, 17 and 33)	46,159	-	77,121	-
Current portion of long-term borrowings (Notes 19 and 34)	1,971,064	3	631,181	1
Guarantee deposits on construction contracts (Note 24)	878,456	2	761,530	1
Other current liabilities (Notes 15 and 33)	<u>227,283</u>	<u>-</u>	<u>216,074</u>	<u>1</u>
Total current liabilities	<u>26,132,660</u>	<u>40</u>	<u>20,212,978</u>	<u>36</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 19 and 34)	13,396,935	21	9,971,322	18
Provisions - non-current (Notes 4 and 22)	900,764	1	930,278	1
Deferred tax liabilities (Notes 4 and 28)	1,068,381	2	1,084,015	2
Lease liabilities - non-current (Notes 4, 17 and 33)	56,572	-	139,962	-
Guarantee deposits received (Notes 33 and 37)	<u>407,388</u>	<u>1</u>	<u>411,945</u>	<u>1</u>
Total non-current liabilities	<u>15,830,040</u>	<u>25</u>	<u>12,537,522</u>	<u>22</u>
Total liabilities	<u>41,962,700</u>	<u>65</u>	<u>32,750,500</u>	<u>58</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Ordinary shares	<u>15,308,998</u>	<u>23</u>	<u>15,308,998</u>	<u>27</u>
Capital surplus	<u>96,532</u>	<u>-</u>	<u>96,521</u>	<u>-</u>
Retained earnings				
Legal reserve	1,285,732	2	1,200,927	2
Special reserve	2,475,958	4	2,475,958	5
Unappropriated earnings	<u>3,921,009</u>	<u>6</u>	<u>4,064,226</u>	<u>7</u>
Total retained earnings	<u>7,682,699</u>	<u>12</u>	<u>7,741,111</u>	<u>14</u>
Other equity	<u>(913,098)</u>	<u>(1)</u>	<u>(685,775)</u>	<u>(1)</u>
Total equity attributable to owners of the Corporation	22,175,131	34	22,460,855	40
NON-CONTROLLING INTERESTS	<u>894,155</u>	<u>1</u>	<u>837,866</u>	<u>2</u>
Total equity	<u>23,069,286</u>	<u>35</u>	<u>23,298,721</u>	<u>42</u>
TOTAL	<u>\$ 65,031,986</u>	<u>100</u>	<u>\$ 56,049,221</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, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 15, 26 and 33)				
Construction revenue	\$ 22,507,198	94	\$ 17,227,199	91
Other operating revenue	<u>1,339,389</u>	<u>6</u>	<u>1,732,140</u>	<u>9</u>
Total operating revenue	<u>23,846,587</u>	<u>100</u>	<u>18,959,339</u>	<u>100</u>
OPERATING COSTS (Notes 4, 15, 23, 27 and 33)				
Construction costs	21,071,376	88	15,992,738	84
Other operating costs	<u>1,220,553</u>	<u>5</u>	<u>1,444,071</u>	<u>8</u>
Total operating costs	<u>22,291,929</u>	<u>93</u>	<u>17,436,809</u>	<u>92</u>
GROSS PROFIT	<u>1,554,658</u>	<u>7</u>	<u>1,522,530</u>	<u>8</u>
OPERATING EXPENSES (Notes 10, 23, 27 and 33)				
Selling and marketing expenses	103,935	1	94,560	1
General and administrative expenses	456,722	2	462,870	2
Research and development expenses	41,314	-	33,571	-
Expected credit losses (gains)	<u>104</u>	<u>-</u>	<u>(35)</u>	<u>-</u>
Total operating expenses	<u>602,075</u>	<u>3</u>	<u>590,966</u>	<u>3</u>
PROFIT FROM OPERATIONS	<u>952,583</u>	<u>4</u>	<u>931,564</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4, 15, 27 and 33)	149,324	1	82,589	-
Other income (Notes 23, 27 and 33)	106,958	-	106,113	-
Other gains and losses (Notes 14 and 27)	28,985	-	(47,218)	-
Finance costs (Notes 4, 12, 27 and 33)	(298,404)	(1)	(231,663)	(1)
Share of loss of associates (Notes 4 and 14)	<u>(41,079)</u>	<u>-</u>	<u>(60,091)</u>	<u>-</u>
Total non-operating income and expenses	<u>(54,216)</u>	<u>-</u>	<u>(150,270)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	898,367	4	781,294	4
INCOME TAX EXPENSE (Notes 4 and 28)	<u>173,958</u>	<u>1</u>	<u>155,657</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>724,409</u>	<u>3</u>	<u>625,637</u>	<u>3</u>

(Continued)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Notes 4, 14, 23, 25 and 28)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 25,500	-	\$ (7,953)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(392,083)	(2)	62,064	-
Share of the other comprehensive loss of associates accounted for using the equity method	(22,639)	-	(395)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	(5,100)	-	1,590	-
	<u>(394,322)</u>	<u>(2)</u>	<u>55,306</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	172,146	1	(36,889)	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	66,401	-	(1,519)	-
	<u>238,547</u>	<u>1</u>	<u>(38,408)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(155,775)</u>	<u>(1)</u>	<u>16,898</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 568,634</u>	<u>2</u>	<u>\$ 642,535</u>	<u>3</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 717,244	3	\$ 624,719	3
Non-controlling interests	<u>7,165</u>	<u>-</u>	<u>918</u>	<u>-</u>
	<u>\$ 724,409</u>	<u>3</u>	<u>\$ 625,637</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 510,333	2	\$ 643,243	3
Non-controlling interests	<u>58,301</u>	<u>-</u>	<u>(708)</u>	<u>-</u>
	<u>\$ 568,634</u>	<u>2</u>	<u>\$ 642,535</u>	<u>3</u>

(Continued)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2024		2023	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 29)				
Basic	<u>\$0.47</u>		<u>\$0.41</u>	
Diluted	<u>\$0.47</u>		<u>\$0.41</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, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation (Notes 4 and 25)												
	Share Capital Issued and Outstanding							Other Equity		Non-controlling Interests (Notes 25 and 30)			Total Equity
								Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income					
								Exchange Differences on Translation of Foreign Operations	Total				
	Number of Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total						
BALANCE, JANUARY 1, 2023	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
Appropriation of the 2023 earnings													
Legal reserve	-	-	-	84,805	-	(84,805)	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(796,068)	(796,068)	-	-	-	(796,068)	-	(796,068)
Total	-	-	-	84,805	-	(880,873)	(796,068)	-	-	-	(796,068)	-	(796,068)
Actual acquisition of interests in subsidiaries	-	-	11	-	-	-	-	-	-	-	11	(171)	(160)
Cash dividends distributed by the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,841)	(1,841)
Net profit for the year ended December 31, 2024	-	-	-	-	-	717,244	717,244	-	-	-	717,244	7,165	724,409
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	-	19,972	19,972	187,804	(414,687)	(226,883)	(206,911)	51,136	(155,775)
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	737,216	737,216	187,804	(414,687)	(226,883)	510,333	58,301	568,634
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	440	440	-	(440)	(440)	-	-	-
BALANCE, DECEMBER 31, 2024	1,530,899	\$ 15,308,998	\$ 96,532	\$ 1,285,732	\$ 2,475,958	\$ 3,921,009	\$ 7,682,699	\$ (32,882)	\$ (880,216)	\$ (913,098)	\$ 22,175,131	\$ 894,155	\$ 23,069,286

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, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 898,367	\$ 781,294
Adjustments for:		
Depreciation expense	172,998	166,217
Expected credit loss (reversal)	104	(35)
Net gain on fair value changes of financial assets at fair value through profit or loss	(150)	(109)
Finance costs	298,404	231,663
Interest income	(149,324)	(82,589)
Dividend income	(19,192)	(16,599)
Share of profit or loss of associates	41,079	60,091
Loss (gain) on disposal of property, plant and equipment	20,931	(10,693)
Gain on disposal of associates	(32,247)	-
Impairment loss recognized on investment properties	1,992	14,962
Reversal of write-down of buildings and land held for sale	(33,510)	-
Gain on lease modification	(7,949)	(2)
Compensation loss (reversal)	15,858	(43,411)
Changes in operating assets and liabilities		
Contract assets	323,517	(2,439,637)
Notes receivable and trade receivables	(10,121)	(11,802)
Construction receivables	(1,284,299)	(1,431,680)
Accounts receivable on the development of industrial districts	451,875	86,426
Inventories	14,336	41,053
Construction in progress	(5,792,926)	(5,725,745)
Buildings and land held for sale	101,165	262,650
Other current assets	(921,438)	(974,998)
Contract liabilities	2,678,181	1,377,110
Notes payable	(10,872)	10,371
Trade payables	765,052	2,078,662
Accrued expenses	80,101	45,255
Accounts payable for the development of industrial districts	(1,453)	695
Provisions	(3,465)	15,036
Net defined benefit liabilities	(14,520)	(19,663)
Other current liabilities	4,369	(76,330)
Cash used in operations	(2,413,137)	(5,661,808)
Interest received	146,675	81,420
Interest paid	(596,552)	(376,631)
Income tax paid	(50,363)	(94,166)
Net cash used in operating activities	(2,913,377)	(6,051,185)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from disposal of financial assets at fair value through other comprehensive income	12,802	412,311
		(Continued)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Proceeds from purchase of financial assets at amortized cost	\$ (245,590)	\$ (1,681,876)
Proceeds from purchase of financial assets at fair value through profit and loss	(5,075)	(32)
Proceeds from disposal of financial assets at fair value through profit and loss	-	36
Payments for property, plant and equipment	(436,077)	(187,388)
Proceeds from disposal of property, plant and equipment	8,196	12,370
(Increase) decrease in refundable deposits	(6,948)	70,894
Decrease in other assets	3,621	32,985
Dividends received from subsidiaries and associates	107,287	-
Dividends received	<u>19,192</u>	<u>16,599</u>
Net cash used in investing activities	<u>(542,592)</u>	<u>(1,324,101)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments of) proceeds from short-term borrowings	(856,100)	1,177,500
Proceeds from short-term bills payable	1,335,786	411,909
Proceeds from long-term borrowings	4,765,496	4,801,286
Increase in guarantee deposits received	112,369	566,534
Repayment of the principal portion of lease liabilities	(72,730)	(84,315)
Cash dividends distributed	(796,068)	(805,254)
Acquisition of additional interests in subsidiaries	(160)	-
Dividends paid to non-controlling interests	(1,841)	(1,679)
Increase in non-controlling interests	<u>-</u>	<u>786,895</u>
Net cash generated from financing activities	<u>4,486,752</u>	<u>6,852,876</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>164,135</u>	<u>(32,536)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,194,918	(554,946)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,634,597</u>	<u>4,189,543</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,829,515</u>	<u>\$ 3,634,597</u>

(Continued)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)**

Reconciliation of ending balance of cash and cash equivalents

	December 31	
	2024	2023
Cash and cash equivalents in the consolidated balance sheets	\$ 5,124,515	\$ 3,634,597
Bank overdrafts	<u>(295,000)</u>	<u>-</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 4,829,515</u>	<u>\$ 3,634,597</u>

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, 2024 AND 2023 (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, 2025.

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 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
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 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended 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 7 and 9 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 32.

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 by 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.

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. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

u. 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	
	2024	2023
Cash on hand	\$ 8,007	\$ 7,151
Checking accounts and demand deposits	3,329,696	2,974,858
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>1,786,812</u>	<u>652,588</u>
	<u>\$ 5,124,515</u>	<u>\$ 3,634,597</u>

The market rate intervals of bank deposits at the end of the year were as follows:

	December 31	
	2024	2023
Bank deposits	0.005%-0.800%	0.005%-0.580%

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

	December 31	
	2024	2023
<u>Financial assets at FVTPL</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>\$ 9,473</u>	<u>\$ 4,248</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments At FVTOCI

	December 31	
	2024	2023
<u>Current</u>		
Domestic investments		
Listed shares	<u>\$ 910,165</u>	<u>\$ 875,959</u>

(Continued)

	December 31	
	2024	2023
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 1,345,326	\$ 1,788,277
Unlisted shares	116,025	113,162
Foreign investments		
Unlisted shares	<u>40,742</u>	<u>-</u>
	<u>\$ 1,502,093</u>	<u>\$ 1,901,439</u>
		(Concluded)

These investments in Taiwan Business Bank, China Petrochemical Development Corporation (the “China Petrochemical Development”), Century Development Corporation, Overseas Investment & Development Corporation and HRDD Logistics Co., Ltd. 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.

Refer to Note 34 for information relating to investments in equity instruments at FVTOCI pledged as security.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2024	2023
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months (Note 2)	\$ 2,379,000	\$ 3,407,264
Others (Note 3)	<u>2,878,566</u>	<u>2,841,470</u>
	<u>\$ 5,257,566</u>	<u>\$ 6,248,734</u>
<u>Non-current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months (Note 2)	\$ 638,782	\$ 3,566
Corporate bonds of Agora Garden Co., Ltd. (Note 1)	600,000	-
Others (Note 3)	<u>4,277</u>	<u>2,735</u>
	<u>\$ 1,243,059</u>	<u>\$ 6,301</u>

Note 1: In June 2024, the Group bought 5-year corporate bonds issued by Agora Garden Co., Ltd. at face value of \$600,000 thousand with a maturity date of June 2029. The coupon rate and effective interest rate were both 5.5%.

Note 2: The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.400%-5.200% and 0.175%-5.650% per annum as of December 31, 2024 and 2023, respectively.

Note 3: Restricted deposits and reserve account for trusts.

Refer to Note 34 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND CONSTRUCTION RECEIVABLES

	December 31	
	2024	2023
<u>Notes receivable</u>		
Notes receivable	\$ 86	\$ 329
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	117,694	107,330
Less: Allowance for impairment loss	(442)	(338)
	<u>117,252</u>	<u>106,992</u>
Notes receivable and trade receivables	\$ <u>117,338</u>	\$ <u>107,321</u>
Construction receivables	\$ <u>5,319,144</u>	\$ <u>4,034,845</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 are 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.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The aging of receivables, net was as follows:

	December 31	
	2024	2023
Not past due	\$ 5,293,431	\$ 4,141,030
Less than 60 days	142,936	807
61-90 days	9	-
90-120 days	-	-
Past due over 120 days	<u>20</u>	<u>-</u>
	<u>\$ 5,436,396</u>	<u>\$ 4,141,837</u>

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

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 338	\$ 400
Add: Net remeasurement of loss allowance	104	-
Less: Amounts written off	-	(27)
Less: Net remeasurement of loss allowance	<u>-</u>	<u>(35)</u>
Balance at December 31	<u>\$ 442</u>	<u>\$ 338</u>

11. ACCOUNTS RECEIVABLE ON THE DEVELOPMENT OF INDUSTRIAL DISTRICTS

	December 31	
	2024	2023
Chung Hua Coastal Industrial Park	\$ 459,645	\$ 897,375
Yunlin Technology-based Industrial Park	13,769	7,390
Other industrial districts	<u>1,886,332</u>	<u>1,906,856</u>
	<u>\$ 2,359,746</u>	<u>\$ 2,811,621</u>

The Group's development costs (including interest) amounted to \$1,822,682 thousand in 2024 and \$1,433,795 thousand in 2023, and the amounts collected were \$2,274,557 thousand in 2024 and \$1,520,221 thousand in 2023.

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:

- 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, 2024</u>				
Self-construction on self-possessed land	\$ 412,029	\$ 1,244,634	\$ 9,686,342	\$ 10,930,976
Joint construction	11,301,225	187,858	5,539,656	5,727,514
Undefined use	<u>-</u>	<u>25,236</u>	<u>-</u>	<u>25,236</u>
	<u>\$ 11,713,254</u>	<u>\$ 1,457,728</u>	<u>\$ 15,225,998</u>	<u>\$ 16,683,726</u>
<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	<u>-</u>	<u>25,236</u>	<u>-</u>	<u>25,236</u>
	<u>\$ 11,780,785</u>	<u>\$ 1,385,700</u>	<u>\$ 9,244,731</u>	<u>\$ 10,630,431</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 \$5,735 thousand and \$39,245 thousand as of December 31, 2024 and 2023, respectively. For the year ended December 31, 2024, the operating costs included reversal of write-downs of buildings and land held for sale which amounted to \$33,510 thousand. Reversal of write-downs of buildings and land held for sale was due to market value recovery.

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, 2024, the miscellaneous construction works and landscape greening 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; the construction application was submitted on June 28, 2022; the groundbreaking ceremony was held on July 12, 2022, and as of December 31, 2024, the construction 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. The negotiation for demolition was completed in April 2024, and all the relocations were completed on October 20, 2024. As of December 31, 2024, the demolition work 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, 2024, the interior and exterior decoration work were 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. The application was submitted for the urban renewal business plans and transfer of ownership rights on December 22, 2024. The public hearing was held on April 29, 2024, and the neighbor land occupation coordination meeting was held on October 14, 2024. As of December 31, 2024, the negotiation and integration were still in progress.

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 the house selection was completed on October 25, 2023. The seminars of the change of urban renewal area was held on March 2, 2024, and as of December 31, 2024, the negotiation and integration were still in progress.

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. The house selection was completed on April 3, 2024; the application was submitted for the urban renewal business plans and transfer of ownership rights on May 30, 2024; the public hearing was held on September 14, 2024. As of December 31, 2024, the preparations for the public exhibition were 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. The public hearing of the transfer of ownership rights was held on March 21, 2024; the house selection was completed on April 20, 2024; the application was submitted for the urban renewal business plans and transfer of ownership rights on May 15, 2024. As of December 31, 2024, the business plan was still under review.

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 the application was submitted for the urban renewal business plan in October 2023. The inspection work was completed on July 5, 2024; the building planning was finalized on September 30, 2024; the public hearing and the house selection were held on December 13, 2024. As of December 31, 2024, the house selection work was still in progress.

The Group was awarded a tender for the 5 urban renewal plans located on the land in No. 461, Peibo Section, Tucheng District, New Taipei City, in September 2023. The public hearing of the transfer of ownership rights was held on June 25, 2024; the house selection was completed on July 15, 2024; the application was approved for the urban renewal business plans and transfer of ownership rights on October 14, 2024. As of December 31, 2024, the urban renewal business plans and transfer of ownership rights were still under review.

The board of directors approved a tender for the 9 urban renewal plans located on the land in No. 551, Subsection 3, Baoqing Section, Taipei City, on October 25, 2024, and as of December 31, 2024, the adjustments to the drawings were still in progress.

As of December 31, 2024 and 2023, the interest expense before capitalization was \$603,392 thousand and \$385,516 thousand, respectively; the capitalized construction interest was \$304,988 thousand and \$153,853 thousand, respectively; the capitalization rates per annum were 2.826%-2.867% and 2.643%-2.658%, respectively.

Refer to Note 34 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 December 31		Remark
			2024	2023	
BES Engineering Corporation	Core Pacific World Co., Ltd.	Makes investments	99.96	99.95	Notes 7 and 8
	BES Investment Company Ltd.	Overseas construction and equipment sale	100.00	100.00	Note 4
	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.	Reality technology services and live house	91.76	91.76	Note 2
	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	Note 6
	BESM Holding Co., Ltd.	Holds investments	100.00	100.00	-
	Huading Enterprise Co., Ltd.	urban renewal and reconstruction industry	90.00	90.00	Note 3
Core Pacific World Co., Ltd.	Zhong Hua Cheng Development Co., Ltd.	Consulting	100.00	100.00	-
	Chinese City International Investment Co., Ltd.	Consulting	100.00	100.00	-
Cinemark-Core Pacific, Ltd.	Cinema 7 Theater Co., Ltd.	Movie broadcasting and retail sale of food products and groceries	100.00	100.00	Note 5
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	60.00	Notes 4 and 7
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: 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 30 in the consolidated financial statements for the year ended December 31, 2024.

Note 3: 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 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 4: 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 30 in the consolidated financial statements for the year ended December 31, 2024.
- Note 5: On May 10, 2024, the board of directors of Cinemark-Core Pacific, Ltd. resolved to fully subscribe for additional new shares of Cinema 7 Theater Co., Ltd. by \$100,000 thousand. The related procedures were completed on May 30, 2024.
- Note 6: On May 13, 2024, the board of directors of the Corporation resolved to go through the liquidation and dissolution of its subsidiary, BES Global Investment Co. The related procedures were completed on October 16, 2024.
- Note 7: On September 27, 2024, the board of directors of the Corporation resolved to reduce cash capital of its subsidiaries, Core Pacific World Co., Ltd. and BES Engineering Vietnam Company Limited. As of December 31, 2024, the related procedures have not yet been completed.
- Note 8: On November 28, 2024, the Corporation acquired part of the equity from the non-controlling shareholders of its subsidiary, Core Pacific World Co., Ltd., resulting in its continuing interest increasing from 99.95% to 99.96%. Please refer to Note 30 in the consolidated financial statements for the year ended December 31, 2024.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in associates

	December 31	
	2024	2023
Associates that are not individually material	<u>\$ 1,417,478</u>	<u>\$ 1,529,580</u>

Aggregate information of joint ventures that are not individually material

	For the Year Ended December 31	
	2024	2023
The Group's share of:		
Loss for the year	\$ (41,079)	\$ (60,091)
Other comprehensive income (loss)	<u>43,762</u>	<u>(1,914)</u>
Total comprehensive income (loss) for the year	<u>\$ 2,683</u>	<u>\$ (62,005)</u>

The invested company HRDD Logistics Co., Ltd. (“HRDD”) of the Group, which is evaluated by using the equity method, resolved a resolution for cash capital increase at its extraordinary shareholders’ meeting on January 5, 2024. However, the Group did not participate in the cash capital increase of HRDD in proportion to its shareholding. The registration was completed on July 30, 2024, the changes in percentage of ownership interests resulted in a decrease of the Group’s continuing interest from 23.61% to 14.11%, and consequently ceased to have significant influence over the change to financial assets at FVTOCI. The Group retained the remaining 14.11% shares whose fair value at the date of disposal was \$39,745 thousand. This transaction resulted in the recognition of a gain in profit or loss for the year ended December 31, 2024, calculated as follows:

	For the Year Ended December 31, 2024
Proceeds from disposal	\$ -
Plus: Fair value of retained investment (14.11%)	39,745
Plus: Exchange differences on translation of the financial statements of foreign operations	1,313
Less: Carrying amount of investment on the date of loss of significant influence	<u>(8,811)</u>
Gain recognized	<u>\$ 32,247</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 were shown below:

	December 31	
	2024	2023
<u>Assets</u>		
Cash and cash equivalents	\$ -	\$ 13,941
<u>Liabilities</u>		
Trade payables	\$ -	\$ 3,702
Contract liabilities - current	32,023	28,780
Other current liabilities	<u>2,378</u>	<u>3,708</u>
	<u>\$ 34,401</u>	<u>\$ 36,190</u>

	For the Year Ended December 31	
	2024	2023
Construction revenue	\$ 3,525	\$ 19,360
Construction cost	\$ 3,271	\$ 17,928
Interest income	\$ 46	\$ 274

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 related assets, liabilities, revenue and expenses relating to the joint venture operations in the consolidated financial statements were shown below:

	December 31	
	2024	2023
<u>Assets</u>		
Cash and cash equivalents	\$ 88,638	\$ 40,699
Refundable deposits	215	721
Other current assets	<u>691,487</u>	<u>68,806</u>
	<u>\$ 780,340</u>	<u>\$ 110,226</u>
<u>Liabilities</u>		
Trade payables	\$ 23,886	\$ 3,037
Accrued expenses	6	8
Contract liabilities - current	688,965	89,659
Other current liabilities	<u>8</u>	<u>8</u>
	<u>\$ 712,865</u>	<u>\$ 92,712</u>
For the Year Ended December 31		
	2024	2023
Construction revenue	\$ 1,150,216	\$ 165,200
Construction cost	\$ 1,109,902	\$ 162,910
Interest income	\$ 463	\$ 139

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.

d. Tainan Seawater Desalination Plant Joint Venture

The Group and Kuo Toong International Co., Ltd. ("Kuo Toong") jointly contracted the construction of the turnkey project (Phase I) and operation and maintenance project of the Tainan Seawater Desalination Plant, managed by the Southern Region Water Resources Office, Water Resources Agency, Ministry of Economic Affairs (the "Tainan Seawater Desalination Plant Joint Venture"), which was entrusted by Kuo Toong International Co., Ltd. The Group and Kuo Toong signed the joint venture contract in May 2024, and had 43% and 57% interest in the joint venture, respectively. The related assets, liabilities, revenue and expenses relating to the joint venture operations in the consolidated financial statements were shown below:

	December 31, 2024
<u>Assets</u>	
Cash and cash equivalents	\$ 38,829
Contract assets - current	812
Other current assets	<u>24,637</u>
	<u>\$ 64,278</u>
<u>Liabilities</u>	
Trade payables	\$ 4,163
Accrued expenses	<u>235</u>
	<u>\$ 4,398</u>
	For the Year Ended December 31, 2024
Construction revenue	<u>\$ 27,047</u>
Construction cost	<u>\$ 25,827</u>
Interest income	<u>\$ 41</u>

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Property under Construction	Total
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>
<u>Cost</u>						
Balance at January 1, 2024	\$ 2,723,925	\$ 460,137	\$ 722,328	\$ 352,815	\$ 4,693	\$ 4,263,898
Additions	-	-	424,897	9,120	2,060	436,077
Disposals	-	-	(100,602)	(5,220)	-	(105,822)
Transfers from investment properties	-	2,265	-	-	-	2,265
Reclassification	-	2,000	506	(324)	(2,182)	-
Effect of foreign currency exchange differences	-	-	73	3	-	76
Balance at December 31, 2024	<u>\$ 2,723,925</u>	<u>\$ 464,402</u>	<u>\$ 1,047,202</u>	<u>\$ 356,394</u>	<u>\$ 4,571</u>	<u>\$ 4,596,494</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2024	\$ 823	\$ 298,257	\$ 453,314	\$ 301,692	\$ -	\$ 1,054,086
Depreciation expense	188	12,635	66,830	4,894	-	84,547
Disposals	-	-	(71,940)	(4,755)	-	(76,695)
Transfers from investment properties	-	1,049	-	-	-	1,049
Effect of foreign currency exchange differences	-	-	88	1	-	89
Balance at December 31, 2024	<u>\$ 1,011</u>	<u>\$ 311,941</u>	<u>\$ 448,292</u>	<u>\$ 301,832</u>	<u>\$ -</u>	<u>\$ 1,063,076</u>
Balance at December 31, 2024, net	<u>\$ 2,722,914</u>	<u>\$ 152,461</u>	<u>\$ 598,910</u>	<u>\$ 54,562</u>	<u>\$ 4,571</u>	<u>\$ 3,533,418</u>

No impairment assessment was performed for the years ended December 31, 2024 and 2023 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 34.

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2024	2023
<u>Carrying amount</u>		
Land	\$ 49,597	\$ 40,649
Buildings	11,933	122,727
Transportation equipment	<u>38,681</u>	<u>42,903</u>
	<u>\$ 100,211</u>	<u>\$ 206,279</u>
	For the Year Ended December 31	
	2024	2023
Additions to right-of-use assets	<u>\$ 53,938</u>	<u>\$ 56,879</u>
Decrease in right-of-use assets	<u>\$ 87,617</u>	<u>\$ 689</u>
Depreciation charge for right-of-use assets		
Land	\$ 11,447	\$ 5,969
Buildings	35,508	55,654
Transportation equipment	<u>25,440</u>	<u>22,579</u>
	<u>\$ 72,395</u>	<u>\$ 84,202</u>

b. Lease liabilities

	December 31	
	2024	2023
<u>Carrying amount</u>		
Current	<u>\$ 46,159</u>	<u>\$ 77,121</u>
Non-current	<u>\$ 56,572</u>	<u>\$ 139,962</u>

Range of discount rates for lease liabilities was as follows:

	December 31	
	2024	2023
Land	2.10%-3.20%	2.10%-2.80%
Buildings	2.10%-4.75%	2.10%-4.75%
Transportation equipment	2.10%-3.30%	2.10%-2.74%

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	
	2024	2023
Year 1	\$ 1,866	\$ 1,986
Year 2	-	994
Year 3	<u>-</u>	<u>-</u>
	<u>\$ 1,866</u>	<u>\$ 2,980</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	
	2024	2023
Expenses relating to short-term leases	<u>\$ 22,933</u>	<u>\$ 14,139</u>
Expenses relating to low-value asset leases	<u>\$ 1,095</u>	<u>\$ 1,007</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 184,220</u>	<u>\$ 136,786</u>
Total cash outflow for leases	<u>\$ (284,627)</u>	<u>\$ (242,092)</u>

18. INVESTMENT PROPERTIES

	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>

(Continued)

**Completed
Investment
Properties**

Cost

Balance at January 1, 2024	\$ 1,436,794
Transfers to property, plant and equipment	(2,265)
Effect of foreign currency exchange differences	<u>10,916</u>
Balance at December 31, 2024	<u>\$ 1,445,445</u>

Accumulated depreciation and impairment

Balance at January 1, 2024	\$ 359,507
Depreciation expense	16,056
Impairment losses	1,992
Transfers to property, plant and equipment	(1,049)
Effect of foreign currency exchange differences	<u>3,016</u>
Balance at December 31, 2024	<u>\$ 379,522</u>
Balance at December 31, 2024, net	<u>\$ 1,065,923</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 \$1,992 thousand and \$14,962 thousand, which were recognized in other gains and losses on the consolidated statement of comprehensive income for the years ended December 31, 2024 and 2023, respectively.

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, 2024 and 2023, respectively, was as follows:

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Not later than 1 year	\$ 84,651	\$ 92,614
Later than 1 year and not later than 5 years	<u>166,244</u>	<u>55,287</u>
	<u>\$ 250,895</u>	<u>\$ 147,901</u>

The fair values of investment properties were arrived at on the basis of valuations carried out as of December 2024 and 2023 by independent and qualified professional appraiser. The fair values are shown below:

	December 31	
	2024	2023
Fair value	<u>\$ 6,552,015</u>	<u>\$ 6,760,559</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 34.

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2024	2023
<u>Secured borrowings</u>		
Bank loans	\$ 4,239,400	\$ 4,891,500
Bank overdrafts	295,000	-
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>796,000</u>	<u>1,000,000</u>
	<u>\$ 5,330,400</u>	<u>\$ 5,891,500</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 34).

The range of weighted average effective interest rate on bank loans were 2.300%-3.478% and 1.660%-3.353% per annum at December 31, 2024 and 2023, respectively.

b. Short-term bills payable

	December 31	
	2024	2023
Commercial paper	\$ 2,805,300	\$ 1,462,300
Less: Unamortized discounts on bills payable	<u>(7,554)</u>	<u>(340)</u>
	<u>\$ 2,797,746</u>	<u>\$ 1,461,960</u>

Outstanding short-term bills payable were as follows:

December 31, 2024

Promissory Institution	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	Carrying Value of Collateral
<u>Commercial paper</u>						
International Bills Finance	\$ 882,000	\$ 4,228	\$ 877,772	3.032%	Land and building	\$ 6,707,466
Mega Bills Finance	690,000	873	689,127	2.850%	Land and building	1,864,733
China Bills Finance Corporation	500,000	1,852	498,148	2.420%	Marketable securities	504,900
Mega Bills Finance	450,000	550	449,450	2.750%	Land and building	497,782
Taiwan Finance Corporation	<u>283,300</u>	<u>51</u>	<u>283,249</u>	3.212%	Land and building	892,214
	<u>\$ 2,805,300</u>	<u>\$ 7,554</u>	<u>\$ 2,797,746</u>			

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>			

The short-term bills payables were pledged by listed stocks held by the Group, buildings and land held for sale, freehold land and buildings. (Refer to Note 34)

c. Long-term borrowings

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Secured borrowings</u>		
Bank loans	\$ 10,102,860	\$ 5,727,564
<u>Unsecured borrowings</u>		
Bank loans	<u>5,265,139</u>	<u>4,874,939</u>
	15,367,999	10,602,503
Less: Current portion	<u>(1,971,064)</u>	<u>(631,181)</u>
Long-term borrowings	<u>\$ 13,396,935</u>	<u>\$ 9,971,322</u>
Maturity dates	June 2031	June 2031

The long-term borrowings were pledged by some of the Group's bank deposits, construction in progress, buildings and land held for sale, freehold land and buildings and time deposits (refer to Note 34). As of December 31, 2024 and 2023, the effective annual interest rate ranges were 2.365%-3.312% and 2.240%-3.132%, respectively.

20. TRADE PAYABLES

	December 31	
	2024	2023
<u>Trade payables</u>		
Operating	<u>\$ 7,136,383</u>	<u>\$ 6,371,331</u>

Trade payables classified as construction retainage received were \$2,958,727 thousand as of December 31, 2024 and \$2,260,542 thousand as of December 31, 2023. 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

	December 31	
	2024	2023
Litzer Industrial District	\$ 1,642	\$ 3,095
Other Industrial Districts	<u>15,963</u>	<u>15,963</u>
	<u>\$ 17,605</u>	<u>\$ 19,058</u>

Accounts payable (receivable) for the development of industrial districts amounted to \$1,632 thousand in 2023. The input costs were \$1,453 thousand in 2024 and \$937 thousand in 2023.

22. PROVISIONS

	December 31	
	2024	2023
<u>Current</u>		
Warranties	<u>\$ 547,641</u>	<u>\$ 505,734</u>
<u>Non-current</u>		
Long-term provision for the judgment of legal procedures	<u>\$ 900,764</u>	<u>\$ 930,278</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 2024 and 2023, 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, 2024 and 2023) 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	
	2024	2023
Present value of defined benefit obligation	\$ 216,163	\$ 249,832
Fair value of plan assets	<u>(273,153)</u>	<u>(266,802)</u>
Net defined benefit assets	<u>\$ (56,990)</u>	<u>\$ (16,970)</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 Assets
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 loss (income)	<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>
Balance at January 1, 2024	<u>\$ 249,832</u>	<u>\$ (266,802)</u>	<u>\$ (16,970)</u>
Service cost			
Current service cost	3,644	-	3,644
Net interest expense (income)	<u>2,915</u>	<u>(3,156)</u>	<u>(241)</u>
Recognized in profit or loss	<u>6,559</u>	<u>(3,156)</u>	<u>3,403</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(22,521)	(22,521)
Actuarial loss (gain)			
Changes in financial assumptions	(6,482)	-	(6,482)
Experience adjustments	<u>3,503</u>	<u>-</u>	<u>3,503</u>
Recognized in other comprehensive income	<u>(2,979)</u>	<u>(22,521)</u>	<u>(25,500)</u>
Contributions from the employer	<u>-</u>	<u>(17,048)</u>	<u>17,048</u>
Benefits paid	<u>(37,249)</u>	<u>36,374</u>	<u>(875)</u>
Balance at December 31, 2024	<u>\$ 216,163</u>	<u>\$ (273,153)</u>	<u>\$ (56,990)</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans was as follows:

	For the Year Ended December 31	
	2024	2023
Operating costs	\$ 2,911	\$ 4,540
General and administrative expenses	660	1,010
Research and development expenses	1	39
Other income	<u>(169)</u>	<u>(174)</u>
	<u>\$ 3,403</u>	<u>\$ 5,415</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:

	December 31	
	2024	2023
Discount rate(s)	1.55%-1.60%	1.16%-1.20%
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:

	December 31	
	2024	2023
Discount rate(s)		
0.25% increase	<u>\$ (3,910)</u>	<u>\$ (4,649)</u>
0.25% decrease	<u>\$ 4,018</u>	<u>\$ 4,778</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 3,992</u>	<u>\$ 4,728</u>
0.25% decrease	<u>\$ (3,904)</u>	<u>\$ (4,624)</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	
	2024	2023
Expected contributions to the plans for the next year	<u>\$ 6,373</u>	<u>\$ 6,386</u>
Average duration of the defined benefit obligation	5-7 years	6-7 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, 2024		
	Due Within One Year	Due After One Year	Total
<u>Assets</u>			
Financial assets at amortized cost - current	\$ 1,869,702	\$ 366,433	\$ 2,236,135
Construction receivables	5,009,511	309,633	5,319,144
Contract assets - current	804,544	3,810,117	4,614,661
Accounts receivable on the development of industrial districts	-	2,359,746	2,359,746
Inventories	199,833	-	199,833
Buildings and land held for sale, net	941,769	10,771,485	11,713,254
Construction in progress	-	16,683,726	16,683,726
Refundable deposits on construction contracts	<u>41,767</u>	<u>38,396</u>	<u>80,163</u>
	<u>\$ 8,867,126</u>	<u>\$ 34,339,536</u>	<u>\$ 43,206,662</u>
<u>Liabilities</u>			
Notes payable	\$ 2,766	\$ -	\$ 2,766
Trade payables	6,130,397	987,068	7,117,465
Contract liabilities - current	2,182,282	4,041,335	6,222,617
Accounts payable for the development of industrial districts	-	17,605	17,605
Provisions - current	28,122	519,519	547,641
Guarantee deposits on construction contracts	<u>588,566</u>	<u>289,890</u>	<u>878,456</u>
	<u>\$ 8,931,133</u>	<u>\$ 5,855,417</u>	<u>\$ 14,786,550</u>
	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>

(Continued)

	December 31, 2023		
	Due Within One Year	Due After One Year	Total
<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>
			(Concluded)

25. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2024	2023
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

	December 31	
	2024	2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 11,501	\$ 11,501
Treasury share transactions	1,757	1,757
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	10,126	10,115
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	12,535
Others	<u>56,430</u>	<u>56,430</u>
	<u>\$ 96,532</u>	<u>\$ 96,521</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 2023 and 2022, which had been approved in the Corporation's shareholders' meetings on May 31, 2024 and June 7, 2023, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2023	2022
Legal reserve	\$ 84,805	\$ 83,937
Cash dividends	\$ 796,068	\$ 805,254
Cash dividends per share (NT\$)	\$ 0.520	\$ 0.526

The appropriations of earnings for 2024, which had been proposed by the Corporation's board of directors on March 13, 2025, were as follows:

	For the Year Ended December 31, 2024
Legal reserve	\$ <u>73,766</u>
Share dividends	\$ <u>770,043</u>
Share dividends per share (NT\$)	\$ 0.503

The appropriations of earnings for 2024 is subject to the resolution of the shareholders in the shareholders' meeting to be held on May 29, 2025.

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	
	2024	2023
Balance at January 1	\$ (220,686)	\$ (180,793)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	121,403	(35,243)
Share from associates accounted for using the equity method	67,714	(1,519)
Reclassification adjustment		
Share from the disposal of associates accounted for using the equity method (Note 14)	<u>(1,313)</u>	<u>-</u>
Other comprehensive income recognized for the year	187,804	(36,762)
Actual acquisition of interests in subsidiaries (Note 30)	-	(1,205)
Changes in percentage of ownership interests in subsidiaries (Note 30)	<u>-</u>	<u>(1,926)</u>
Balance at December 31	<u>\$ (32,882)</u>	<u>\$ (220,686)</u>

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

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ (465,089)	\$ (296,350)
Recognized for the year		
Unrealized (loss) gain - equity instruments	(392,048)	62,065
Share from associates accounted for using the equity method	(22,639)	(395)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(440)	(229,720)
Actual acquisition of interests in subsidiaries (Note 30)	<u>-</u>	<u>(689)</u>
Balance at December 31	<u>\$ (880,216)</u>	<u>\$ (465,089)</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2024	2023
Balance at January 1	\$ 837,866	\$ 71,411
Share in gain for the year	7,165	918
Other comprehensive income (loss) for the year		
Exchange differences on translating the financial statements of foreign entities	50,743	(1,646)
Remeasurement of defined benefit plans	535	26
Income tax related to actuarial losses	(107)	(5)
Unrealized loss on financial assets at FVTOCI	(35)	(1)
Acquisition of non-controlling interests in subsidiaries	-	49,010
Actual acquisition of interests in subsidiaries (Note 30)	(171)	(7,463)
Changes in percentage of ownership interests in subsidiaries (Note 30)	-	727,295
Cash dividends to shareholders of subsidiaries	<u>(1,841)</u>	<u>(1,679)</u>
Balance at December 31	<u>\$ 894,155</u>	<u>\$ 837,866</u>

26. REVENUE

	For the Year Ended December 31	
	2024	2023
Revenue from contracts with customers		
Construction contract revenue	\$ 22,507,198	\$ 17,227,199
Revenue from the rendering of services	1,166,954	1,180,238
Revenue from sell of properties	81,814	350,526
Other operating revenue	<u>90,621</u>	<u>201,376</u>
	<u>\$ 23,846,587</u>	<u>\$ 18,959,339</u>

Contract Balances

	December 31, 2024	December 31, 2023	January 1, 2023
Trade receivables (Note 10)	\$ <u>117,252</u>	\$ <u>106,992</u>	\$ <u>95,423</u>
Construction receivables (Note 10)	\$ <u>5,319,144</u>	\$ <u>4,034,845</u>	\$ <u>2,603,165</u>
Contract assets			
Deposits under construction contracts for construction receivables	\$ 2,309,896	\$ 2,167,561	\$ 1,765,201
Amounts due from customers for construction contracts	<u>2,304,765</u>	<u>2,770,617</u>	<u>733,340</u>
	\$ <u>4,614,661</u>	\$ <u>4,938,178</u>	\$ <u>2,498,541</u>
Contract liabilities			
Amounts due to customers for construction contracts	\$ 5,677,427	\$ 3,339,726	\$ 2,065,899
Pre-construction sale	545,189	202,235	94,363
Advance payment for the rendering of services	<u>14,149</u>	<u>16,623</u>	<u>21,212</u>
	\$ <u>6,236,765</u>	\$ <u>3,558,584</u>	\$ <u>2,181,474</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	
	2024	2023
Financial assets at amortized cost	\$ 126,694	\$ 53,566
Bank deposits	14,417	10,275
Others	<u>8,213</u>	<u>18,748</u>
	\$ <u>149,324</u>	\$ <u>82,589</u>

b. Other income

	For the Year Ended December 31	
	2024	2023
Rental income	\$ 87,531	\$ 89,057
Dividends	19,192	16,599
Others	<u>235</u>	<u>457</u>
	\$ <u>106,958</u>	\$ <u>106,113</u>

c. Other gains and losses

	For the Year Ended December 31	
	2024	2023
Loan application fee	\$ (102,717)	\$ (97,636)
Value added tax refund	102,546	-
Gain on disposal of investments accounted for using the equity method	32,247	-
(Loss) gain on disposal of property, plant and equipment	(20,931)	10,693
Compensation reversal (loss)	(15,858)	43,411
Gain on lease modification	7,949	2
Impairment losses on investment property	(1,992)	(14,962)
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	150	109
Others	<u>27,591</u>	<u>11,165</u>
	<u>\$ 28,985</u>	<u>\$ (47,218)</u>

d. Finance costs

	For the Year Ended December 31	
	2024	2023
Interest on bank overdrafts and loans	\$ 290,725	\$ 225,273
Interest expense incurred on contracts with customers	4,030	545
Interest on lease liabilities	<u>3,649</u>	<u>5,845</u>
	<u>\$ 298,404</u>	<u>\$ 231,663</u>

Refer to Note 12 for information about capitalized interest.

e. Depreciation

	For the Year Ended December 31	
	2024	2023
An analysis of amortization by function		
Operating costs	\$ 116,603	\$ 80,266
Operating expenses	<u>40,339</u>	<u>69,324</u>
	<u>\$ 156,942</u>	<u>\$ 149,590</u>

The depreciation of investment properties, which was recognized in other income - rental income, were \$16,056 thousand and \$16,627 thousand in 2024 and 2023, respectively.

f. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2024	2023
Rental income	<u>\$ 2,854</u>	<u>\$ 2,360</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2024	2023
Short-term benefits	\$ 2,390,673	\$ 2,164,612
Post-employment benefits		
Defined contribution plan	105,103	97,056
Defined benefit plans	3,572	5,589
	108,675	102,645
Other employee benefits	261,080	234,901
Total employee benefits expense	\$ 2,760,428	\$ 2,502,158
An analysis of employee benefits expense by function		
Operating costs	\$ 2,465,683	\$ 2,237,395
Operating expenses	294,745	264,763
	\$ 2,760,428	\$ 2,502,158

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, 2024 and 2023, which were approved by the Corporation's board of directors on March 13, 2025 and March 13, 2024, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2024	2023
Compensation of employees	2%	2%
Remuneration of directors and supervisors	2%	2%

Amount

	For the Year Ended December 31	
	2024	2023
	Cash	Cash
Compensation of employees	\$ 18,379	\$ 15,703
Remuneration of directors and supervisors	\$ 18,379	\$ 15,703

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, 2023 and 2022.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Corporation's board of directors in 2024 and 2023 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	
	2024	2023
Current tax		
In respect of the current year	\$ 197,177	\$ 26,848
Income tax on unappropriated earnings	-	288
Land value increment tax	335	5,565
Adjustments for prior year	<u>7,078</u>	<u>4,372</u>
	<u>204,590</u>	<u>37,073</u>
Deferred tax		
In respect of the current year	<u>(30,632)</u>	<u>118,584</u>
Income tax expense recognized in profit or loss	<u>\$ 173,958</u>	<u>\$ 155,657</u>

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

	For the Year Ended December 31	
	2024	2023
Income tax expense calculated at the statutory rate	\$ 171,860	\$ 162,067
Nondeductible expenses in determining taxable income	11,490	7,395
Tax-deductible foreign investment loss	(22,064)	-
Tax-exempt income	(2,716)	(19,771)
Income tax on unappropriated earnings	-	288
Land value increment tax	335	5,565
Unrecognized deductible temporary differences	7,975	(4,259)
Adjustments for prior years' tax	<u>7,078</u>	<u>4,372</u>
Income tax expense recognized in profit or loss	<u>\$ 173,958</u>	<u>\$ 155,657</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2024	2023
<u>Deferred tax</u>		
In respect of the current year - remeasurement of defined benefit plans	<u>\$ (5,100)</u>	<u>\$ 1,590</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, 2024

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized loss on construction	\$ 203,188	\$ (1,133)	\$ -	\$ 202,055
Provision for warranties	69,147	8,381	-	77,528
Foreign investments loss accounted for using the equity method	-	41,065	-	41,065
Defined benefit plans	5,726	16	(5,100)	642
Unrealized loss on doubtful debts	4,526	-	-	4,526
Others	56,415	(26,959)	-	29,456
Loss carryforwards	<u>8,052</u>	<u>(6,372)</u>	<u>-</u>	<u>1,686</u>
	<u>\$ 347,054</u>	<u>\$ 14,998</u>	<u>\$ (5,100)</u>	<u>\$ 356,952</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 gain accounted for using the equity method	85,436	(14,447)	-	70,989
Defined benefit plans	1,585	2,712	-	4,297
Others	<u>5,652</u>	<u>(3,899)</u>	<u>-</u>	<u>1,753</u>
	<u>\$ 1,084,015</u>	<u>\$ (15,634)</u>	<u>\$ -</u>	<u>\$ 1,068,381</u>

For the year ended December 31, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive 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 Comprehensive Income	Closing Balance
Temporary differences				
Provision for land value increment tax	\$ 991,342	\$ -	\$ -	\$ 991,342
Foreign investments gain 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>

d. Current tax assets and liabilities

	December 31	
	2024	2023
Current tax assets		
Tax refund receivable	<u>\$ 1,442</u>	<u>\$ 5,201</u>
Current tax liabilities		
Income tax payable	<u>\$ 183,316</u>	<u>\$ 28,292</u>

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

	December 31	
	2024	2023
Deductible temporary differences		
Impairment of financial assets	\$ 38,979	\$ 38,979
Impairment of assets	<u>24,608</u>	<u>58,118</u>
	<u>\$ 63,587</u>	<u>\$ 97,097</u>

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

Loss carryforwards as of December 31, 2024 comprised:

Unused Amount	Expiry Year
\$ 4,654	2030 (approved)
1,186	2031 (approved)
1,470	2033 (unapproved)
<u>1,088</u>	2034 (unapproved)
<u>\$ 8,398</u>	

g. Income tax assessments

	Last Income Tax Approval Year
BES Engineering Corporation	2022 (Note)
Core Pacific World Co., Ltd.	2022
Cinemark-Core Pacific, Ltd.	2022
Chung Kung Safeguarding & Security Corp.	2022
Chung Kung Management Consultant Co., Ltd.	2023
Chung Kung Management and Maintenance of Apartment Co., Ltd.	2022
Core Asia Human Resources Management Co., Ltd.	2022
Elite Human Resources Management Co., Ltd.	2022
Cinema 7 Theater Co., Ltd.	2022

Note: The income tax returns through 2022, except 2021, have been assessed by the tax authorities.

29. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2024	2023
Earnings used in the computation of basic earnings per share	<u>\$ 717,244</u>	<u>\$ 624,719</u>

Weighted Average Number of Ordinary Shares Outstanding

	(In Thousands of Shares)	
	<u>For the Year Ended December 31</u>	
	2024	2023
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>1,974</u>	<u>2,400</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,532,873</u>	<u>1,533,299</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. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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 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>

On November 28, 2024, the Group acquired part of the equity from the non-controlling shareholders of its subsidiary, Core Pacific World Co., Ltd., resulting in its continuing interest increasing from 99.95% to 99.96%.

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

	Core Pacific World Co., Ltd.
Consideration paid	\$ (160)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>171</u>
Differences recognized from equity transactions	<u>\$ 11</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>\$ 11</u>

31. 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.

32. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

As of December 31, 2024 and 2023, there were no significant differences between the carrying amount and fair value of financial instruments not measured at fair value of the Group.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ <u>9,473</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>9,473</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares	\$ 2,255,491	\$ -	\$ -	\$ 2,255,491
Unlisted shares	-	116,025	-	116,025
Foreign unlisted shares	<u>-</u>	<u>40,742</u>	<u>-</u>	<u>40,742</u>
	<u>\$ 2,255,491</u>	<u>\$ 156,767</u>	<u>\$ -</u>	<u>\$ 2,412,258</u>

December 31, 2023

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

There were no transfers between Levels 1 and 2 in the current and prior years.

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

Financial Instruments	Valuation Techniques and Inputs
Unlisted shares	Transaction method of market approach. The approach is a valuation strategy that looks at market ratios of companies with similar profitability at the end of the reporting periods, while taking the liquidity premium into consideration.
Foreign 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.

3) 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.

c. Categories of financial instruments

	December 31	
	2024	2023
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 9,473	\$ 4,248
Financial assets at amortized cost (Note 1)	17,222,635	14,202,425
Financial assets at FVTOCI		
Equity instruments	2,412,258	2,777,398
<u>Financial liabilities</u>		
Amortized cost (Note 2)	33,369,630	26,950,506

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.

d. 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 35.

Sensitivity analysis

The Group is mainly exposed to the RMB and HKD.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate of 5% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in pre-tax equity when New Taiwan dollar strengthened by 5% against the relevant currency. For a 5% weakening of New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax equity and the balances below would be negative.

	RMB Impact		HKD Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2024	2023	2024	2023
Equity	\$ 48,624	\$ 53,778	\$ 22,249	\$ 22,701

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:

	December 31	
	2024	2023
Fair value interest rate risk		
Financial assets	\$ 5,338,551	\$ 3,995,419
Financial liabilities	2,900,477	1,679,043
Cash flow interest rate risk		
Financial assets	6,173,331	5,804,551
Financial liabilities	20,698,399	16,494,003

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 assets and 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, 2024 and 2023 would decrease by \$145,251 thousand and \$106,895 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, 2024 and 2023 would have increased by \$120,613 thousand and \$138,870 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, 2024 and 2023, the Group had available unutilized short-term bank loan facilities were shown as below:

	December 31	
	2024	2023
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 6,061,139	\$ 5,874,939
Amount unused	<u>4,727,434</u>	<u>6,280,809</u>
	<u>\$ 10,788,573</u>	<u>\$ 12,155,748</u>
Secured bank overdraft facilities:		
Amount used	\$ 17,435,006	\$ 12,081,024
Amount unused	<u>8,589,872</u>	<u>11,917,144</u>
	<u>\$ 26,024,878</u>	<u>\$ 23,998,168</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, 2024

	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		\$ 2,086,506	\$ 3,352,171	\$ 698,667	\$ 813,968	\$ 182,561
Lease liabilities	2.100-4.750	5,143	9,971	31,284	45,904	16,961
Variable interest rate liabilities	2.300-3.478	885,993	2,995,501	3,912,992	13,670,487	31,557
Fixed interest rate liabilities	2.420-3.212	<u>1,423,300</u>	<u>1,382,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 4,400,942</u>	<u>\$ 7,739,643</u>	<u>\$ 4,642,943</u>	<u>\$ 14,530,359</u>	<u>\$ 231,079</u>

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>

33. 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 were disclosed below.

a. Related party name and categories

<u>Related Party Name</u>	<u>Related Party Categories</u>
China Petrochemical Development Corporation	Legal directors 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.	Related party in substance (Note)

(Continued)

Related Party Name	Related Party Categories
Core Pacific City 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
Agora Garden 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
Core Pacific Twin Star (Vietnam) Investment Co., Ltd.	Subsidiary of legal directors of the Corporation

(Concluded)

Note: HRDD Logistics Co., Ltd. was an associate until July 30, 2024.

b. Trading transactions and other transactions with related parties

Line Items	Related Party Categories	For the Year Ended December 31	
		2024	2023
Operating revenue	Legal directors of the Corporation	\$ 27,051	\$ 62,707
	Subsidiaries of legal directors of the Corporation	899	695
	Related parties in substance	535	380
	Related parties of the Corporation	<u>204</u>	<u>196</u>
		<u>\$ 28,689</u>	<u>\$ 63,978</u>
Operating costs	Related parties of the Corporation	<u>\$ 4,261</u>	<u>\$ 4,169</u>
Operating expenses	Related parties of the Corporation	\$ 11,166	\$ 11,029
	Related parties in substance	11,097	11,097
	Subsidiaries of legal directors of the Corporation	449	-
	Legal directors of the Corporation	<u>85</u>	<u>59</u>
		<u>\$ 22,797</u>	<u>\$ 22,185</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	
		2024	2023
Construction receivables	Legal directors of the Corporation	<u>\$ 150,745</u>	<u>\$ 19,703</u>
Trade receivables	Legal directors of the Corporation	\$ 4,715	\$ 4,909
	Subsidiaries of legal directors of the Corporation	119	23
	Related parties in substance	30	28
	Related parties of the Corporation	<u>-</u>	<u>12</u>
		<u>\$ 4,864</u>	<u>\$ 4,972</u>
Other receivables (included in other current assets)	Related parties of the Corporation	\$ 1,625	\$ 505
	Related parties in substance	<u>647</u>	<u>-</u>
		<u>\$ 2,272</u>	<u>\$ 505</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2024 and 2023, no impairment loss was recognized for trade receivables from related parties.

d. Payables to related parties

Line Items	Related Party Categories	December 31	
		2024	2023
Accrued expenses	Related parties of the Corporation	\$ 965	\$ 965
	Subsidiaries of legal directors of the Corporation	963	-
	Related parties in substance	-	40
	Legal directors of the Corporation	<u>-</u>	<u>650</u>
		<u>\$ 1,928</u>	<u>\$ 1,655</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	
	2024	2023
Related parties in substance	<u>\$ 278,966</u>	<u>\$ 113,619</u>

f. Acquisition of property, plant and equipment

Related Party Name	Purchase Price For the Year Ended December 31, 2024
Core Pacific Twin Star (Vietnam) Investment Co., Ltd.	<u>\$ 853</u>

g. Contract liabilities

The contract liabilities as of December 31, 2024 and 2023, respectively, were as follows:

December 31, 2024

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

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>

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

h. Lease arrangements

Related Party Categories	For the Year Ended December 31	
	2024	2023
<u>Acquisition of right-of-use assets</u>		
Related parties of the Corporation	\$ <u>7,134</u>	\$ <u>4,333</u>

Line Items	Related Party Categories	December 31	
		2024	2023
Lease liabilities	Related parties in substance	\$ 18,053	\$ 18,991
	Related parties of the Corporation	6,389	17,162
	Legal directors of the Corporation	<u>2,465</u>	<u>9,756</u>
		\$ <u>26,907</u>	\$ <u>45,909</u>

Line Items	Related Party Categories	For the Year Ended December 31	
		2024	2023
Interest expenses	Related parties of the Corporation	\$ 383	\$ 593
	Related parties in substance	446	463
	Legal directors of the Corporation	<u>135</u>	<u>286</u>
		\$ <u>964</u>	\$ <u>1,342</u>

i. Acquisition of financial assets

For the year ended December 31, 2024

Related Party Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Agora Garden Co., Ltd.	Financial assets at amortized cost - non-current	-	<u>Bonds</u> Agora Garden Co., Ltd.	<u>\$ 600,000</u>

j. Loans to related parties (included in other current assets)

Related Party Name	December 31, 2024
Agora Garden Co., Ltd.	
<u>Other receivables</u>	
Loans receivable - fixed rate	\$ 110,000
Loans receivable - interest	<u>224</u>
	<u>\$ 110,224</u>
Interest rate range	3.50%-3.80%
Final maturity date	December 20, 2025

Interest income

Related Party Names	<u>For the Year Ended December 31</u>	
	2024	2023
Agora Garden Co., Ltd.	\$ 224	\$ -
HRDD Logistics Co., Ltd.	<u>-</u>	<u>873</u>
	<u>\$ 224</u>	<u>\$ 873</u>

On November 29, 2024 and December 20, 2024, the Group provided secured loans to its related party, Agora Garden Co., Ltd., and obtained real estate and marketable securities as collateral.

The receivable and interest receivable of the Group from related party in substance 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.

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 were as follows:

Related Party Categories	For the Year Ended December 31	
	2024	2023
Related parties of the Corporation	\$ 25,061	\$ 5,936
Subsidiaries of legal directors of the Corporation	21,281	21,753
Related parties in substance	7,655	7,512
Legal directors of the Corporation	<u>5,664</u>	<u>5,664</u>
	<u>\$ 59,661</u>	<u>\$ 40,865</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	
	2024	2023
Related parties of the Corporation	\$ 837	\$ 837
Related parties in substance	238	238
Subsidiaries of legal directors of the Corporation	<u>-</u>	<u>10</u>
	<u>\$ 1,075</u>	<u>\$ 1,085</u>

Guarantee deposits received by related parties

Related Party Categories	December 31	
	2024	2023
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	
	2024	2023
Subsidiaries of legal directors of the Corporation	<u>\$ 28,571</u>	<u>\$ 28,571</u>

l. 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	
	2024	2023
Short-term employee benefits	\$ 45,291	\$ 40,802
Post-employment benefits	<u>1,298</u>	<u>12,168</u>
	<u>\$ 46,589</u>	<u>\$ 52,970</u>

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

34. 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	
	2024	2023
Financial assets at FVTOCI - current	\$ 647,460	\$ 528,820
Financial assets at amortized cost - current	5,370,903	4,819,470
Buildings and land held for sale, net	11,582,053	4,924,977
Construction in progress	1,244,634	1,244,634
Financial assets at FVTOCI - non-current	1,345,050	1,486,750
Financial assets at amortized cost - non-current	7,018	5,909
Property, plant and equipment, net	1,689,455	1,699,286
Investment properties, net	<u>789,154</u>	<u>794,632</u>
	<u>\$ 22,675,727</u>	<u>\$ 15,504,478</u>

35. 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, 2024

	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	\$ 217,170	4.478 (RMB:NTD)	\$ 972,489
HKD	105,398	4.222 (HKD:NTD)	444,989

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

For the years ended December 31, 2024 and 2023, realized and unrealized net foreign exchange gains were \$7,631 thousand and \$1,431 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.

36. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On January 6, 2025, the Corporation received a letter from the Taipei City Government's Department of Rapid Transit Systems, First Engineering Office, regarding the damage investigation of the New Taipei Circular Line caused by the Hualien earthquake on April 3, 2024. The letter requested compensation for disaster and business losses amounting to NT\$1.927 billion. On January 10, 2025, the Corporation responded to the Taipei City Government's Department of Rapid Transit Systems, First Engineering Office, asserting that there were still various issues in the investigation report that needed to be re-examined. Furthermore, on February 17, 2025, the Corporation held a press conference to explain its principles and stance, stating that it would resume discussions and negotiations with the Taipei City Government's Department of Rapid Transit Systems and the New Taipei City Government after clarifying the facts and assigning responsibility. The matter is intended to be resolved through judicial means. As of March 13, 2025, the New Taipei City Government has not formally filed a lawsuit, and the case has not had any impact on the Corporation's operations.

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, 2025, 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, 2025, 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:

- 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. (Table 5)
- 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital. (Table 6)
- 9) Trading in derivative instruments. (Non-applicable)
- 10) Intercompany relationships and significant intercompany transactions. (Table 7)

b. Information on investees (Table 8)

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 9)

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 10)

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		For the Year Ended	
	December 31		December 31	
	2024	2023	2024	2023
Construction segment	\$ 20,143,524	\$ 16,132,880	\$ 1,182,435	\$ 955,995
Construction development segment	2,623,627	1,597,871	36,906	127,178
Other segments	<u>1,079,436</u>	<u>1,228,588</u>	<u>(266,758)</u>	<u>(151,609)</u>
	<u>\$ 23,846,587</u>	<u>\$ 18,959,339</u>	952,583	931,564
Interest income			149,324	82,589
Other income			106,958	106,113
Other gains and losses			35,704	(47,218)
Finance costs			(298,404)	(231,663)
Expected credit losses			(6,719)	-
Share of profit or loss of associates			<u>(41,079)</u>	<u>(60,091)</u>
Profit before income tax			<u>\$ 898,367</u>	<u>\$ 781,294</u>

Segment revenues were all generated by external customers. No inter-segment sales occurred during 2024 and 2023.

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	
	2024	2023
<u>Segment assets</u>		
Construction segment	\$ 12,255,064	\$ 10,689,127
Construction development segment	30,586,779	24,952,947
Other segments	<u>21,054,217</u>	<u>19,108,863</u>
Total segment assets	63,896,060	54,750,937
Unallocated assets	<u>1,135,926</u>	<u>1,298,284</u>
Consolidated total assets	<u>\$ 65,031,986</u>	<u>\$ 56,049,221</u>
<u>Segment liabilities</u>		
Construction segment	\$ 9,393,660	\$ 6,443,566
Construction development segment	413,432	630,804
Other segments	<u>31,913,838</u>	<u>25,215,711</u>
Total segment liabilities	41,720,930	32,290,081
Unallocated liabilities	<u>241,770</u>	<u>460,419</u>
Consolidated total liabilities	<u>\$ 41,962,700</u>	<u>\$ 32,750,500</u>

TABLE 1

BES ENGINEERING CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2024
(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	-	\$ -	\$ 887,005 (4% of BES Engineering Corporation's net equity)	\$ 8,870,052 (40% of BES Engineering Corporation's net equity)	
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	-	-	-	34,631 (40% of Chung Kung Safeguarding & Security Corp.'s net equity)	34,631 (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	3.5	b.	-	Business revolving fund	-	-	-	34,631 (40% of Chung Kung Safeguarding & Security Corp.'s net equity)	34,631 (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	-	-	3	b.	-	Business revolving fund	-	-	-	112,230 (40% of Cinemark-Core Pacific, Ltd.'s net equity)	112,230 (40% of Cinemark-Core Pacific, Ltd.'s net equity)	Note 2
		Agora Garden Co., Ltd	Other receivable	Y	110,000	110,000	110,000	3.5-3.8	b.	-	Business revolving fund	-	Real estate and marketable securities	123,804	112,230 (40% of Cinemark-Core Pacific, Ltd.'s net equity)	112,230 (40% of Cinemark-Core Pacific, Ltd.'s net equity)	

Note 1: Financing limits approved by the board of directors.

Note 2: Except for the other receivable of Cinemark-Core Pacific, Ltd. from Agora Garden 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.

TABLE 2

BES ENGINEERING CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2024
(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.	\$ 280,574 (Note 2)	\$ 110,000	\$ -	\$ -	\$ -	-	\$ 841,723 (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.	1,284,344 (Note 3)	318,094	318,094	260,000	318,094	61.92	1,541,213 (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.	1,277,348 (Note 4)	318,094	318,094	260,000	318,094	62.26	1,532,817 (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.	216,442 (Note 5)	25,000	25,000	-	-	28.88	259,731 (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.	216,442 (Note 6)	25,000	25,000	-	-	28.88	259,731 (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 250% 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 250% 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 300% 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 300% 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.

TABLE 3

BES ENGINEERING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2024
(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, 2024				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	\$ 4,570	-	\$ 4,570	Note 1
		HSBC Super Core Optimized Multi-Asset Fund AM2 (TWD)	-	Financial assets at FVTPL - current	500,000	4,903	-	4,903	Note 1
		Taiwan Business Bank	-	Financial assets at FVTOCI - current	45,284,172	672,470	0.49	672,470	Note 1
		China Petrochemical Development Corporation	Legal directors of the Corporation	Financial assets at FVTOCI - non-current	183,037,540	1,345,326	4.84	1,345,326	Note 1
		Century Development Corporation	-	Financial assets at FVTOCI - non-current	10,633,492	91,767	3.03	91,767	Note 1
		HRDD Logistics Co., Ltd.	Related party in substance	Financial assets at FVTOCI - non-current	13,600,000	40,742	14.11	40,742	Note 1
		Overseas Investment & Development Corporation	-	Financial assets at FVTOCI - non-current	2,600,000	24,258	2.89	24,258	Note 1
		Zowie Technology Corporation	-	Financial assets at FVTOCI - non-current	6,611	-	0.02	-	Note 2
		Agora Garden Co., Ltd.	Related party of the Corporation	Financial assets at amortized cost - non-current	-	600,000	-	600,000	
1	Core Pacific World Co., Limited	China Petrochemical Development Corporation	Legal directors of the Corporation	Financial assets at FVTOCI - current	30,649,620	225,275	0.81	225,275	Note 1
		Taiwan Business Bank	-	Financial assets at FVTOCI - current	836,382	12,420	0.01	12,420	Note 1

Note 1: Market values of domestic and foreign listed quoted shares and mutual funds were based on the closing prices and net asset values, respectively, as of December 31, 2024; values of unlisted shares were determined by using the fair value measurement as of December 31, 2024.

Note 2: Bonds.

TABLE 4

BES ENGINEERING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

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	<u>Bonds</u> Agora Garden Co., Ltd.	Financial assets at amortized cost - non-current	-	-	-	\$ -	-	\$ 600,000	-	\$ -	\$ -	\$ -	-	\$ 600,000

TABLE 5

BES ENGINEERING CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
BES Engineering Corporation	Chung Kung Safeguarding & Security Corp.	Subsidiary of the Corporation	Construction cost	\$ 101,199	0.45	-	\$ -	-	\$ (8,450)	0.12	Note

Note: When preparing the consolidated financial statements, all related transactions have been eliminated.

TABLE 6

BES ENGINEERING CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
BES Engineering Corporation	China Petrochemical Development Corporation	Legal directors of the Corporation	Trade receivables \$ 150,745	-	\$ -	-	\$ 150,745	\$ -
Cinemark-Core Pacific, Ltd.	Agora Garden Co., Ltd.	Related party of the Corporation	Other receivables 110,224	Note	-	-	-	-

Note: It refers to the funds lent (including interest).

TABLE 7

BES ENGINEERING CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 4)	Payment Terms	% of Total Sales or Assets (Note 3)
0	BES Engineering Corporation	Chung Kung Safeguarding & Security Corp.	1	Construction cost	\$ 101,199	As agreed by both parties	0.42
		Chung Kung Safeguarding & Security Corp.	1	Trade payables	8,450	As agreed by both parties	0.01

Note 1: The No. column is denoted as follows:

- a. 0 for Parent entity.
- b. Subsidiaries are numbered starting from 1.

Note 2: The relationships with counterparties are as follows:

- a. Parent to subsidiaries.
- b. Subsidiaries to parent.
- c. Subsidiaries to subsidiaries.

Note 3: Regarding the ratio of transaction amount to consolidated total sales or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet account and based on accumulated balance to consolidated total sales for profit or loss accounts.

Note 4: When preparing the consolidated financial statements, all related transactions have been eliminated.

TABLE 8

BES ENGINEERING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2024			Net Income (Loss) of the Investee	Investment Gain (Loss) Recognized (Note 1)	Note
				December 31, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Value			
BES Engineering Corporation	Core Pacific World Co., Ltd. BES Investment Company Ltd.	Taipei, Taiwan	Makes investments	\$ 1,530,094	\$ 1,530,094	115,956,500	99.96	\$ 1,263,279	\$ (2,300)	\$ (2,298)	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	1,807,467	59,600,000	100.00	1,721,821	(4,978)	(4,978)	Investee is a subsidiary
	BES Logistics International Co., Ltd.	Republic of Mauritius	Makes investments	348,278	348,278	13,995,389	100.00	666,381	6,724	6,724	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	91,797	6,236	6,236	Investee is a subsidiary
	Chung Kung Safeguarding & Security Corp.	Taipei, Taiwan	Security and related services	38,127	38,127	3,880,000	64.67	55,990	8,116	5,248	Investee is a subsidiary
	Cinemark-Core Pacific, Ltd.	Taipei, Taiwan	Reality technology services and live house	315,380	315,380	29,455,180	91.76	257,457	(69,004)	(63,319)	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	29,152	560	514	Investee is a subsidiary
	BES Global Investment Co.	4F, Ellen Skelton Building 3076 Sir Francis Drake Hignway, Tortola, Bristish Virgin Islands	Overseas construction and equipment sale	-	51,313	-	-	-	(106)	(106)	Investee is a subsidiary (Note 1)
	BA & BES Contracting (L.L.C.)	P.O. Box 92237, Dubai-UAE	Engineering and construction	10,696	10,696	1,200,000	40.00	-	-	-	Investee is a subsidiary
	BESM Holding Co., Ltd.	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	229,615	1,586	1,586	
	Huading Enterprise Co., Ltd.	Taipei, Taiwan	Urban renewal reconstruction	441,090	441,090	44,109,000	90.00	439,601	(872)	(784)	Investee is a subsidiary
Core Pacific World Co., Ltd.	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	522,761	(777)	(777)	Investee is a subsidiary
		Republic of Mauritius	Consulting	330,714	330,714	9,500,000	100.00	519,865	3	3	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	444,989	(43,973)	(43,973)	Investee is a subsidiary
		141 Bennington Court McDonough, Georgia 30253, U.S.A.	Develops lands for investments	25,724	25,724	761	8.21	2,608	560	46	
	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	17,141	(264)	(264)	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	1,048,410	-	60.00	1,186,699	25,177	15,106	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	20,328	10,520	10,520	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	18,453	3,724	3,724	Investee is a subsidiary
		Taipei, Taiwan	Manages apartment maintenance and renders related services	3,700	3,700	-	37.00	4,963	2,044	756	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	81,053	(28,962)	(14,365)	Investee is a subsidiary
		Taipei, Taiwan	Movie broadcasting and retail sale of rood products and groceries	250,183	150,183	125,000	100.00	18,419	(21,028)	(21,028)	
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	8,451	2,044	1,288	Investee is a subsidiary

TABLE 9

BES ENGINEERING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024
(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, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024
					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)	\$ 17,906 (RMB 4,020 thousand)	39.20	\$ 7,019 (RMB 1,576 thousand)	\$ 713,149 (RMB 159,256 thousand)	\$ 273,391 (US\$ 8,915 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)	13 (RMB 3 thousand)	100.00	13 (RMB 3 thousand)	510,939 (RMB 114,100 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)	(777) (RMB (174) thousand)	100.00	(777) (RMB (174) thousand)	513,738 (RMB 114,725 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)	17,906 (RMB 4,020 thousand)	9.80	1,755 (RMB 394 thousand)	178,287 (RMB 39,814 thousand)	77,600 (US\$ 2,541 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)	(504) (RMB (113) 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)	(11,392) (RMB (2,558) thousand)	24.30	(2,768) (RMB (622) thousand)	24,115 (RMB 5,385 thousand)	
HRDD Logistics Co., Ltd.	Provides warehousing and freight forwarders	436,649 (RMB 96,370 thousand)	a. (Note 8)	166,730 (RMB 34,000 thousand)	-	-	166,730 (RMB 34,000 thousand)	(67,111) (RMB (15,104) thousand)	14.11	(15,845) (RMB (3,566) thousand)	40,742 (RMB 9,098 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)	(25,824) (RMB (5,798) thousand)	49.60	(12,809) (RMB (2,876) thousand)	27,250 (RMB 6,085 thousand)	

Investor Company Name	Accumulated Investment in Mainland China as of December 31, 2024	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	\$ 13,841,572
Core Pacific World Co., Ltd.	US\$ 18,000 thousand	US\$ 19,000 thousand	758,252
Cinemark-Core Pacific, Ltd.	US\$ 7,875 thousand	US\$ 7,875 thousand	168,344

(Continued)

Note 1: Methods of investment are as categorized as follows:

- a. Direct investment in China.
- b. Investment made in China through third party.
- c. Others.

Note 2: Under the investment gain (loss) column:

- a. Companies still in the preparatory stage and therefore have no gains or losses should be disclosed.
- b. Investment gain (loss) recognized based on the following should be disclosed:
 - 1) Financial statements are audited through the cooperation between international accounting from and ROC accounting firm.
 - 2) Financial statements are audited by licensed CPA of the parent corporation.
 - 3) Others.

Note 3: BES Logistics International Co., Ltd., is third party investor.

Note 4: Zhong Hua Cheng Development Co., Ltd., is third party investor.

Note 5: Chinese City International Investment Co., Ltd., is third party investor.

Note 6: BESM Holding Co., Ltd., is third party investor.

Note 7: Cinemark-Core (Hong Kong) Pacific Ltd., is third party investor.

Note 8: The Corporation did not participate in the cash capital increase of HRDD in proportion to its shareholding. The registration was completed on July 30, 2024, the changes in percentage of ownership interests resulted in a decrease of the Group’s continuing interest from 23.61% to 14.11%, and consequently ceased to have significant influence over the change to financial assets at FVTOCI. As a result, the investment (gain) loss recognized in the current period reflects the share recognized using the equity method as of July 30, 2024. The investment’s carrying value at the end of the period is the carrying amount of the financial asset measured at FVTOCI.

Note 9: Except Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd., Cinemark-Core (Shanghai) Pacific Management and Consulting, Yunnan Core Pacific City, and HRDD Logistics Co., Ltd., all gains and losses have been eliminated in the consolidated financial statements.

(Concluded)

TABLE 10**BES ENGINEERING CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024**

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.