BES Engineering Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018 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, 2019 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 Standards 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

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March 27, 2020

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, the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2019 and 2018, 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 audit of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. We conducted our audit of the consolidated financial statements for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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, 2019. 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, 2019 are stated as follows:

Estimation of Percentage-of-Completion of Construction Contracts and
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-storey 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 in accordance with the applicable accounting standards and regulations. As reference to internal and external documents is made during the estimation of the percentage of completion and some estimation information exists, the calculation of the percentage of completion is considered complex. In addition, the Group's construction revenue amount for the year ended December 31, 2019 is material, hence, the estimation of percentage of completion and recognition of construction revenue has been deemed as a key audit matter for the year ended December 31, 2019. Refer to Note 4 to the accompanying consolidated financial statements for the relevant accounting policies and Table 1 following the notes to the consolidated financial statements for the financial information of the construction projects.

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

1. We understood 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 whether the application of the accounting policy on the estimation of the percentage of completion is consistent.

3. We performed tests of the details of incomplete construction projects at the end of the year to confirm the estimation of the percentage of completion and the accuracy of construction revenue recognized.

4. We obtained confirmations of approval of the owners after the reporting period and confirmed that no material adjustments were made after the reporting period.

Net Realizable Value of Real Estate Inventory

The Group is mainly engaged in the construction of buildings and transacting of real estate. As stated in Note 12, the carrying amount of buildings and land held for sale in the consolidated balance sheets as of December 31, 2019 was NT$12,679,251 thousand, representing 29.33% of the total consolidated assets as of December 31, 2019, which is material in the consolidated balance sheets. As 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, the net realizable value of real estate inventory has been deemed as a key audit matter for the year ended December 31, 2019. 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 in respect of the above-mentioned key audit matter are as follows:

1. We understood and tested the design and operating effectiveness of the main internal controls related to the estimation of the net realizable value of real estate inventory.

2. We obtained the information on the calculation of the net realizable value and impairment assessment of the above-mentioned real estate inventory and reviewed whether the assessment results were reasonable.

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 misstatements, 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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgement 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, 2019 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 audit resulting in this independent auditors' report are Tung-Feng Lee and Ching-Cheng Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

Deloitte & Touche

March 27, 2020

<u>*Notice to Readers*</u>

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 16)	$ 2,675,471	6	$ 1,040,835	3
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 36)	413,619	1	159,682	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8, 36 and 38)	804,356	2	649,845	2
Financial assets at amortized cost - current (Notes 4, 9, 27 and 38)	4,159,764	10	3,403,131	9
Notes receivable and trade receivables (Notes 4, 10, 29 and 37)	84,243	-	104,147	-
Construction receivables (Notes 4, 10, 16, 27, 29 and 37)	1,535,335	4	1,663,054	4
Contract assets - current (Notes 16, 27 and 29 and Table 1)	3,036,294	7	2,686,787	7
Accounts receivable on the development of industrial districts (Notes 4, 11 and 27)	7,866,660	18	9,063,058	23
Inventories	11,678	-	14,968	-
Buildings and land held for sale, net (Notes 4, 5, 12, 27 and 38)	12,679,251	29	1,755,863	4
Construction in progress (Notes 13 and 27)	933,215	2	6,887,590	17
Refundable deposits on construction contracts (Notes 27 and 37)	141,630	-	2,130,593	5
Other current assets (Notes 10, 16 and 37)	1,040,882	3	857,064	2
Total current assets	35,382,398	82	30,416,617	76
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8, 36 and 38)	640,637	1	669,252	2
Financial assets at amortized cost - non-current (Notes 4, 9 and 38)	5,347	-	839,194	2
Investments accounted for using the equity method (Note 15)	2,070,821	5	2,797,859	7
Property, plant and equipment (Notes 4, 5, 17 and 38)	3,312,312	8	3,419,553	9
Right-of-use assets (Notes 3, 4 and 18)	273,773	1	-	-
Investment properties (Notes 4, 19 and 38)	833,366	2	843,999	2
Goodwill (Notes 4 and 20)	43,997	-	101,673	-
Deferred tax assets (Notes 4, 5 and 31)	539,080	1	607,186	2
Refundable deposits (Notes 16 and 40)	70,036	-	65,872	-
Other noncurrent assets	52,407	-	29,599	-
Total noncurrent assets	7,841,776	18	9,374,187	24
TOTAL	$ 43,224,174	100	$ 39,790,804	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 21 and 38)	$ 3,411,180	8	$ 3,570,164	9
Short-term bills payable (Notes 21 and 38)	1,434,225	3	1,826,462	5
Financial liabilities at fair value through profit and loss - current (Notes 4, 7 and 22)	-	-	424	-
Notes payable (Note 27)	2,771	-	168,260	1
Trade payables (Notes 16, 23 and 27)	4,220,191	10	2,149,184	5
Contract liabilities - current (Notes 27, 29, 37 and Table 1)	2,086,102	5	2,503,179	6
Lease liabilities - current (Notes 3, 4 and 18)	68,088	-	-	-
Amounts due to customers for construction contracts (Note 27 and Table 1)	-	-	54,359	-
Accrued expenses (Notes 16 and 37)	388,273	1	327,160	1
Accounts payable for the development of industrial districts (Notes 4, 24 and 27)	1,935,924	4	1,898,420	5
Current tax liabilities (Note 4)	9,803	-	12,994	-
Provisions - current (Notes 4, 25 and 27)	588,865	1	421,086	1
Guarantee deposits on construction contracts - current (Note 27)	354,199	1	350,880	1
Bonds payable due within a year (Notes 3, 4, 22 and 36)	-	-	32,755	-
Long-term borrowings due within a year (Notes 21, 36 and 38)	1,719,228	4	467,912	1
Other current liabilities (Notes 16 and 37)	346,231	1	342,798	1
Total current liabilities	16,565,080	38	14,126,037	36
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 3, 4 and 18)	209,586	1	-	-
Long-term borrowings (Notes 21, 36 and 38)	4,450,435	10	3,812,692	10
Deferred tax liabilities (Notes 4 and 31)	1,108,846	3	1,100,449	3
Provisions - noncurrent (Notes 4 and 25)	669,921	2	562,882	1
Accrued pension liabilities (Notes 4 and 26)	125,863	-	115,835	-
Guarantee deposits received	69,435	-	76,709	-
Other noncurrent liabilities	450	-	1,881	-
Total non-current liabilities	6,634,536	16	5,670,448	14
Total liabilities	23,199,616	54	19,796,485	50
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Ordinary shares	15,308,998	35	15,308,998	38
Capital surplus	73,782	-	69,688	-
Retained earnings				
Legal reserve	728,425	2	692,092	2
Special reserve	2,788,570	6	2,801,480	7
Unappropriated earnings	1,563,695	4	1,540,879	4
Total retained earnings	5,080,690	12	5,034,451	13
Other equity	(566,283)	(1)	(558,762)	(1)
Total equity attributable to owners of the Corporation	19,897,187	46	19,854,375	50
NON-CONTROLLING INTERESTS	127,371	-	139,944	-
Total equity	20,024,558	46	19,994,319	50
TOTAL	$ 43,224,174	100	$ 39,790,804	100

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 16, 29, 37 and 42)				
Construction revenue	$ 10,209,045	81	$ 8,723,968	79
Other operating revenue	2,381,708	19	2,338,453	21
Total operating revenue	12,590,753	100	11,062,421	100
OPERATING COSTS (Notes 4, 16, 26, 30 and 37)				
Construction costs	9,608,735	76	8,103,905	74
Other operating costs	1,773,088	14	1,904,217	17
Total operating costs	11,381,823	90	10,008,122	91
GROSS PROFIT	1,208,930	10	1,054,299	9
OPERATING EXPENSES (Notes 26, 30 and 37)				
Selling and marketing expenses	145,963	1	91,919	1
General and administrative expenses	531,651	5	575,109	5
Research and development expenses	21,592	-	22,399	-
Expected credit loss (gain) (Note 10)	(2,542)	-	12,335	-
Total operating expenses	696,664	6	701,762	6
PROFIT FROM OPERATIONS	512,266	4	352,537	3
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 16, 30 and 37)	363,562	3	262,669	2
Other gains and losses (Notes 22 and 30)	133,888	1	(91,597)	(1)
Finance costs (Notes 4, 13, 21, 22 and 30)	(202,855)	(1)	(59,591)	-
Share of the loss of associates (Notes 4 and 15)	(389,178)	(3)	(239,139)	(2)
Total non-operating income and expenses	(94,583)	-	(127,658)	(1)
PROFIT BEFORE INCOME TAX	417,683	4	224,879	2
INCOME TAX EXPENSE (BENEFIT) (Notes 4, 5 and 31)	109,839	1	(131,556)	(1)
NET PROFIT FOR THE YEAR	307,844	3	356,435	3

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BES ENGINEERING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 26, 28 and 31)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (15,063)	-	$ (10,441)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	149,081	1	(43,199)	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	(4,990)	-	8,301	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	3,013	-	2,718	-
	132,041	1	(42,621)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	4,832	-	(17,004)	-
Share of the other comprehensive loss of associates accounted for using the equity method	(98,243)	(1)	(19,600)	-
	(93,411)	(1)	(36,604)	-
Other comprehensive income (loss) for the year, net of income tax	38,630	-	(79,225)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 346,474	3	$ 277,210	3
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	$ 312,886	2	$ 363,334	3
Non-controlling interests	(5,042)	-	(6,899)	-
	$ 307,844	2	$ 356,435	3
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	$ 352,340	3	$ 287,853	3
Non-controlling interests	(5,866)	-	(10,643)	-
	$ 346,474	3	$ 277,210	3

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BES ENGINEERING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
EARNINGS PER SHARE (Note 32)				
Basic	$0.20		$0.24	
Diluted	$0.20		$0.24	

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation (Notes 4, 22 and 28)													
	Share Capital Issued and Outstanding			Retained Earnings				Other Equity						
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2018	1,530,899	$ 15,308,998	$ 69,688	$ 665,683	$ 2,814,390	$ 1,455,011	$ 4,935,084	$ (195,592)	$ (265,378)	$ -	$ (460,970)	$ 19,852,800	$ 173,558	$ 20,026,358
Effect of retrospective application and retrospective restatement	-	-	-	-	-	21,486	21,486	-	265,378	(286,864)	(21,486)	-	-	-
BALANCE AT JANUARY 1, 2018 AS RESTATED	1,530,899	15,308,998	69,688	665,683	2,814,390	1,476,497	4,956,570	(195,592)	-	(286,864)	(482,456)	19,852,800	173,558	20,026,358
Reversal of special reserve	-	-	-	-	(12,910)	12,910	-	-	-	-	-	-	-	-
Appropriation of the 2017 earnings														
Legal reserve	-	-	-	26,409	-	(26,409)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(286,278)	(286,278)	-	-	-	-	(286,278)	-	(286,278)
	-	-	-	26,409	-	(312,687)	(286,278)	-	-	-	-	(286,278)	-	(286,278)
Net profit for the year ended December 31, 2018	-	-	-	-	-	363,334	363,334	-	-	-	-	363,334	(6,899)	356,435
Other comprehensive loss for the year ended December 31, 2018, net of income tax	-	-	-	-	-	(7,983)	(7,983)	(34,781)	-	(32,717)	(67,498)	(75,481)	(3,744)	(79,225)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	355,351	355,351	(34,781)	-	(32,717)	(67,498)	287,853	(10,643)	277,210
Acquisition of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(20,427)	(20,427)
Disposal of investments designated as at fair value through other comprehensive income	-	-	-	-	-	8,808	8,808	-	-	(8,808)	(8,808)	-	-	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(2,544)	(2,544)
BALANCE, DECEMBER 31, 2018	1,530,899	15,308,998	69,688	692,092	2,801,480	1,540,879	5,034,451	(230,373)	-	(328,389)	(558,762)	19,854,375	139,944	19,994,319
Reversal of special reserved	-	-	-	-	(12,910)	12,910	-	-	-	-	-	-	-	-
Appropriation of the 2018 earnings														
Legal reserve	-	-	-	36,333	-	(36,333)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(301,587)	(301,587)	-	-	-	-	(301,587)	-	(301,587)
	-	-	-	36,333	-	(337,920)	(301,587)	-	-	-	-	(301,587)	-	(301,587)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	4,094	-	-	-	-	-	-	-	-	4,094	29	4,123
Net profit for the year ended December 31, 2019	-	-	-	-	-	312,886	312,886	-	-	-	-	312,886	(5,042)	307,844
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(12,296)	(12,296)	(92,163)	-	143,913	51,750	39,454	(824)	38,630
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	300,590	300,590	(92,163)	-	143,913	51,750	352,340	(5,866)	346,474
Acquisition of interests in subsidiaries	-	-	-	-	-	(309)	(309)	-	-	-	-	(309)	(3,493)	(3,802)
Disposal of investments accounted for using the equity method	-	-	-	-	-	47,545	47,545	-	-	(59,271)	(59,271)	(11,726)	-	(11,726)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(3,243)	(3,243)
BALANCE, DECEMBER 31, 2019	1,530,899	$ 15,308,998	$ 73,782	$ 728,425	$ 2,788,570	$ 1,563,695	$ 5,080,690	$ (322,536)	$ -	$ (243,747)	$ (566,283)	$ 19,897,187	$ 127,371	$ 20,024,558

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 417,683	$ 224,879
Adjustments for:		
Depreciation expenses	180,684	128,147
Expected credit loss recognized (reversed) on trade receivables	(2,542)	12,335
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	(349,261)	44,781
Finance costs	202,855	59,591
Interest income	(145,088)	(182,361)
Dividend income	(57,836)	(28,298)
Share of loss of associates	389,178	239,139
Loss on disposal of property, plant and equipment	29,481	1,817
Loss on disposal of investments accounted for using the equity method	11,423	-
Gain on disposal of subsidiaries	-	(3,799)
Impairment loss of goodwill	57,676	13,518
Write-downs (reversal of write-downs) of buildings and land held for sale	-	44,158
Loss (gain) on compensation	15,496	(96,653)
Changes in operating assets and liabilities		
Notes receivable	1,137	495
Trade receivables	21,309	32,633
Contract assets	(349,507)	33,306
Construction receivables	127,719	(690,522)
Accounts receivable on the development of industrial districts	1,196,398	684,984
Inventories	3,290	(4,182)
Construction in progress	(2,582,229)	(1,212,612)
Prepaid expenses	(258,499)	(292,345)
Other current assets	(514,572)	137,177
Notes payable	(165,489)	(64,246)
Contract liabilities	(417,077)	426,406
Trade payables	2,071,007	22,665
Amounts due to customers for construction contracts	(54,359)	(282,591)
Accrued expenses	61,113	(40,216)
Accounts payable for the development of industrial districts	37,504	28,664
Provisions	259,322	(20,017)
Accrued pension liabilities	(5,035)	(5,028)
Other current liabilities	(1,716)	(47,130)
Cash generated from (used in) operations	180,065	(835,305)
Interest received	153,853	171,966
Interest paid	(205,743)	(199,000)
Income tax paid	(33,661)	(25,410)
Net cash generated from (used in) operating activities	94,514	(887,749)

(Continued)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit and loss	$ (42,775)	$ (191,500)
Proceeds from sale of financial assets at fair value through profit and loss	137,675	130,824
Proceeds from sale of financial assets at fair value through other comprehensive income	23,185	56,608
Purchase of financial assets at amortized cost	(756,633)	(1,108,621)
Disposal of financial assets at amortized cost	833,847	-
Net cash inflow on disposal of associates	215,600	-
Disposal of subsidiaries	-	14,427
Payments for property, plant and equipment	(31,493)	(91,327)
Proceeds from the disposal of property, plant and equipment	3,419	3,966
Decrease (increase) in refundable deposits	184,799	(191,822)
Payments for right-of-use assets	(294)	-
Decrease (increase) in other non-current assets	(22,808)	15,102
Dividends received from associates	57,836	28,298
Net cash generated from (used in) investing activities	602,358	(1,334,045)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	139,016	731,442
Repayments of bond payable	(32,900)	-
Proceeds from (repayments of) short-term bills payable	(392,237)	155,397
Proceeds from long-term borrowings	1,889,059	856,952
Decrease in guarantee deposits received	(3,955)	(49,790)
Repayment of the principal portion of lease liabilities	(60,557)	-
Decrease in other non-current liabilities	(1,431)	(24,331)
Acquisition of subsidiaries	(3,802)	(20,427)
Dividends paid to owners of the Corporation	(301,587)	(286,278)
Changes in non-controlling interests	(3,243)	(2,544)
Net cash generated from financing activities	1,228,363	1,360,421
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	7,401	(15,201)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,932,636	(876,574)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	742,835	1,619,409
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,675,471	$ 742,835

(Continued)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at December 31, 2019 and 2018:

	2019	2018
Cash and cash equivalents in the consolidated balance sheets	$ 2,675,471	$ 1,040,835
Bank overdraft	-	(298,000)
Cash and cash equivalents in the consolidated statements of cash flow	$ 2,675,471	$ 742,835

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

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 and authorized for issue on March 27, 2020.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies:

   1) IFRS 16 "Leases"

      IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

      Definition of a lease

      The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

The Group recognizes right-of-use assets or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows.

The Group elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. The Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

a) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

b) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

c) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.

d) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 2.00%-4.75%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 266,141
Less: Recognition exemption for short-term leases	(15,054)
Undiscounted amounts on January 1, 2019	$ 251,087
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 268,696
Lease liabilities recognized on January 1, 2019	$ 268,696

The Group as lessor

The Group does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Right-of-use assets	$ -	$ 268,696	$ 268,696
Total effect on assets	$ -	$ 268,696	$ 268,696
Lease liabilities - current	$ -	$ 57,758	$ 57,758
Lease liabilities - non-current	-	210,938	210,938
Total effect on liabilities	$ -	$ 268,696	$ 268,696

2) IFRIC 23 “Uncertainty over Income Tax Treatments”

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority has full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Group expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

Upon initial application of IFRIC 23, the Group recognized the cumulative effect of retrospective application in retained earnings on January 1, 2019. The Group applied the above amendments prospectively and had no significant impact after evaluation.

3) Annual Improvements to IFRSs 2015-2017 Cycle

Several standards, including IFRS 3 “Business Combinations”, IFRS 11 “Joint Arrangements”, IAS 12 “Income Taxes” and IAS 23 “Borrowing Costs”, were amended in this annual improvement. IAS 23 was amended to clarify that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, the related borrowing costs shall be included in the calculation of the capitalization rate on general borrowings. The Group applied the above amendments prospectively and had no significant impact after evaluation.

4) Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group applied the above amendments prospectively and had no significant impact after evaluation.

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

Amendments to IFRS 3 "Definition of a Business"

The amendments clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process applied to the input that together significantly contribute to the ability to create outputs. The amendments narrow the definitions of outputs by focusing on goods and services provided to customers, and the reference to an ability to reduce costs is removed. Moreover, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note)
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, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated.

2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

The Group is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Group’s construction-related assets and liabilities.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries, including structured entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation

See Note 14, 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 Group'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 measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction (i.e., not retranslated).

For the purpose of presenting the consolidated financial statements, the functional currencies of the Group and its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies different from the currency of the Corporation) are translated into the presentation currency, the New Taiwan dollar, as follows: 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.

f. Inventories

Inventories consist of raw materials and are stated at the lower of cost and 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 the 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. Joint operations

A joint operation is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement.

Any acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business should be treated as a business combination, except when the parties sharing joint control are under the common control of the same ultimate controlling party or parties both before and after the acquisition and that control is not transitory.

The Group recognizes the following items in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output of the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenue and expenses.

When the Group sells or contributes assets to its joint operation, it recognizes gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation. When the Group purchases assets from its joint operation, it does not recognize its share of the gain or loss until it resells those assets to a third party.

h. 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.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. 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.

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.

j. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

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 assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets 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. If corporate assets can be allocated to the individual cash-generating units on a reasonable and consistent basis of allocation, they will be allocated to the individual cash-generating units; otherwise, they will be allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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 a financial asset is 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 36.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is 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 asset 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

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. 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. 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

The Group's 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.

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

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.

2) Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Corporation of the expenditures required to settle the 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 and recognizes contract assets over the period of construction, and reclassifies them 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 to develop and sell the development of industrial districts, whose accounting affairs are processed individually. Input costs of each industrial zone debit accounts receivable on the development of industrial districts; the price of land was paid by the purchaser, and the cost of development credits accounts payable for the development of industrial districts. When vendors pay off the price, accounts receivable on the development of industrial districts will be charged off. If the balance remains, the committee of industrial zone development and administration fund will be remitted.

Business on the development of industrial districts is charged by appointment contracts and related laws, which recognized in agency fee revenue included in other operating revenue of current year.

p. Buildings and land held for sale, net

Buildings and land held for sale, net is stated at the lower of cost or net realizable value. Comparing costs with net realizable value is based on individual item. The net realizable value is the estimated selling price less the selling expense. The cost is calculated by the specific identification method when selling.

q. Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized with reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred to date relative to the estimated total contract costs, expect for the stage of completion which isn’t representative. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract can be estimated reliably, revenue from cost-plus contracts is recognized with reference to the recoverable costs incurred during the period plus the fees earned, measured according to the proportion of the costs incurred to date to the estimated total costs of the contract.

When it is probable that total contract costs will exceed the total contract revenue, the expected loss is recognized as an expense immediately.

When contract costs incurred to date plus the recognized profit less the recognized deficits exceed progress billings, the surplus is shown as the gross amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus the recognized profit less the recognized deficits, the surplus is shown as the gross amount due to customers for contract work. Amounts received before the related work is performed are included in the consolidated balance sheets as a liability under contract liabilities. Amounts billed for work performed but not yet paid by customers are included in the consolidated balance sheets under trade receivables.

r. Leases

2019

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.

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 financial 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 between 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 a 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 between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheet.

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 Group uses the lessee’s incremental borrowing rate.

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 of 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. 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.

2018

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.

1) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Contingent rentals are recognized as income in the period in which they are incurred.

2) The Group as lessee

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

3) Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a financial 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 minimum lease payments are allocated between 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 lease.

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 between 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.

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 that which is 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 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

According to the Income Tax Law, 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, 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 arrangements, 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 only recognized 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 they 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 for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about 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. 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 with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

b. Impairment of property, plant and equipment

The impairment of equipment was based on the recoverable amount of the equipment, which is the higher of its fair value less costs of disposal and its value in use. Any changes in the market prices or future cash flows will affect the recoverable amount of the equipment and may lead to the recognition of additional impairment losses or the reversal of impairment losses.

c. Income taxes

The realizability of deferred tax assets mainly depends on whether sufficient future profit or taxable temporary differences will be available. In cases where the actual future profit generated is less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

6. CASH AND CASH EQUIVALENTS

	December 31 2019	December 31 2018
Cash on hand	$ 7,670	$ 13,159
Checking accounts and demand deposits	2,667,801	1,012,471
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits with original maturities of less than three months	-	15,205
	$ 2,675,471	$ 1,040,835

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

	December 31 2019	December 31 2018
Bank deposits	0.005%-0.350%	0.010%-0.300%

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31 2019	December 31 2018
Financial assets - current		
Financial assets designated as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	$ 93,896	$ 131,122
Domestic unlisted shares	314,722	-
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	5,001	28,560
	$ 413,619	$ 159,682
Financial liabilities - current		
Financial liabilities held for trading		
Domestic convertible bonds for first and second issuance	$ -	$ 424

8. FINANCIAL ASSETS AT FVTOCI

Investments in Equity Instruments at FVTOCI

	December 31 2019	December 31 2018
Current		
Domestic listed shares	$ 804,356	$ 649,845

(Continued)

	December 31	
	2019	2018
Non-current		
Domestic listed shares	$ 527,476	$ 561,309
Domestic and foreign unlisted shares	113,161	107,943
	$ 640,637	$ 669,252

(Concluded)

These investments in Taiwan Business Bank, China Petrochemical Development Corporation, Century Development Corporation, and Overseas Investment & Development Corporation are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

Refer to Note 38 for information relating to investments in equity instruments at FVTOCI pledged as security.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2019	2018
Current		
Time deposits with original maturities of more than 3 months (a)	$ 386,399	$ 2,117,668
Others (b)	3,773,365	1,285,463
	$ 4,159,764	$ 3,403,131
Non-current		
Time deposits with original maturities of more than 3 months (a)	$ 2,787	$ 839,194
Others (b)	2,560	-
	$ 5,347	$ 839,194

a. The ranges of interest rates for time deposits with original maturities of more than 3 months was approximately 0.002%-2.800% per annum as of December 31, 2019 and 2018.

b. Restricted deposits and reserve account for trusts.

Refer to Note 38 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND CONSTRUCTION RECEIVABLES

	December 31	
	2019	2018
Notes receivable		
Notes receivable	$ 561	$ 1,698
Trade receivables		
At amortized cost		
Gross carrying amount	$ 96,373	$ 117,682
Less: Allowance for impairment loss	(12,691)	(15,233)
	$ 83,682	$ 102,449
Construction receivables	$ 1,535,335	$ 1,663,054

Trade Receivables and Construction Receivables

The average credit period granted by the Group for sales of its products is 90 days; assessment of impairment of accounts receivable is based on aging analysis, past experience and the client's current financial condition on an individual basis to estimate the uncollectible amounts.

When deciding the collectability of trade receivables, the Group takes the change of credit quality from the grant date of trade receivables to the balance sheet date in consideration. Past experience shows that, unless the traders are government entities which have good credit quality and are evaluated not to recognize allowance for doubtful accounts, the Group evaluates the uncollectible amounts in the future and recognizes appropriate allowance for doubtful accounts in principle.
Expect for individually recognizing appropriate allowance for doubtful accounts, which is based on objective evidence showing that trade receivables of specific trader is uncollectible, recognizing allowance for doubtful accounts is based on past experience of collective evaluation. The Group then distinguishes customers into different risk groups and recognizes allowance loss by expected loss rate.

The aging of receivables, net was as follows:

	December 31	
	2019	2018
Not past due	$ 1,608,182	$ 1,697,818
Up to 60 days	9,702	66,465
61-90 days	1,133	1,220
	$ 1,619,017	$ 1,765,503

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

	December 31	
	2019	2018
Balance at January 1	$ 15,233	$ 2,898
Add: Net remeasurement of loss allowance	-	12,335
Less: Net remeasurement of loss allowance	(2,542)	-
Balance at December 31	$ 12,691	$ 15,233

For the year ended December 31, 2019, the decrease in loss allowance was mainly due to the variations from accounts receivable balance of different risk levels.

Notes Receivable and Other Accounts Receivable

The Group had no notes receivable and other accounts receivable that were past due, and assessed that there were no receivables that are expected to be uncollectible; hence, the Group did not recognize an allowance for doubtful accounts.

11. ACCOUNTS RECEIVABLE ON THE DEVELOPMENT OF INDUSTRIAL DISTRICTS

	December 31	
	2019	**2018**
Chung Hua Coastal Industrial Park	$ 5,882,643	$ 7,061,491
Other industrial districts	1,984,017	2,001,567
	$ 7,866,660	$ 9,063,058

The increases in development costs were $1,171,829 thousand in 2019 and $3,664,878 thousand in 2018. Amounts collected were $2,368,227 thousand in 2019 and $4,349,862 thousand in 2018.

The Group's receivables from industrial zone agents are mainly funded by advanced cash and interest from the Industrial Bureau of the Ministry of Economic Affairs. After assessing the following factors, there is no need to provide an allowance for bad debts:

a. The price of land in an industrial zone is based on the estimated total development costs. All the interest generated from the development costs after the settlement base date are in response to the price adjustment mechanism used for adding the interest month by month and are a basis for reflecting the accurate price of an industrial zone at various points in time. The price paid by the vendors are included in the interest generated from the development costs after the settlement base date. The Development Bureau of the Ministry of Economic Affairs implements a land lease plan in an industrial zone, and the development costs of the entrusted development unit is also calculated based on the price in the month in which the manufacturers sign the lease. Land rental income is simply one of the advanced repayments of the development costs and can still be returned through other relevant alternative measures.

b. As industrial zone development contracts are civil law appointment contracts, all the authorized development units are not subject to the risk of profit and loss. This is because the fees paid by the appointed firms are legally required and reimbursed from the appointing party which is a government agency and such an agent's credit is unquestionable.

c. Development contracts only stipulate that development units may use advanced prepayments to process the development costs of the land sale price. Additionally, rental income from the land is not required to be the only repayment source. Industrial zone development is the government's method of promoting the industrial development policy. Thus, the government shall adopt countermeasures to solve problems such as sluggish sale of land in industrial zones or higher than market rental or selling prices leading to unsaleable land in industrial zones. The recovery funds that are entrusted to development units do not necessarily directly correlate with whether the land can be sold successfully.

d. The Group's development funds from industrial zone agents have no bad debt history. Also, the Industrial Bureau of the Ministry of Economic Affairs has not stated or shown that it will not repay the development costs to the Group. Moreover, the funds will be recovered successively, and some of the cases have been fully recovered.

In summary, there is no major doubt or uncertainty regarding the recovery of advanced development repayments for industrial zone development, and thus, allowance for bad debts is not required.

12. BUILDINGS AND LAND HELD FOR SALE, NET

	December 31	
	2019	**2018**
3rd Subsection, Xinyi Section, Xinyi District, Taipei City	$ 10,923,432	$ -
Peibo Section in Tucheng District	1,244,634	1,244,634
Litzer Industrial District	267,436	267,436
Linyi Section 3, Zhongzheng District, Taipei City	99,324	99,324
Building and land in Danshui Township	72,519	72,519
Zhongkeng Section and Niushan Section, Hualian County	40,622	40,622
Land in Beitun District, Taichung City	21,355	21,355
Puwei Section, Yunlin County	6,117	6,117
Jing-Xin Garden	2,013	2,013
Clayton County in the U.S. State of Georgia	900	922
Henry County in the U.S. State of Georgia	899	921
	$ 12,679,251	$ 1,755,863

The Group's investments are only held for sales purposes. The Group carried out a review of the recoverable amount of buildings and land held for sale, net, and each carrying amount exceeded the recoverable amount. The review led to the recognition of a write-downs of $44,158 thousand, which was recognized in other gains and losses for the year ended December 31, 2018. Valuation allowance amounted to $49,893 thousand as of December 31, 2019 and 2018.

For information on the buildings in the progress of construction in the 3rd Subsection, Xinyi Section, Xinyi District, Taipei City reclassified as buildings and land held for sale - net, refer to Notes 13 and 37.
Refer to Note 38 for information about buildings and land held for sale, net.

13. CONSTRUCTION IN PROGRESS

	Construction in Progress		
	Cost of Land	**Cost of Construction**	**Total**
December 31, 2019			
Land in Baoqing Sec., Taipei City	$ 21,475	$ 882,682	$ 904,157
Land in Zhengyi Sec., Taipei City	25,236	-	25,236
Land in Nangang Sec., Taipei City	-	3,822	3,822
	$ 46,711	$ 886,504	$ 933,215
December 31, 2018			
Land in Xinyi Sec., Taipei City	$ -	$ 6,293,338	$ 6,293,338
Land in Baoqing Sec., Taipei City	-	565,280	565,280
Land in Zhengyi Sec., Taipei City	25,236	-	25,236
Land in Nangang Sec., Taipei City	-	3,736	3,736
	$ 25,236	$ 6,862,354	$ 6,887,590

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.

The Group signed a joint venture agreement with Agora Garden Co., Ltd. in March 2010 to construct a residential building in the 3rd subsection of Xinyi Section, Taipei City. On April 3, 2019, the joint-construction and allocation of housing units was completed and on April 22, 2019, the procedures for the transfer of the building were carried out and transfer of ownership was registered; and the residential building was reclassified to buildings and land held for sale, net. Refer to Note 12 for the related information.

In February 2011, the Group started to process an urban renewal plan of Yan Shou Public Housing located in land numbers 57-2, 57-13 and 57 in the Baoqing Section, Taipei City.

The Group has acquired the joint-construction agreements for land number 57-2 from the majority of the landlords. Application of the urban renewal business plan was completed in May 2012 with the approval received in April 2014; the transfer of ownership rights was approved in August 2016; the construction registration was completed in October 2017. As of the end of 2019, related construction of roof layers was in progress.

In addition, the Group has acquired the joint-construction agreements for land number 57-13 from the majority of the landlords. Application of the urban renewal business plan was completed in October 2013 with the approval 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; and the demolition review meeting was passed on December 10, 2019.

Moreover, the urban renewal business plan for land number 57 of Baoqing Section, Taipei City was completed in December 2014; application of the urban renewal business plan was completed in June 2017; the transfer of ownership rights was submitted for approval in October 2018; the public hearing was held in February 2019, and the hearing meeting was convened on December 23, 2019.

In April 2014, the Group acquired land and two buildings on Xinsheng South Road, Taipei City, " Linyi Section 3, Zhongzheng District, Taipei City, " and received approval of their urban renewal business plan application. Main construction began in December 2014. The Group obtained the use permit in July 2018. The Group has obtained the ownership certificate on August 24, 2018 and reclassified the building and land to buildings and land held for sale, net. Refer to Note 12 for related information.

In 2015, the Group started to process three urban renewal plans located on the land, plot number 316, in the Nangang Section, Taipei City. The urban renewal business plans were submitted to the authorities for approval in December 2015. The second hearing meeting was in December 2017 and the plan review meeting was held on December 9, 2019.

As of December 31, 2019 and 2018, the interest expense before capitalization was $211,667 thousand and $199,352 thousand, respectively; the capitalized construction interest was $8,812 thousand and $139,761 thousand, respectively; the capitalization rates per annum were 2.292% and 2.336%-2.337%, respectively.

14. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	% of Ownership December 31 2019	% of Ownership December 31 2018	Remark
BES Engineering Corporation	Core Pacific World Co., Limited.	Makes investments	99.95	99.95	Note 1
	BES Machinery Co., Ltd.	Leases engineering machinery and equipment, and wholesale construction materials and provides consulting service for designing and planning projects, except for certain architectural matters	99.29	98.87	Notes 1 and 2
	BES Investment Company Ltd.	Makes Investments	100.00	100.00	Note 1
	BES Logistics International Co., Ltd.	Makes investments	100.00	100.00	Note 1
	Core Asia Human Resources Management Co., Ltd.	Consultancy on business administration and investments	100.00	100.00	Note 1
	Chung Kung Safeguarding & Security Corp.	Security and related services	64.67	64.67	Note 1
	Cinemark-Core Pacific, Ltd.	Movie broadcasting and related businesses	15.38	15.38	Note 1
	BES Construction Corporation	Develops lands for investments	91.79	91.79	Note 1
	BES Global Investment Co.	Makes investments	100.00	100.00	Note 1
Core Pacific World Co., Limited.	Zhong Hua Cheng Development Co., Ltd.	Consulting	100.00	100.00	Note 1
	Chinese City International Investment Co., Ltd.	Consulting	100.00	100.00	Note 1
BES Machinery Co., Ltd.	BESM Holding Co., Ltd.	Holds investments	100.00	100.00	Note 1
	Cinemark-Core Pacific, Ltd.	Movie broadcasting and related businesses	62.76	62.76	Note 1
Cinemark-Core Pacific, Ltd.	Cinema 7 Theater Co., Ltd.	Movie broadcasting and retail sale of food products and groceries	100.00	100.00	Note 1
Core Asia Human Resources Management Co., Ltd.	Elite Human Resources Management Co., Ltd.	Human resource consulting	100.00	100.00	Note 1
Chung Kung Safeguarding & Security Corp.	Chung Kung Management Consultant Co., Ltd.	Business management consulting and running parking lots	100.00	100.00	Note 1
	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.	Develops lands for investments	100.00	100.00	Note 1
BES Global Investment Co.	BES Global Consulting (Shanghai) Co., Ltd.	Provides engineering consulting services	-	-	Note 3
Chinese City International Investment Co., Ltd.	Hua Cheng Consulting (Changshu) Co., Ltd.	Provides engineering consulting services.	100.00	100.00	Note 1
Zhong Hua Cheng Development Co., Ltd.	Core Pacific Consulting (Changshu) Co., Ltd.	Provides engineering consulting services	100.00	100.00	Note 1

Remark:

Note 1: The Group holds more than 50% of the investee's shares; thus, this investee was included in the consolidated financial statements.

Note 2: The Group acquired 2.29%, 0.23%, 0.13% and 0.06% of the shares of BES Machinery Co., Ltd. separately in September 2018, January 2019, April 2019 and July 2019, respectively. Refer to Note 33 for the related information.

Note 3: The Group had disposed of all the shares of BES Global Consulting (Shanghai) Co., Ltd. at the end of November 2018.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31 2019	December 31 2018
Associates that are not individually material	$ 2,070,821	$ 2,797,859

Aggregate information of joint ventures that are not individually material

	For the Year Ended December 31	
	2019	2018
The Group’s share of:		
Loss for the year	$ (389,178)	$ (239,139)
Other comprehensive income (loss)	(103,204)	(11,299)
Total comprehensive income (loss) for the year	$ (492,382)	$ (250,438)

Core Pacific City Co., Ltd. is one of the Group’s associates accounted for using the equity method and sustained continuous losses. In addition, based on its syndicated loan contract, Core Pacific City Co., Ltd. should repay the principal amount of the loan of $9,109,520 thousand on March 18, 2019. However, Core Pacific City Co., Ltd. negotiated with the banks in the syndicate to extend the maturity date to March 18, 2020, and repaid the principal amounts of $700,000 thousand and $6,509,520 thousand in March 2019 and November 2019, respectively. As of December 31, 2019, the outstanding balance was $1,900,000 thousand.

In September 2019, Core Pacific City Co., Ltd. disposed of its land in No.156, Section 3, Xisong Section, Songshan District, Taipei City by open bidding, and the other associate of the Corporation, Dingyue Development Co., Ltd., won the bid. The Corporation signed a sales contract with Dingyue Development Co., Ltd. on October 30, 2019, and the proposal was passed in the annual shareholders’ meeting on November 11, 2019. The bidding price was $37,200,010 thousand which shall be paid no later than December 2, 2020. The Corporation’s management assessed that the recoverable amount was not lower than the carrying amount and hence did not recognize an impairment loss.

In January 2019, the Group did not subscribe for BES Twin Towers Development Co., Ltd.’s issuance of common stock for cash based on its existing shareholding proportion, causing its shareholding proportion to decrease from 9.09% to 5.99%. On February 27, 2019, the proposal to dispose of all of the shares of BES Twin Towers Development Co., Ltd. to China Petrochemical Development Corporation was approved by in the board of directors’ meeting, and the disposal and transfer of shares were completed in March 2019. The loss on the disposal of $11,423 thousand was recognized in other gains and losses and the disposal price of $215,600 thousand has been fully received.

The Group did not subscribe for HRDD Logistics Co., Ltd.’s issuance of common stock for cash based on its existing shareholding proportion, causing its shareholding proportion to decrease from 28.33% to 23.61% in 2019.

16. 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 Corporation made in proportion to its interest in the joint agreements are as follows:

a. Core Pacific Living City Yangzhou CBD business in A6 district

In June 2012, the subsidiaries of Core Pacific Consulting (Changshu) Co., Ltd. and Hua Cheng Consulting (Changshu) Co., Ltd. signed an agreement with Core Pacific Living City Yangzhou CBD regarding a joint operation development of Core Pacific Living City Yangzhou CBD business in A6 district and a residence hotel. Based on the agreement, Core Pacific Consulting (Changshu) Co., Ltd. and Hua Cheng Consulting (Changshu) Co., Ltd. each own 7.5% of the interest, and Core Pacific Living City Yangzhou CBD has an 85% interest. As well, the Group signed the joint control operation agreement which has an expected duration of 5 years. This contract may be terminated early only under mutual agreement. Any profit or loss on this project will be shared at a percentage based on the contribution of each party.

The agreement expired in July 2017, and the Group's capital contribution reached 22.5%. The principal and expected interest amounted to $576,384 thousand and was paid in August 2017. Meanwhile, an asset valuation was performed and completed on September 30, 2017. As of December 31, 2019, the actual profit sharing settlement is still underway due to calculation of the land value increment tax. The expected interest recognized in other liabilities - current is estimated at $69,553 thousand.

b. 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 Corporation and Taiwan Kumagai Co., Ltd. signed the joint venture contract in December 2018, and had 30% and 70% interest in the joint venture, respectively. The related assets, liabilities, revenue, and expenses relating to the joint venture operations in the consolidated financial statements are shown below:

	December 31, 2019
Assets	
Cash and cash equivalents	$ 26,819
Construction receivables	34,387
Contract assets - current	12,494
Other current assets	1,020
Refundable deposits	629
	$ 75,349
Liabilities	
Trade payables	$ 15,839
Accrued expenses	3,318
Other current liabilities	66
	$ 19,223

	For the Year Ended December 31, 2019
Construction revenue	$ 129,927
Construction cost	$ 106,254
Interest revenue	$ 13

17. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Property under Construction	Total
Cost						
Balance at January 1, 2018	$ 2,766,404	$ 598,551	$ 1,422,387	$ 337,896	$ -	$ 5,125,238
Additions	-	1,050	81,611	8,666	-	91,327
Disposals	-	-	(57,483)	(564)	-	(58,047)
Disposals of subsidiaries	-	-	(9,750)	(205)	-	(9,955)
Transferred from investment properties	-	47,012	-	-	-	47,012
Effect of foreign currency exchange differences	-	-	(321)	(5)	-	(326)
Balance at December 31, 2018	$ 2,766,404	$ 646,613	$ 1,436,444	$ 345,788	$ -	$ 5,195,249
Accumulated depreciation and impairment						
Balance at January 1, 2018	$ 3,004	$ 295,414	$ 1,102,768	$ 288,194	$ -	$ 1,689,380
Depreciation expense	-	29,069	84,557	5,525	-	119,151
Disposals	-	-	(51,798)	(466)	-	(52,264)
Disposals of subsidiaries	-	-	(4,835)	(160)	-	(4,995)
Transferred from investment properties	-	24,585	-	-	-	24,585
Effect of foreign currency exchange differences	-	-	(160)	(1)	-	(161)
Balance at December 31, 2018	$ 3,004	$ 349,068	$ 1,130,532	$ 293,092	$ -	$ 1,775,696
Balance at December 31, 2018, net	$ 2,763,400	$ 297,545	$ 305,912	$ 52,696	$ -	$ 3,419,553
Cost						
Balance at January 1, 2019	$ 2,766,404	$ 646,613	$ 1,436,444	$ 345,788	$ -	$ 5,195,249
Additions	-	276	26,278	3,482	1,457	31,493
Disposals	-	-	(281,123)	(6,332)	-	(287,455)
Transferred from prepayments for equipment	-	-	1,990	-	-	1,990
Transferred to investment properties	-	(375)	-	-	-	(375)
Effect of foreign currency exchange differences	-	-	(79)	-	-	(79)
Balance at December 31, 2019	$ 2,766,404	$ 646,514	$ 1,183,510	$ 342,938	$ 1,457	$ 4,940,823
Accumulated depreciation and impairment						
Balance at January 1, 2019	$ 3,004	$ 349,068	$ 1,130,532	$ 293,092	$ -	$ 1,775,696
Depreciation expense	-	26,393	75,643	5,428	-	107,464
Disposals	-	-	(248,686)	(5,869)	-	(254,555)
Transferred to investment properties	-	(15)	-	-	-	(15)
Effect of foreign currency exchange differences	-	-	(79)	-	-	(79)
Balance at December 31, 2019	$ 3,004	$ 375,446	$ 957,410	$ 292,651	$ -	$ 1,628,511
Balance at December 31, 2019, net	$ 2,763,400	$ 271,068	$ 226,100	$ 50,287	$ 1,457	$ 3,312,312

No impairment assessment was performed for the years ended December 31, 2019 and 2018 as there was no indication of impairment.

Property, plant and equipment are depreciated using the fixed-percentage-on-declining-balance-method and on a straight-line basis over their estimated useful lives as follows:

Land improvements	8-40 years
Buildings	
Main buildings	60 years
Air-conditioning equipment	3 years
Machinery and equipment	2-13 years
Other equipment	2-20 years

Refer to Note 38 for information about the amount of property, plant and equipment pledged by the Group as collateral for borrowings.

18. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Land	$ 40,319
Buildings	208,776
Machinery	1,500
Transportation equipment	23,161
Other equipment	17
	$ 273,773

	For the Year Ended December 31, 2019
Depreciation charge for right-of-use assets	
Land	$ 5,297
Buildings	43,579
Machinery	1,236
Transportation Equipment	14,612
Other equipment	28
	$ 64,752

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 68,088
Non-current	$ 209,586

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Land	2.72%-2.80%
Buildings	2.00%-4.75%
Machinery	2.72%-2.80%
Transportation Equipment	2.00%-2.78%
Other equipment	2.00%

c. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 19.

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 8,254
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 60,144
Total cash outflow for leases	$ (135,786)

The Group leases certain office equipment which qualify as short-term leases and certain computer equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

For the year ended December 31, 2019, expenses relating to short-term leases also include expenses relating to leases for which the lease terms end on or before December 31, 2019 and for which the recognition exemption is applied. Just before the balance sheet date, the Group also entered into several lease arrangements for additional office equipment that qualified as short-term leases. The amount of lease commitments for short-term leases for which the recognition exemption is applied was 7,214 thousand as of December 31, 2019.

2018

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	December 31, 2018
Not later than 1 year	$ 35,819
Later than 1 year and not later than 5 years	125,778
Later than 5 years	104,544
	$ 266,141

19. INVESTMENT PROPERTIES

	Completed Investment Properties
Cost	
Balance at January 1, 2018	$ 1,083,954
Transferred to property, plant and equipment	(47,012)
Effect of foreign currency exchange differences	(2,110)
Balance at December 31, 2018	$ 1,034,832
Accumulated depreciation and impairment	
Balance at January 1, 2018	$ 206,936
Depreciation expense	8,996
Transferred to property, plant and equipment	(24,585)
Effect of foreign currency exchange differences	(514)
Balance at December 31, 2018	$ 190,833
Balance at December 31, 2018, net	$ 843,999
Cost	
Balance at January 1, 2019	$ 1,034,832
Transferred from property, plant and equipment	375
Effect of foreign currency exchange differences	(3,789)
Balance at December 31, 2019	$ 1,031,418
Accumulated depreciation and impairment	
Balance at January 1, 2019	$ 190,833
Depreciation expense	8,468
Transferred from property, plant and equipment	15
Effect of foreign currency exchange differences	(1,264)
Balance at December 31, 2019	$ 198,052
Balance at December 31, 2019, net	$ 833,366

No impairment assessment was performed for the years ended December 31, 2019 and 2018 as there was no indication of impairment.

Investment properties are depreciated 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, 2019 was as follows:

	December 31, 2019
Not later than 1 year	$ 83,065
Later than 1 year and not later than 5 years	63,583
Later than 5 years	134
	$ 146,782

The future minimum lease payments of non-cancellable operating lease commitments as of December 31, 2018 are as follows:

	December 31, 2018
Not later than 1 year	$ 64,238
Later than 1 year and not later than 5 years	79,408
Later than 5 years	67
	$ 143,713

The fair values of investment properties were arrived at on the basis of valuations carried out as of December 2019 and January 2018 by independent and qualified professional appraiser. The fair values are shown below:

	December 31	
	2019	2018
Fair value	$ 4,182,849	$ 4,183,733

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 38.

20. GOODWILL

	For the Year Ended December 31	
	2019	2018
Cost		
Balance at January 1	$ 101,673	$ 115,191
Impairment losses recognized	(57,676)	(13,518)
Balance at December 31	$ 43,997	$ 101,673

The subsidiary Cinemark Core Pacific, Ltd acquired 100% of the equity of Cinema 7 Theater Co., Ltd. in August 2014, and the difference between the cost of investment and total net asset value belonging to goodwill was $115,191 thousand. Since the goodwill relates solely to Cinema 7 Theater Co., Ltd. as a single cash generating unit, the goodwill is assessed for impairment by calculating the recoverable amount of Cinema 7 Theater Co., Ltd. and the carrying amount of its net assets.

The Group assessed the recoverable amount of goodwill in 2019 and 2018, and recognized impairment losses related to Cinema 7 Theater Co., Ltd. of $57,676 thousand and $13,518 thousand for the years ended December 31, 2019 and 2018, respectively. The recoverable amount was determined based on the value-in-use calculation, and the discount rate used was 9.24% and 4.31%, respectively. The impairment loss mainly resulted from the lower-than-expected number of customers.

21. BORROWINGS

a. Short-term borrowings

	December 31	
	2019	**2018**
Secured borrowings		
Bank loans	$ 3,386,016	$ 3,269,664
Bank overdrafts	-	298,000
	3,386,016	3,567,664
Unsecured borrowings		
Line of credit borrowings	25,164	2,500
	$ 3,411,180	$ 3,570,164

The short-term borrowings were pledged by freehold land, buildings, time deposits and certificate of deposit. (Refer to Note 38 for related information.)

The range of weighted average effective interest rate on bank loans was 1.870%-3.000% and 1.870%-2.900% per annum at December 31, 2019 and 2018, respectively.

b. Short-term bills payable

	December 31	
	2019	**2018**
Commercial paper	$ 1,437,000	$ 1,830,000
Less: Unamortized discount on bills payable	(2,775)	(3,538)
	$ 1,434,225	$ 1,826,462

Outstanding short-term bills payable were as follows:

December 31, 2019

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	The Carrying Value of Collateral
Commercial paper						
Mega Bills Finance	$ 450,000	$ 905	$ 449,095	2.000%	Land and building	$ 504,876
Shanghai Commercial & Savings Bank, Ltd. - Tien Mou Branch	450,000	445	449,555	2.200%	Land and building	815,731
Taiwan Finance Corporation	254,500	770	253,730	2.262%	Note 1	Note 1
Taiwan Finance Corporation	165,500	500	165,000	2.262%	Note 1	Note 1
Taiwan Finance Corporation	40,000	17	39,983	1.862%	Note 2	Note 2
International Bills Finance Corporation	40,000	94	39,906	1.988%	Note 3	Note 3
Ta Ching Bills Finance Corporation	37,000	44	36,956	2.950%	-	-
	$ 1,437,000	$ 2,775	$ 1,434,225			

Note 1: The loan is collateralized by land and buildings with a total book value of $861,464 thousand.

Note 2: A total of 5,207 thousand shares of Taipei Business Bank with a total book value of $65,608 thousand have been pledged as collateral.

Note 3: A total of 2,000 thousand shares of China Petrochemical Development Corporation with a total book value of $19,600 thousand have been pledged as collateral.

December 31, 2018

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	The Carrying Value of Collateral
Commercial paper						
International Bills Finance Corporation	$ 800,000	$ 743	$ 799,257	2.570%	Land and building	Note 1
Mega Bills Finance	450,000	1,207	448,793	1.960%	Land and building	$ 373,587
International Bills Finance Corporation	400,000	505	399,495	2.158%	Note 2	Note 2
International Bills Finance Corporation	94,000	629	93,371	2.800%	-	-
Taiwan Finance Corporation	33,000	221	32,779	2.800%	-	-
International Bills Finance Corporation	40,000	131	39,869	2.100%	-	-
Ta Ching Bills Finance Corporation	13,000	102	12,898	1.988%	Note 3	Note 3
	$ 1,830,000	$ 3,538	$ 1,826,462			

Note 1: The International Bills Finance Company, which is from syndicated loan under Taiwan Cooperative Bank, was established with equal amounts of a lending quota; the loan is collateralized by land and buildings with a total book value of $2,854,660 thousand.

Note 2: A total of 56,600 thousand shares of Taipei Business Bank with a total book value of $585,810 thousand have been pledged as collateral.

Note 3: A total of 2,000 thousand shares of China Petrochemical Development Corporation with a total book value of $21,900 thousand have been pledged as collateral.

The short-term bills payable were pledged by freehold land, buildings and financial assets available for sale. (Refer to Note 38 for related information.)

c. Long-term borrowings

	December 31	
	2019	2018
Secured borrowings		
Bank loans	$ 4,409,149	$ 2,774,716
Unsecured borrowings		
Bank loans	1,760,514	1,505,888
	6,619,663	4,280,604
Less: Current portions	(1,719,228)	(467,912)
Long-term borrowings	$ 4,450,435	$ 3,812,692

The above-mentioned bank loans were secured by the Group's freehold land, buildings, certificates of deposit and time deposits (see Note 38). As of December 31, 2019 and 2018, the effective annual interest rate ranges were 1.700%-2.737% and 1.700%-2.947%, respectively.

22. BONDS PAYABLE

	For the Year Ended December 31	
	2019	2018
Unsecured domestic convertible bonds	$ -	$ 32,755
Less: Current portions	-	(32,755)
	$ -	$ -

On February 25, 2014, the Corporation issued 5 thousand unsecured, 0%, New Taiwan dollar-denominated convertible bonds in Taiwan, with an aggregate principal of $500,000 thousand.

Each bond entitles the holder to convert the bond into the Corporation's ordinary share at a conversion price of NT$8.7. As of February 15, 2019, the conversion price was adjusted to NT$7.6 per share. The conversion may occur at any time between March 26, 2014 and February 15, 2019. If the bonds are not converted by the end of the maturity period, they will be redeemed at book value.

The bondholders will have the right, at such holder's option, to redeem the bonds held by such holder on the date three years from the issuance date. The bondholders who want to require the Corporation to recall the convertible bonds at the rate of 104.568% of par value may inform the agent for stock affairs in writing 30 days before the date the holders will have the option to redeem the bonds.

In March 2017, parts of the shareholders performed their put options to redeem the bonds at face value totaling $417,000 thousand with an interest compensation of $19,052 thousand. As a result, a $16,363 thousand loss on bonds payable was recognized under other gains and losses. The requirements of the second issuance of unsecured convertible bonds stipulate a book value of $50,000 thousand; the bonds have been converted into 5,882 thousand shares of the Corporation's ordinary shares.

The unsecured convertible bonds issued by the Corporation were due on February 25, 2019. The face value of the bonds of $32,900 thousand was fully paid in March 2019.

23. TRADE PAYABLES

	December 31	
	2019	2018
Trade payables		
Operating	$ 4,220,191	$ 2,149,184

Accounts payable classified as construction retainage received was $1,176,886 thousand as of December 31, 2019 and $935,079 thousand as of December 31, 2018. Construction retainage received, which is interest free, will be paid for each construction contract at the end of the construction retainage period. The warranty period is the Group's normal operating cycle, which normally exceeds one year. Related information on construction contracts is shown in Table 1 following the Notes to Consolidated Financial Statements.

24. ACCOUNTS PAYABLE FOR THE DEVELOPMENT OF INDUSTRIAL DISTRICTS

	December 31	
	2019	2018
Litzer Industrial District	$ 1,081,562	$ 1,055,923
Yunlin Technology-based Industrial Park	838,399	826,534
Other Industrial Districts	15,963	15,963
	$ 1,935,924	$ 1,898,420

Accounts payable (receivable) for the development of industrial districts amounted to $57,149 thousand in 2019 and $56,601 thousand in 2018. The input costs were $19,645 thousand in 2019 and $27,937 thousand in 2018.

25. PROVISIONS

	December 31	
	2019	2018
Current		
Warranties	$ 516,433	$ 363,730
Onerous contracts	72,432	57,356
	$ 588,865	$ 421,086
Non-current		
Long-term provision for the judgment of legal procedures	$ 669,921	$ 562,882

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 local sale of goods legislation. The estimate had been made on the basis of historical warranty trends and may vary as a result of other events affecting product quality.

The provision for onerous contracts represents the present value of the future payments that the Group is presently obligated to make under non-cancellable onerous operating contracts less revenue expected to be earned, where applicable.

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.

26. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Corporation and domestic subsidiaries of the Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

For 2019 and 2018, two Company 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 Group has only the obligations to provide a specific amount which is operated by the government.

BES Investment Company Ltd., BES Global Investment Co., Global BES Engineering (Myanmar) Co., Ltd., BESM Holding Co., Ltd., BES Logistics International Co., Ltd., Core Pacific World Co., Limited., 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 Corporation and subsidiaries (BES Machinery Co., Ltd., 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.) of the Group adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group contributed at specific rate of salaries (the following rates are presented for 2019 and 2018; the Corporation's rate were 5.4%; other subsidiaries were 2.00%) 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	
	2019	2018
Present value of defined benefit obligation	$ 358,470	$ 354,672
Fair value of plan assets	(232,607)	(238,837)
Net defined benefit liabilities	$ 125,863	$ 115,835

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2018	$ 350,634	$ (237,494)	$ 113,140
Current service cost	7,778	-	7,778
Net interest expense	3,309	(274)	3,035
Predicted returns on plan assets	-	(2,014)	(2,014)
Recognized in profit or loss	11,087	(2,288)	8,799
Remeasurement			
Actuarial (gain) loss - changes in financial assumptions	7,014	(7,454)	(440)
Actuarial (gain) loss - experience adjustments	10,881	-	10,881
Recognized in other comprehensive income	17,895	(7,454)	10,441
Contributions from the employer	-	(16,533)	(16,533)
Benefits paid	(24,944)	24,932	(12)
Balance at December 31, 2018	$ 354,672	$ (238,837)	$ 115,835
Balance at January 1, 2019	$ 354,672	$ (238,837)	$ 115,835
Current service cost	8,269	-	8,269
Net interest expense (income)	2,560	(264)	2,296
Predicted returns on plan assets	-	(1,462)	(1,462)
Recognized in profit or loss	10,829	(1,726)	9,103
Remeasurement			
Actuarial (gain) loss - changes in financial assumptions	14,980	(9,203)	5,777
Actuarial (gain) loss - experience adjustments	9,286	-	9,286
Recognized in other comprehensive income	24,266	(9,203)	15,063
Contributions from the employer	-	(10,704)	(10,704)
Benefits paid	(31,295)	27,861	(3,434)
Balance at December 31, 2019	$ 358,472	$ (232,609)	$ 125,863

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

	For the Year Ended December 31	
	2019	**2018**
Operating costs	$ 7,573	$ 7,573
General and administrative expenses	1,535	1,099
Research and development expenses	70	127
Other income	(75)	-
	$ 9,103	$ 8,799

Through the defined benefit plans under the Labor Standards Law, 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 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 by reference to the future salaries of plan participants. As such, an increase in the salary 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	
	2019	**2018**
Discount rate(s)	0.50%-0.70%	0.50%-0.75%
Future expected rate(s) of salary increase	0.50%-2.00%	0.50%-2.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would decrease or increase 0.25% as follows:

	December 31	
	2019	**2018**
Discount rate(s)		
0.25% increase	$ (7,471)	$ (7,503)
0.25% decrease	$ 7,715	$ 7,756
Future expected rate(s) of salary increase		
0.25% increase	$ 7,603	$ 7,682
0.25% decrease	$ (7,400)	$ (7,469)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2019	**2018**
The expected contributions to the plan for the next year	$ 9,259	$ 9,794
The average duration of the defined benefit obligation	4-8 years	4-9 years

27. 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 maturity analysis of the related assets and liabilities was as follows:

	December 31, 2019		
	Due Within One Year	**Due After One Year**	**Total**
Assets			
Financial assets at amortized cost - current	$ 477,612	$ 515,071	$ 992,683
Construction receivables	1,313,079	222,256	1,535,335
Contract assets	1,427,201	1,609,093	3,036,294
Accounts receivable on the development of industrial districts	-	7,866,660	7,866,660
Buildings and land held for sale, net	1,009,611	11,669,640	12,679,251
Construction in progress	-	933,215	933,215
Refundable deposits on construction contracts	42,150	99,480	141,630
	$ 4,269,653	$ 22,915,415	$ 27,185,068
Liabilities			
Notes payable	$ 150	$ -	$ 150
Trade payables	2,696,775	1,470,852	4,167,627
Contract liabilities	808,649	1,257,762	2,066,411
Accounts payable for the development of industrial districts	-	1,935,924	1,935,924
Provisions - current	196,344	392,521	588,865
Guarantee deposits on construction contracts - current	131,054	223,145	354,199
	$ 3,832,972	$ 5,280,204	$ 9,113,176

	December 31, 2018		
	Due Within One Year	Due After One Year	Total
Assets			
Financial assets at amortized cost - current	$ 1,606,101	$ 407,887	$ 2,013,988
Construction receivables	1,663,054	-	1,663,054
Contract assets	103,348	2,583,439	2,686,787
Accounts receivable on the development of industrial districts	-	9,063,058	9,063,058
Buildings and land held for sale, net	99,324	1,656,539	1,755,863
Construction in progress	6,293,338	594,252	6,887,590
Refundable deposits on construction contracts	32,800	2,097,793	2,130,593
	$ 9,797,965	$ 16,402,968	$ 26,200,933
Liabilities			
Notes payable	$ 165,296	$ -	$ 165,296
Trade payables	1,626,436	471,490	2,097,926
Contract liabilities	788,148	1,692,218	2,480,366
Amounts due to customers for construction contracts	54,359	-	54,359
Accounts payable for the development of industrial districts	-	1,898,420	1,898,420
Provisions - current	34,413	386,673	421,086
Guarantee deposits on construction contracts - current	21,053	329,827	350,880
	$ 2,689,705	$ 4,778,628	$ 7,468,333

28. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2019	2018
Number of shares authorized (in thousands)	3,000,000	3,000,000
Shares authorized	$ 30,000,000	$ 30,000,000
Number of shares issued and fully paid (in thousands)	1,530,899	1,530,899
Shares issued	$ 15,308,998	$ 15,308,998

b. Capital surplus

	December 31	
	2019	**2018**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Shares issued in excess of par	$ 11,501	$ 11,501
Treasury share transactions	1,757	1,757
Changes in net equity of associates accounted for using the equity method	4,094	-
May only be used to offset a deficit (2)		
Other	56,430	52,969
May not be used for any purpose (3)		
Share warrants	-	3,461
	$ 73,782	$ 69,688

1) Capital surplus may be used to offset a deficit. In addition, when the Corporation has no deficit, the capital surplus may be distributed as cash dividends, or transferred to share capital (within a certain percentage of the Corporation's capital surplus once a year).

2) Capital surplus may be used to offset a deficit only.

3) The capital surplus from long-term equity investments accounted for by the equity method may not be used for any purpose.

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 30 (g) employee benefits expense.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. Legal reserve may be used to offset deficit. 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.

Under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs a special reserve should be appropriated or reversed by the Corporation.

The appropriations of earnings for 2018 and 2017 had been approved in the Corporation's shareholders' meetings on June 21, 2019 and June 22, 2018, respectively.

The appropriations and dividends per share were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share ($) For the Year Ended December 31	
	2018	2017	2018	2017
Legal reserve	$ 36,333	$ 26,409		
Cash dividends	301,587	286,278	$0.197	$0.187

The appropriations of earnings for 2019 had been proposed by the Corporation's board of directors on March 27, 2020. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share ($)
Legal reserve	$ 31,289	
Cash dividends	307,711	$0.201

The appropriations of earnings for 2019 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 23, 2020.

d. Special reserve

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 2,801,480	$ 2,814,390
Reversal:		
Depreciation of property, plant and equipment	(12,910)	(12,910)
Balance at December 31	$ 2,788,570	$ 2,801,480

On first-time adoption of IFRSs, the Corporation appropriated for special reserve, the amounts that were the same as the unrealized revaluation increment and cumulative translation differences transferred to retained earnings, which was $2,466,834 thousand.

If the special reserve appropriated on the first-time adoption of IFRSs relates to investment property other than land, the special reserve may be reversed continuously over the period of use. The special reserve relating to land may be reversed on disposal or reclassification.

e. Other equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (230,373)	$ (195,592)
Exchange differences on translating the financial statements of foreign operations	6,080	(15,181)
Share of exchange differences of associates accounted for using the equity method	(98,243)	(19,600)
Balance at December 31	$ (322,536)	$ (230,373)

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (328,389)	$ (286,864)
Recognized for the year		
Unrealized gain (loss) - equity instruments	148,912	(41,018)
Share from associates accounted for using the equity method	(4,999)	8,301
Reclassification adjustments		
Share from the disposal of associates accounted for using the equity method	(59,271)	-
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	-	(8,808)
Balance at December 31	$ (243,747)	$ (328,389)

f. Non-controlling interests

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 139,944	$ 173,558
Attributable to non-controlling interests:		
Share in profit for the year	(5,042)	(6,899)
Subsidiaries' cash dividend	(3,243)	(2,544)
Exchange differences on translating the financial statements of foreign entities	(1,248)	(1,823)
Actuarial gains (losses) on defined benefit plans	319	324
Income tax related to actuarial gains (losses)	(64)	(64)
Adjustments relating to changes in capital surplus of associates accounted for using the equity method	29	-
Unrealized gain (loss) on financial assets at FVTOCI	169	(2,181)
Acquisition of non-controlling interests in subsidiaries (Note 33)	(3,493)	(20,427)
Balance at December 31	$ 127,371	$ 139,944

29. REVENUE

	For the Year Ended December 31	
	2019	2018
Revenue from contracts with customers		
Construction contract revenue	$ 10,209,045	$ 8,723,968
Revenue from rendering services	1,611,135	1,963,955
Other operating revenue	770,573	374,498
	$ 12,590,753	$ 11,062,421

Contract Balances

	December 31, 2019	December 31, 2018	January 1, 2018
Trade receivables (Note 10)	$ 83,682	$ 102,449	$ 152,744
Construction receivables (Note 10)	$ 1,535,335	$ 1,663,054	$ 972,532
Contract assets			
Deposits under construction contracts for construction receivables	$ 1,673,802	$ 1,677,783	$ 1,601,400
Amounts due from customers for construction contracts	1,362,492	1,009,004	1,118,693
	$ 3,036,294	$ 2,686,787	$ 2,720,093
Contract liabilities			
Amounts due to customers for construction contracts	$ 1,821,670	$ 2,334,395	$ 2,058,120
Pre-construction sale	244,741	145,971	-
Advance payment for the rendering of services	19,691	22,813	23,490
	$ 2,086,102	$ 2,503,179	$ 2,081,610

Contract assets credit risk management the Group applied is same as trade receivable, related information is shown in Note 10.

Refer to Note 42 for information about revenue from contracts with customers.

30. NET PROFIT AND OTHER COMPREHENSIVE INCOME

Net profit (loss) had been arrived at after charging (crediting):

a. Other income

	For the Year Ended December 31	
	2019	2018
Interest income	$ 145,088	$ 182,361
Lease termination compensation	76,477	-
Rental income	38,161	52,010
Dividends	57,836	28,298
Others	46,000	-
	$ 363,562	$ 262,669

b. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Loan application fee	$ (121,005)	$ (90,748)
Loss on disposal of associates	(11,423)	-
Net gain (loss) on fair value changes of financial assets and liabilities at FVTPL	349,261	(44,781)
Write-downs (reversal) of buildings and land held for sale	-	(44,158)
Impairment loss of goodwill	(57,676)	(13,518)
Loss on disposal of property, plant and equipment	(29,481)	(1,817)
Loss (reversal) on compensation	(15,496)	96,653
Others	19,708	6,772
	$ 133,888	$ (91,597)

c. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on bank overdrafts and loans	$ 194,694	$ 58,726
Interest on lease liabilities	5,860	-
Interest expense incurred on contracts with customers	2,156	-
Interest on convertible bonds measured at amortized cost	145	865
	$ 202,855	$ 59,591

Refer to Note 13 for information about capitalized interest.

d. Depreciation

	For the Year Ended December 31	
	2019	2018
An analysis of amortization by function		
Operating costs	$ 82,853	$ 59,280
Operating expenses	89,363	59,871
	$ 172,216	$ 119,151

The depreciation of investment properties, which was recognized in other income - rental income, was $8,468 thousand and $8,996 thousand in 2019 and 2018, respectively.

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2019	2018
Direct operating expenses from investment properties that generated rental income	$ 3,604	$ 2,589

f. Employee benefits expense

	For the Year Ended December 31	
	2019	2018
Short-term benefits	$ 2,061,520	$ 2,058,286
Post-employment benefits		
Defined contribution plan	92,691	95,875
Defined benefit plans	9,178	8,799
	101,869	104,674
Other employee benefits	166,001	157,882
Total employee benefits expense	$ 2,329,390	$ 2,320,842
An analysis of employee benefits expense by function		
Operating costs	$ 2,039,891	$ 2,043,489
Operating expenses	289,499	277,353
	$ 2,329,390	$ 2,320,842

g. Employees' compensation and remuneration of directors and supervisors

According to the Corporation's Articles, the Corporation accrued employees' compensation 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, employees' compensation and remuneration of directors and supervisors. The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2019 and 2018, which were approved by the Corporation's board of directors on March 27, 2020 and March 27, 2019, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2019	2018
Employees' compensation	2%	2%
Remuneration of directors and supervisors	2%	2%

Amount

	For the Year Ended December 31			
	2019		2018	
	Cash	Shares	Cash	Shares
Employees' compensation	$ 8,441	$ -	$ 4,873	$ -
Remuneration of directors and supervisors	8,441	-	4,873	-

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 and adjusted in the accounts in the following year.

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2018 and 2017.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

31. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) were as follows:

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	$ 29,013	$ 5,160
Income tax on unappropriated earnings	2,386	2,642
Land value increment tax	-	672
Adjustments for prior year	(1,076)	15,208
	30,323	23,682
Deferred tax		
In respect of the current year	71,096	(79,765)
Adjustments to deferred tax attributable to changes in tax rates and laws	-	(59,502)
Adjustments for prior year	8,420	(15,971)
	79,516	(155,238)
Income tax expense (benefit) recognized in profit or loss	$ 109,839	$ (131,556)

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

	For the Year Ended December 31	
	2019	2018
Profit before tax	$ 417,683	$ 224,879
Income tax expense calculated at the statutory rate	$ 161,368	$ 43,157
Nondeductible expenses in determining taxable income		
Tax-exempt income	(61,744)	51,310
Unrecognized loss on impairment of assets	-	(192,629)
Income tax on unappropriated earnings	2,386	2,642
Land value increment tax	-	672
Unrecognized deductible temporary differences	485	23,557
Adjustments to deferred tax attributable to changes in tax rates and laws	-	(59,502)
Adjustments for prior years' tax	7,344	(763)
Income tax expense (benefit) recognized in profit or loss	$ 109,839	$ (131,556)

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2019	2018
Deferred tax		
Adjustments to deferred tax attributable to changes in tax rates and laws	$ -	$ 630
In respect of the current year - remeasurement of defined benefit plans	3,013	2,088
	$ 3,013	$ 2,718

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, 2019

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized loss on construction	$ 98,598	$ 16,750	$ -	$ 115,348
Provision for warranties	72,746	30,541	-	103,287
Defined benefit plans	28,344	(663)	3,013	30,694
Others	22,099	18,846	-	40,945
Loss carryforwards	385,399	(136,593)	-	248,806
	$ 607,186	$ (71,119)	$ 3,013	$ 539,080

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Provision for land value increment tax	$ 991,342	$ -	$ -	$ 991,342
Foreign investments accounted for using the equity method	95,265	4,684	-	99,949
Others	13,842	3,713	-	17,555
	$ 1,100,449	$ 8,397	$ -	$ 1,108,846

For the year ended December 31, 2018

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Adjustments to Deferred Tax Attributable to Changes in Tax Rates and Laws	Closing Balance
Temporary differences					
Unrealized loss on construction	$ 119,517	$ (42,010)	$ -	$ 21,091	$ 98,598
Provision for warranties	63,467	(1,921)	-	11,200	72,746
Defined benefit plans	23,404	(1,278)	2,088	4,130	28,344
Others	12,287	7,644	-	2,168	22,099
Loss carryforwards	207,867	140,850	-	36,682	385,399
	$ 426,542	$ 103,285	$ 2,088	$ 75,271	$ 607,186

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Adjustments to Deferred Tax Attributable to Changes in Tax Rates and Laws	Closing Balance
Temporary differences					
Provision for land value increment tax	$ 991,342	$ -	$ -	$ -	$ 991,342
Foreign investments accounted for using the equity method	84,224	(3,822)	-	14,863	95,265
Others	1,565	12,001	-	276	13,842
	$ 1,077,131	$ 8,179	$ -	$ 15,139	$ 1,100,449

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

	December 31	
	2019	2018
Impairment of financial assets	$ 38,979	$ 225,879
Unrealized loss on lawsuits	184,842	184,842
Impairment of assets	68,766	68,766
	$ 292,587	$ 479,487

e. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2019 comprised:

Unused Amount	Expiry Year
$ 405,977	2024 (approved)
704,093	2025 (approved)
133,960	2028 (unapproved)
$ 1,244,030	

f. Income tax assessments

	Last Income Tax Approval Year
BES Engineering Corporation	2018
Core Pacific World Co., Limited.	2018
BES Machinery Co., Ltd.	2017
Cinemark-Core Pacific, Ltd.	2017
Chung Kung Safeguarding & Security Corp.	2018
Chung Kung Management Consultant Co., Ltd.	2018
Chung Kung Management and Maintenance of Apartment Co., Ltd.	2018
Core Asia Human Resources Management Co., Ltd.	2017
Elite Human Resources Management Co., Ltd.	2018
Cinema 7 Theater Co., Ltd.	2017

32. 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 Period

	For the Year Ended December 31	
	2019	2018
Earnings used in the computation of basic earnings per share from continuing operations	$ 312,886	$ 363,334

Weighted Average Number of Ordinary Shares Outstanding

(In Thousands of Shares)

	For the Year Ended December 31	
	2019	2018
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:		
Bonuses issued to employees	973	684
Weighted average number of ordinary shares outstanding used in the computation of dilutive earnings per share	1,531,872	1,531,583

If the Group offered to settle the bonus to employees by cash or shares, the Group presumes that the entire amount of the bonus would be settled in shares and the resulting potential shares were 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 shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

If the outstanding convertible bonds issued by the Group were potential ordinary shares, they were anti-dilutive and excluded from the computation of diluted earnings per share. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting.

33. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On January 2019, April 2019 and July 2019, the Group separately acquired 0.23%, 0.13% and 0.06% of the shares of its subsidiary, BES Machinery Co., Ltd., which increased the Group's continuing interest from 98.87% to 99.29%.

The Group held the rest of the equity interest measured at fair value and remained significant influence over BES Machinery Co., Ltd.; therefore, the Group recognized share of profits by using the equity method.

	BES Machinery Co., Ltd.
Cash consideration paid	$ (3,802)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	3,493
	$ (309)
Line items adjusted for equity transactions	
Retained earnings	$ (309)

34. DISPOSAL OF SUBSIDIARIES

On April 9, 2018, the Group sold all its ordinary shares of BES Global Consulting (Shanghai) Co., Ltd., which provides engineering consulting services. The disposal was completed on November 30, 2018, on which date control over BES Global Consulting (Shanghai) Co., Ltd. passed to the acquirer.

a. Consideration received from disposals

	BES Global Consulting (Shanghai) Co., Ltd.
Consideration received in cash	$ 15,093

b. Analysis of assets and liabilities on the date control was lost

	BES Global Consulting (Shanghai) Co., Ltd.
Current assets	
Cash and cash equivalents	$ 666
Trade receivables	5,327
Other current assets	534
Non-current assets	
Property, plant and equipment	4,960
Current liabilities	
Payables	(81)
Other current liabilities	(12)
Net assets disposed of	$ 11,394

c. Gain on disposals of subsidiaries

	BES Global Consulting (Shanghai) Co., Ltd.
Consideration received	$ 15,093
Net assets disposed of	(11,394)
Non-controlling interests	
Reclassification of other comprehensive income in respect of subsidiaries	100
Gain on disposals	$ 3,799

For the year ended December 31, 2018, the gain on the disposal of BES Global Consulting (Shanghai) Co., Ltd. includes the realized gain of $3,799 thousand.

d. Net cash inflow on disposals of subsidiaries

	BES Global Consulting (Shanghai) Co., Ltd.
Consideration received in cash and cash equivalents	$ 15,093
Less: Cash and cash equivalent balances disposed of	(666)
	$ 14,427

35. CAPITAL MANAGEMENT

In response to 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 continue as a going concern 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.

36. FINANCIAL INSTRUMENTS

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

Except as detailed in the following table, management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

December 31, 2019

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost					
Convertible bonds	$ -	$ -	$ -	$ -	$ -

December 31, 2018

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities measured at amortized cost					
Convertible bonds	$ 32,755	$ 34,436	$ -	$ -	$ 34,436

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

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	$ 93,896	$ -	$ -	$ 93,896
Domestic and foreign unlisted shares	-	314,722	-	314,722
Mutual funds	5,001	-	-	5,001
	$ 98,897	$ 314,722	$ -	$ 413,619
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	$ 1,331,832	$ -	$ -	$ 1,331,832
Domestic and foreign unlisted shares	-	113,161	-	113,161
	$ 1,331,832	$ 113,161	$ -	$ 1,444,993

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	$ 131,122	$ -	$ -	$ 131,122
Mutual funds	28,560	-	-	28,560
	$ 159,682	$ -	$ -	$ 159,682
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	$ 1,211,154	$ -	$ -	$ 1,211,154
Domestic and foreign unlisted shares	-	107,943	-	107,943
	$ 1,211,154	$ 107,943	$ -	$ 1,319,097
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	$ -	$ 424	$ -	$ 424

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

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

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Binary tree evaluation model of convertible bonds is used, based on volatility of convertible price, risk-free interest rate, risk discount rate and remaining amounts of year period.
Unlisted debt securities - ROC	Market approach compared with listed companies evaluation is used, based on record date for evaluation's average past volatility, risk-free interest rate.
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 reporting period.

c. Categories of financial instruments

		December 31		
		2019		2018
Financial assets				
FVTPL				
Designated as at FVTPL	$	408,618	$	131,122
Mandatorily classified as at FVTPL		5,001		28,560
Financial assets at amortized cost (Note 1)		8,844,559		9,481,838
Financial liabilities				
FVTPL				
Held for trading of financial liabilities - current		-		424
Amortized cost (Note 2)		16,920,343		13,438,986

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes 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 payables, trade payables, guarantee deposits on construction contracts - current, long-term borrowings (expired in one year), provisions, bonds payable (expired in one year) 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, trade payables and borrowings. The Group’s Finance division provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through the analysis of exposures by degree and magnitude of risks. These risks include market risk (including 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

With regard to the carrying amounts of the Group’s foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period, refer to Note 40 for related information.

Sensitivity analysis

The Group was mainly exposed to the RMB and HKD.

The following table details the Group's sensitivity to a 5% increase in New Taiwan dollars (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. The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period under the assumption of a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax equity when New Taiwan dollars strengthened by 5% against the relevant currency. For a 5% weakening of New Taiwan dollars 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 December 31		For the Year Ended December 31	
	2019	2018	2019	2018
Equity	$ 58,921	$ 62,644	$ 24,121	$ 24,977

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	
	2019	2018
Fair value interest rate risk		
Financial assets	$ 2,023,505	$ 2,739,020
Financial liabilities	1,799,559	2,063,417
Cash flow interest rate risk		
Financial assets	4,742,819	2,476,474
Financial liabilities	9,493,183	7,646,568

The Group was exposed to fair value interest rate risk in relation to fixed-rate certificate of deposit, short-term bills payable and bonds issued.

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 was mainly concentrated in the fluctuation of benchmark interest rate arising from the Group's New Taiwan dollars denominated borrowings.

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A sensitivity rate of 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents 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, 2019 and 2018 would decrease by $47,504 thousand and $51,701 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 analyses below were determined based on the exposure to the equity price risks of the aforementioned investments at the end of the reporting period.

If the equity price of the aforementioned investments had been 5% higher, the Group's pre-tax other comprehensive income for the years ended December 31, 2019 and 2018 would have been higher by $72,250 thousand and $65,955 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from:

a) The carrying amount of the respective recognized financial assets as stated in the condensed balance sheets.

b) The amount of contingent liabilities generated from financial guarantees that the Group provided.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2019 and 2018, the Group had available unutilized short-term bank loan facilities were shown below:

	December 31	
	2019	**2018**
The limit of unsecured bank overdrafts (examined annually)		
Utilized amount	$ 1,822,634	$ 1,674,407
Unutilized amount	1,650,033	1,496,100
	$ 3,472,667	$ 3,170,507

(Continued)

	December 31	
	2019	2018
The limit of secured bank overdrafts		
Utilized amount	$ 9,192,434	$ 8,002,823
Unutilized amount	4,194,791	441,336
	$ 13,387,225	$ 8,444,159

(Concluded)

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 was 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 floating rate, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2019

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities						
Non-interest bearing liabilities		$ 939,968	$ 878,523	$ 919,744	$ 1,468,798	$ 15,929
Lease liabilities	2.000-4.750	6,081	11,892	50,194	149,240	84,148
Variable interest rate liabilities	1.700-3.000	219,309	986,420	4,008,084	4,487,694	127,211
Fixed interest rate liabilities	1.862-2.950	534,695	925,390	64,575	-	-
		$ 1,700,053	$ 2,802,225	$ 5,042,597	$ 6,105,732	$ 227,288

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 68,167	$ 149,240	$ 84,148	$ -	$ -	$ -

December 31, 2018

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities						
Non-interest bearing liabilities		$ 859,584	$ 610,424	$ 357,725	$ 474,356	$ 15,355
Variable interest rate liabilities	1.700-2.947	991,770	2,296,680	1,026,295	3,607,873	-
Fixed interest rate liabilities	1.960-2.900	1,215,895	648,390	82,255	120,560	-
		$ 3,067,249	$ 3,555,494	$ 1,466,275	$ 4,202,789	$ 15,355

37. 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. Besides as disclosed elsewhere in Notes 13, 15 and 39, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and categories

Related Party Name	Related Party Categories
China Petrochemical Development Corporation	Legal directors of the Corporation and its subsidiaries
Core Pacific City Co., Ltd.	Associates
Agora Garden Co., Ltd.	Related parties of the Corporation
Glory Construction Co., Ltd.	Related parties of the Corporation
Cheng Yao Enterprise Co., Ltd.	Related parties of the Corporation
Jen Huei Enterprise Co., Ltd.	Related parties of the Corporation
Tsou Seen Chemical Industries Corporation	Subsidiaries of legal directors of the Corporation
BES Twin Towers Development Co., Ltd.	Subsidiaries of legal directors of the Corporation
Core Pacific Pioneer (Myanmar) Co., Ltd.	Subsidiaries of legal directors of the Corporation
Core Pacific Twin Star (Myanmar) Investment Co., Ltd.	Subsidiaries of legal directors of the Corporation
Hua-Yang Shen	Corporation’s chairman
Tony C. J. Sheen	Substance of related parties
Hui-Ting Shen	Substance of related parties
Ting Wu	Related parties to the Corporation’s chairman

b. Trading transactions and other transactions with related parties

Line Items	Related Party Categories	December 31 2019	December 31 2018
Operating revenue	Legal directors of the Corporation	$ 740,964	$ 411,897
	Associates	24,432	23,816
	Subsidiaries of legal directors of the Corporation	1,072	70,358
	Related parties of the Corporation	210	203
		$ 766,678	$ 506,274
Operating costs	Related parties of the Corporation	$ 8,733	$ 7,968
Operating expenses	Related parties of the Corporation	$ 25,345	$ 3,247
	Associates	6,979	37,361
	Subsidiaries of legal directors of the Corporation	300	-
	Legal directors of the Corporation	6	1,354
		$ 32,630	$ 41,962

c. Receivables from related parties

Line Items	Related Party Categories	December 31 2019	December 31 2018
Construction receivables	Legal directors of the Corporation	$ 33,148	$ 156,742
Trade receivables	Associates	$ 4,633	$ 4,715
	Legal directors of the Corporation	3,715	8,387
	Related parties of the Corporation	39	35
		$ 8,387	$ 13,137
Other receivables (included other current assets)	Legal directors of the Corporation	$ 1,107	$ -
	Related parties of the Corporation	505	505
	Subsidiaries of legal directors of the Corporation	72	-
	Associates	9	9
	Agora Garden Co., Ltd.	-	217,041
		$ 1,693	$ 217,555

Interest income

Related Party Names	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Agora Garden Co., Ltd.	$ 1,667	$ -

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2019 and 2018, no impairment losses were recognized for trade receivables from related parties.

d. Payables to related parties (excluding loans to related parties)

Line Items	Related Party Categories	December 31 2019	December 31 2018
Trade payables	Related parties of the Corporation	$ 8,562	$ 1,801
	Associates	44	4,044
		$ 8,606	$ 5,845

The outstanding trade payables from related parties are unsecured.

e. Payables to related parties (including in other current assets)

Related Party Categories	December 31 2019	December 31 2018
Related parties of the Corporation	$ 8,054	$ 1,366

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

f. Contract liabilities

The contract liabilities as of December 31, 2019 were as follows:

December 31, 2019

Related Party Names	Engineering Code	Total Amount of Construction	Contract liabilities
China Petrochemical Development Corporation	A6E	$ 1,532,800	$ 347,810

December 31, 2018

Related Party Names	Engineering Code	Total Amount of Construction	Contract liabilities
China Petrochemical Development Corporation	A6E	$ 1,532,800	$ 495,471
Tsou Seen Chemical Industries Corporation	98C-2	$ 252,812	$ 21,285

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

g. Lease arrangements

Acquisition of right-of-use assets

Related Party Categories	For the Year Ended December 31 2019	2018
Related parties of the Corporation	$ 35,513	$ -

Line Items	Related Party Categories	December 31 2019	2018
Lease liabilities	Associates	$ 22,017	$ -

Line Items	Related Party Categories	For the Year Ended December 31 2019	2018
Interest expenses	Associates	$ 550	$ -

h. Acquisition of other assets

Related Party Names	Line Items	Purchase Price For the Year Ended December 31 2019	2018
Agora Garden Co., Ltd.	Buildings and land held for sale	$ 9,337,378	$ -

It refers to the buildings and land acquired from Agora Garden Co., Ltd. due to the joint-construction distribution deal.

i. Disposal of other assets

Related Party Names	Line Items	Proceeds from Disposal For the Year Ended December 31		Loss on Disposal For the Year Ended December 31	
		2019	2018	2019	2018
China Petrochemical Development Corporation	Investments accounted for using the equity method	$ 215,600	$ -	$ 11,423	$ -

j. Other transactions with related parties

Rental revenue, other revenue and other gains and losses are as follows:

Related Party Categories	For the Year Ended December 31 2019	2018
Agora Garden Co., Ltd.	$ 46,000	$ -
Legal directors of the Corporation	19,233	4,814
Related parties of the Corporation	5,922	5,917
Associates	103	103
	$ 71,258	$ 10,834

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, loans 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 on construction contracts by related parties

Related Party Categories	December 31 2019	2018
Agora Garden Co., Ltd.	$ -	$ 1,800,000

Refundable deposits by related parties

Related Party Categories	December 31 2019	2018
Related parties of the Corporation	$ 1,412	$ 637
Associates	1	1
	$ 1,413	$ 638

Guarantee deposits received by related parties

Related Party Categories	December 31 2019	2018
Legal directors of the Corporation	$ 9,859	$ 15,566
Subsidiaries of legal directors of the Corporation	7,584	7,584
Associates	-	900
	$ 17,443	$ 24,050

Other payables given by related parties

Related Party Categories	December 31 2019	2018
Associates	$ 28,571	$ 28,571

k. Compensation of key management personnel

The remuneration of directors and other members of key management personnel was as follows:

	For the Year Ended December 31 2019	2018
Short-term employee benefits	$ 28,672	$ 28,219
Post-employment benefits	-	221
	$ 28,672	$ 28,440

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

l. Guarantees

As of 2019, the Corporation’s proportion of bank loans was jointly guaranteed by Hua-Yang Shen, Tony C.J. Sheen and Ting Wu.

As of 2018, the Corporation’s proportion of bank loans was jointly guaranteed by Hua-Yang Shen, Tony C.J. Sheen, Hui-Ting Shen and Ting Wu.

m. Other significant transactions

On March 7, 2010, the Corporation’s board of directors decided to cooperate with Agora Garden Co., Ltd. in a joint venture (JV) construction of Agora Garden Hotel and signed an agreement on March 8, 2010. The sales distribution ratio of the Corporation and Agora Garden Co., Ltd. based on the agreement was 23% and 77%, respectively. Under the agreement, the Corporation should pay a JV deposit of $1,800,000 thousand to Agora Garden Co., Ltd. As of December 31, 2018, this deposit has been recognized as deposits on construction contracts.

In August 2011, a JV case was approved by the first meeting of urban design review in the Taipei City Government. In September 2011, the Corporation signed a syndicated loan with Taishin International Bank, et al. The procedures for the donation of land to the Taipei City Government under the Urban Building Capacity Transfer were completed in December 2011. On April 12, 2012, the Corporation obtained a construction permit; completed the demolition of buildings in September 2012; applied for the construction registration in December 2012; completed a diaphragm wall and foundation piles in April 2013; completed the first stage demolition of the basement and the reinforcement of the backfill area structure in November 2013; completed foundation piles in May 2014; completed the second stage demolition of the basement in October 2014; installed a seismic isolation system in December 2014; completed the basement structure construction in December 2015; completed the steel main erection in November 2016; completed the above ground-level steel work in January 2017; completed interior and exterior decoration and installation of electromechanical equipment including the fire safety, waterproof engineering, aluminum window in residential area and balcony, glass railing and stone installation, Interior partition sealing plate, Elevator engineering installation test in September 2017 and obtained the use permit on July 16, 2018.

On April 3, 2019, the Corporation and Agora Garden Co., Ltd. carried out a joint construction and allocation of housing units pursuant to the joint construction deal. In addition to the 8 units of the buildings and 40 parking spaces that the Corporation acquired based on the original distribution ratio, Agora Garden Co., Ltd. also used 4 units of their buildings and 30 parking spaces in the 3rd subsection, Xinyi Section, Xinyi District, Taipei City to compensate the Corporation for the other receivables that should be repaid to the Corporation plus an additional compensation fee, capacity transfer fees and construction fees due to additional purchases. In the event of sale of the housing units, the Corporation calculates the difference between the selling price per unit and the compensation amount plus the costs incurred during the sales period; Agora Garden Co., Ltd. should compensate any insufficient amount to the Corporation, while the Corporation should distribute 62.72% of any excess amount to Agora Garden Co., Ltd. Within one year after the registration of transfer of the aforementioned compensated buildings and land, Agora Garden Co., Ltd. should cancel the full amount of the mortgage rights. The registration of transfer of ownership of all the buildings and land had been completed on April 22, 2019, and approval was subsequently obtained in the Corporation’s board of directors’ meeting on May 10, 2019.

The Group leased operating premises from Core Pacific City Co., Ltd. According to the contract terms, rental expenses were priced according to a certain percentage of operating income. Because the department store of Core Pacific City Co., Ltd. ceased operations on November 30, 2019, Core Pacific City Co., Ltd. must pay the Group a compensation of $76,477 thousand for termination of the lease agreement.

38. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been mortgaged as collateral for long- and short-term bank credit lines, performance guarantees, and a deposit for management and maintenance of public open space:

	December 31	
	2019	**2018**
Financial assets at FVTOCI - current	$ 778,768	$ 585,810
Financial assets at amortized cost - current	3,618,538	3,149,915
Buildings and land held for sale, net	12,647,968	1,625,211
Financial assets at FVTOCI - non-current	399,595	446,487
Financial assets at amortized cost - non-current	5,347	839,194
Property, plant and equipment, net	2,561,085	2,900,996
Investment properties, net	811,570	518,414
	$ 20,822,871	$ 10,066,027

39. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group as of December 31, 2019 were as follows:

Significant Commitments

On December 6, 2018, the Corporation signed a syndicated loan with EnTie Commercial Bank whereby the Corporation would act as guarantor for the medium to long-term financing provided to Agora Garden Co., Ltd. of credit limit $8,500,000 thousand. As of December 31, 2019, the actual amount used by Agora Garden Co., Ltd. was $7,318,162 thousand. In addition to regular rules, the loan contract also stipulates that the Corporation should meet certain financial ratio requirements.

40. EXCHANGE RATE INFORMATION OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2019

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Non-monetary items			
RMB	$ 273,732	4.305 (RMB:NTD)	$ 1,178,416
HKD	125,335	3.849 (HKD:NTD)	482,413

December 31, 2018

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Non-monetary items			
RMB	$ 280,161	4.472 (RMB:NTD)	$ 1,252,881
HKD	127,400	3.921 (HKD:NTD)	499,534

For the years ended December 31, 2019 and 2018, realized and unrealized net foreign exchange gains (losses) were $(2,528) thousand and $1,018 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.

41. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (Table 2)

2) Endorsements/guarantees provided. (Table 3)

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 4)

4) Marketable securities acquired or disposed of at costs or prices at least $300 million or 20% of the paid-in capital. (Non-applicable)

5) Acquisition of individual real estate at costs of at least $300 million or 20% of the paid-in capital. (Table 5)

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 6)

8) Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital. (Non-applicable)

9) Trading in derivative instruments. (Non-applicable)

10) Information on investees. (Table 7)

11) Intercompany relationships and significant intercompany transactions. (Table 8)

b. Information on investments in mainland China

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 9)

42. SEGMENT INFORMATION

a. 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 are 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.

b. Segment revenues and results:

The information of the Group's revenues and results by segment was as follows:

	Segment Revenue For the Year Ended December 31		Segment Profit (Loss) For the Year Ended December 31	
	2019	2018	2019	2018
Construction segment	$ 9,912,283	$ 8,316,070	$ 658,782	$ 436,858
Construction development segment	607,429	467,114	(144,537)	(83,666)
Other segment	2,071,041	2,279,237	(1,979)	(655)
	$ 12,590,753	$ 11,062,421	512,266	352,537
Other income			363,562	262,669
Other gains and losses			(133,888)	(91,597)
Share of losses of associates accounted for using the equity method			(202,855)	(59,591)
Finance costs			(389,178)	(239,139)
Income before income tax			$ 417,683	$ 224,879

Segment revenues were all generated by external customers. No inter-segment sales occurred during 2019 and 2018.

Segment profit represents the profit earned from each segment, and does not include the share of the loss of associates, leasing revenue, interest revenue, dividends revenue, gain or loss on foreign exchange, net, compensation loss, gain on disposal of financial assets, financial assets at fair value through profit (loss), net loss on disposal of property, plant and equipment, administrative expenses, interest expenses, miscellaneous expenses and income tax expense. The main purpose of measuring segment revenue is to provide the chief operating decision maker a basis for distribution of resources and assessment of segment performance.

c. Segment total assets and liabilities

	December 31	
	2019	2018
Segment assets		
Construction segment	$ 8,695,608	$ 4,045,636
Construction development segment	17,082,062	17,103,291
Other segment	15,995,080	17,329,268
Total segment assets	41,772,750	38,478,195
Unallocated assets	1,451,424	1,312,609
Consolidated total assets	$ 43,224,174	$ 39,790,804

(Continued)

	December 31	
	2019	**2018**
Segment liabilities		
Construction segment	$ 7,209,564	$ 3,371,605
Construction development segment	3,167,961	3,011,779
Other segment	11,498,038	12,240,436
Total segment assets	21,875,563	18,623,820
Unallocated assets	1,324,053	1,172,665
Consolidated total liabilities	$ 23,199,616	$ 19,796,485

(Concluded)

TABLE 1

BES ENGINEERING CORPORATION AND SUBSIDIARIES

CONTRACT ASSETS, CONTRACT LIABILITIES AND AMOUNTS DUE TO CUSTOMERS FOR CONSTRUCTION CONTRACTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

Contract assets

December 31, 2019

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Contract Assets	% of Completion	Accumulated Construction Profit (Loss)	Contract Liabilities	Net Amount of Contract Assets
A0B	2020	$ 13,646,278	$ 14,901,046	$ 14,419,134	96.69	$ (1,254,768)	$ 13,194,466	$ 1,224,668
A6B-1	2021	2,747,572	2,665,776	1,080,412	37.46	30,644	1,042,246	38,166
A8B	2029	10,755,238	10,217,738	35,333	0.02	86	1,721	33,612
A7B	2031	13,830,943	13,108,224	256,980	1.66	11,961	223,552	33,428
A5B	2020	557,348	512,652	558,896	97.15	43,420	541,443	17,453
A7E	2023	816,000	667,313	142,421	15.92	23,674	129,927	12,494
A6C	2021	3,201,905	3,009,801	1,088,209	33.90	65,129	1,085,538	2,671
		$ 45,555,284	$ 45,082,550	$ 17,581,385		$ (1,079,854)	$ 16,218,893	$ 1,362,492

December 31, 2018

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Contract Assets	% of Completion	Accumulated Construction Profit (Loss)	Contract Liabilities	Net Amount of Contract Assets
A0B	2020	$ 13,526,025	$ 14,550,793	$ 13,765,224	94.65	$ (1,024,768)	$ 12,802,982	$ 962,242
A7B	2030	13,505,752	13,100,579	31,684	-	-	-	31,684
A7F	2022	3,348,571	3,248,114	9,022	-	-	-	9,022
98C-1	2019	3,567,880	3,509,104	3,524,976	98.60	57,951	3,519,749	5,227
A7E	2023	816,000	791,520	829	-	-	-	829
		$ 34,764,228	$ 35,200,110	$ 17,331,735		$ (966,817)	$ 16,322,731	$ 1,009,004

(Continued)

Contract liabilities

December 31, 2019

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Contract Assets	% of Completion	Accumulated Construction Profit (Loss)	Contract Liabilities	Net Amount of Contract Liabilities
A6E	2020	$ 1,532,800	$ 1,489,916	$ 789,843	93.68, 65.01	$ 28,323	$ 1,137,653	$ 347,810
A7A	2023	1,940,952	1,840,023	333,404	20.01	20,199	588,447	255,043
A5D	2020	4,022,795	4,032,007	3,341,572	87.91	(9,212)	3,546,679	205,107
A6F	2020	1,729,450	1,626,182	758,106	55.16	56,967	957,850	199,744
A6B-2	2022	3,344,800	3,348,113	1,009,980	34.07	(3,313)	1,159,897	149,917
A5C	2022	3,738,854	3,746,506	1,111,547	25.76	(7,652)	1,239,379	127,832
A8C	2023	7,747,429	7,359,673	54,334	2.00	7,759	155,033	100,699
83C	2019	9,043,607	8,751,294	8,952,126	100.00	292,313	9,043,607	91,481
A8A	2020	638,095	594,285	386,845	68.62	30,060	463,353	76,508
A6D	2020	2,849,285	2,734,238	683,346	25.62	29,475	736,186	52,840
A7F	2022	3,348,571	3,181,190	687,221	22.09	36,966	739,522	52,301
A7C	2021	1,566,571	1,456,910	299,613	22.14	24,279	346,839	47,226
A6G	2019	965,081	857,564	919,631	100.00	107,517	965,081	45,450
98C-1	2019	3,669,096	3,611,145	3,637,634	100.00	57,951	3,669,095	31,461
A7D	2021	2,343,750	2,226,563	379,313	17.41	20,400	408,000	28,687
A5A	2019	168,519	175,191	158,708	99.85	(6,672)	168,272	9,564
98C-2	2019	252,812	240,710	-	100.00	12,102	-	-
A5E	2019	1,947,637	1,693,561	-	100.00	254,076	-	-
93C	2019	690,775	830,149	673,300	97.47	(139,374)	673,300	-
A3A	2019	1,988,233	1,805,011	-	100.00	183,222	-	-
A4C	2019	755,939	752,002	755,938	100.00	3,937	755,938	-
A5F	2019	302,311	310,524	302,310	100.00	(8,213)	302,310	-
		54,587,362	52,662,757	25,234,771		991,110	27,056,441	1,821,670
750		-	-	18,460,350		-	18,460,350	-
		$ 54,587,362	$ 52,662,757	$ 43,695,121		$ 991,110	$ 45,516,791	$ 1,821,670

(Continued)

December 31, 2018

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Contract Assets	% of Completion	Accumulated Construction Profit (Loss)	Contract Liabilities	Net Amount of Contract Liabilities
A6E	2020	$ 1,532,800	$ 1,489,918	$ 101,686	77.63, 18.25	$ 8,747	$ 597,157	$ 495,471
A5D	2020	3,924,816	3,934,028	2,039,694	54.03	(9,212)	2,492,731	453,037
83C	2019	9,000,639	8,809,912	8,567,793	100.00, 72.69	179,829	8,781,842	214,049
A5E	2019	1,969,276	1,888,034	1,729,022	98.73, 98.21	79,972	1,940,529	211,507
A7A	2023	1,940,952	1,840,281	27,795	1.64	1,651	231,827	204,032
A5C	2022	3,660,819	3,668,471	680,808	16.65	(7,652)	840,730	159,922
A6G	2019	879,048	826,310	526,425	77.80	41,030	683,896	157,471
A4C	2019	694,198	670,928	567,691	95.80	22,292	665,277	97,586
A6B	2020	6,053,828	5,975,361	866,458	18.52, 12.64	11,831	937,070	70,612
A6C	2021	3,201,905	3,009,713	239,924	9.18	17,649	294,038	54,114
A3A	2019	1,988,234	1,816,428	1,941,850	100.00	171,806	1,988,233	46,383
A6D	2020	2,845,248	2,730,086	241,477	9.85	11,340	284,056	42,579
A6F	2020	1,721,588	1,618,332	369,043	23.77	24,544	409,706	40,663
A5B	2019	488,571	449,392	379,940	85.35	33,439	416,997	37,057
98C-2	2019	252,812	245,314	231,524	100.00	7,497	252,809	21,285
A7D	2021	2,343,750	2,225,896	10,380	1.11	1,307	26,000	15,620
A7C	2021	1,566,571	1,456,941	6,727	1.08	1,184	16,919	10,192
A5A	2019	182,362	186,663	158,272	86.79	(4,301)	160,179	1,907
A5F	2019	297,988	280,108	250,151	84.25	15,064	251,059	908
93C	2019	690,775	830,149	673,300	97.47	(139,374)	673,300	-
		45,236,180	43,952,265	19,609,960		468,643	21,944,355	2,334,395
750		-	-	17,874,630		-	17,874,630	-
		$ 45,236,180	$ 43,952,265	$ 37,484,590		$ 468,643	$ 39,818,985	$ 2,334,395

Amounts due to customers for construction contracts

December 31, 2019

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Amounts Due from Customers for Construction Contracts	% of Completion	Accumulated Construction Profit (Loss)	Amounts Due to Customers for Construction Contracts	Net Amount of Amounts Due to Customers for Construction Contracts
97H	2019	$ 2,862,002	$ 2,592,956	$ 2,862,002	100.00	$ 269,046	$ 2,862,002	$ -
A4B	2019	117,221	106,399	117,221	100.00	10,822	117,221	-
A0A	2019	934,228	1,229,851	934,228	100.00	(295,623)	934,228	-
		$ 3,913,451	$ 3,929,206	$ 3,913,451		$ (15,755)	$ 3,913,451	$ -

(Continued)

December 31, 2018

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Amounts Due from Customers for Construction Contracts	% of Completion	Accumulated Construction Profit (Loss)	Amounts Due to Customers for Construction Contracts	Net Amount of Amounts Due to Customers for Construction Contracts
A2A	2019	$ 1,945,869	$ 1,620,732	$ 1,909,726	100.00	$ 325,137	$ 1,945,869	$ 36,143
97H	2019	2,862,002	2,608,171	2,845,841	100.00	253,831	2,862,002	16,161
A4B	2019	117,221	107,390	115,511	100.00	9,831	117,221	1,710
A0A	2019	934,228	1,235,832	933,883	100.00	(301,604)	934,228	345
97D	2019	1,471,316	1,461,259	-	100.00	10,057	-	-
90D	2019	3,903,152	3,988,792	-	100.00	(85,640)	-	-
96C	2019	2,449,369	2,402,231	-	100.00	47,138	-	-
96E	2019	692,206	666,585	-	100.00	25,621	-	-
A3B	2019	1,981,570	1,781,117	-	100.00	200,453	-	-
A4A	2019	125,153	108,902	-	100.00	16,251	-	-
92B	2019	9,888,380	10,430,634	-	100.00	(542,254)	-	-
		$ 26,370,466	$ 26,411,645	$ 5,804,961		$ (41,179)	$ 5,859,320	$ 54,359

Note 1: For the amount of amounts due from customers for construction contracts, refer to Notes 10 and 29.

Note 2: For the amount of amounts due to customers for construction contracts, refer to Note 23.

Note 3: The Corporation recognized construction revenue of $10,209,045 thousand in 2019 and of $8,723,968 thousand in 2018.

(Concluded)

TABLE 2

BES ENGINEERING CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Financing Limit for Each Borrowing Company (Note)	Ending Balance (Note)	Actual Used	Interest Rate	Financing Properties	Financing Amount	Financing Reasons	Allowance for Bad Debt	Collateral Item	Collateral Value	Maximum Limit for Each Counter-party	Financing Company's Financing Amount Limits (Note)
0	BES Engineering Corporation	Agora Garden Co., Ltd.	Other accounts receivable - related party	Y	$ 200,000	$ -	$ -	5	-	$ -	Business revolving fund	$ -	-	$ -	$795,887 for each counter-party is equal to 4% of the Company's net equity as shown in the Company's latest financial statements.	$7,958,875 for each counter-party is equal to 40% of the Company's net equity as shown in the Company's latest financial statements.
1	Chung Kung Safeguarding & Security Corp.	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Accounts receivable - related party	Y	16,000	16,000	-	-	-	-	Business revolving fund	-	-	-	$33,059 for each counter-party is equal to 40% of the Company's net equity as shown in the Company's latest financial statements.	$33,059 for each counter-party is equal to 40% of the Company's net equity as shown in the Company's latest financial statements.
		Chung Kung Management Consultant Co., Ltd.	Accounts receivable - related party	Y	16,000	16,000	-	-	-	-	Business revolving fund	-	-	-	$33,059 for each counter-party is equal to 40% of the Company's net equity as shown in the Company's latest financial statements.	$33,059 for each counter-party is equal to 40% of the Company's net equity as shown in the Company's latest financial statements.
2	Hua Cheng Consulting (Changshu) Co., Ltd.	Core Pacific Living City Yangzhou CBD	Other accounts receivable - related party	N	43,504	-	-	10	-	-	Business revolving fund	-	-	-	$89,627 for each counter-party is equal to 20% of the Company's net equity as shown in the Company's latest financial statements.	$179,253 for each counter-party is equal to 40% of the Company's net equity as shown in the Company's latest financial statements.
3	Core Pacific Consulting (Changshu) Co., Ltd.	Core Pacific Living City Yangzhou CBD	Other accounts receivable - related party	N	43,504	-	-	10	-	-	Business revolving fund	-	-	-	$88,847 for each counter-party is equal to 20% of the Company's net equity as shown in the Company's latest financial statements.	$177,693 for each counter-party is equal to 40% of the Company's net equity as shown in the Company's latest financial statements.

Note: Financing limits approved by the board of directors.

TABLE 3

BES ENGINEERING CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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											
0	BES Engineering Corporation	Agora Garden Co., Ltd.	Contractual	$ 49,742,967 (Note 1)	$ 8,200,000	$ 8,200,000	$ 7,318,162	$ -	41.21	$ 59,691,561 (Note 2)	-	-	-	Note 11
1	Cinemark-Core Pacific, Ltd.	Cinemark-Core (Xi-an) Pacific Ltd.	Related parties	132,353 (Note 4)	59,813	59,813	14,823	-	14.27	132,353	-	-	Y	Note 3
		Cinemark-Core (Suzhou) Pacific Ltd.	Related parties	45,300 (Note 4)	45,300	45,300	24,289	45,300	10.81	45,300	-	-	Y	Note 3
2	Hua Cheng Consulting (Changshu) Co., Ltd.	BES Engineering Corporation		448,133 (Note 5)	298,686	298,686	298,686	298,686	66.65	896,266 (Note 8)	-	Y	-	
3	Core Pacific Consulting (Changshu) Co., Ltd.	BES Engineering Corporation		444,235 (Note 6)	298,686	298,686	298,686	298,686	67.24	888,470 (Note 9)	-	Y	-	
4	Chung Kung Safeguarding & Security Corp.	Chung Kung Management and Maintenance of Apartment Co., Ltd.		206,618 (Note 7)	25,000	25,000	1,500	-	30.25	247,941 (Note 10)	Y	-	-	
		Chung Kung Management Consultant Co., Ltd.		206,618 (Note 7)	25,000	25,000	3,409	-	30.25	247,941 (Note 10)	Y	-	-	

Note 1: The limit on the endorsement for each counterparty is equal to 250% of BES Engineering Corporation's net equity as shown in its latest financial statements.

Note 2: The limit on the total endorsements provided is equal to 300% of BES Engineering Corporation's net equity as shown in its latest financial statements.

Note 3: The use of "Y" represents endorsements provided on behalf of entities located in mainland China.

Note 4: The limit on the endorsement depends on the financing contract with Cinemark-Core Pacific, Ltd.

Note 5: The limit on the endorsement for each counterparty is equal to 100% of Hua Cheng Consulting (Changshu) Co., Ltd.'s net equity as shown in its latest financial statements.

Note 6: The limit on the endorsement for each counterparty is equal to 100% of Core Pacific Consulting (Changshu) Co., Ltd.'s net equity as shown in its latest financial statements.

Note 7: 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 8: The limit on the endorsement for each counterparty is equal to 200% of Hua Cheng Consulting (Changshu) Co., Ltd.'s net equity as shown in its latest financial statements.

Note 9: The limit on the endorsement for each counterparty is equal to 200% of Core Pacific Consulting (Changshu) Co., Ltd.'s net equity as shown in its latest financial statements.

Note 10: 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.

Note 11: The Corporation and Agora Garden Co., Ltd. are joint insurers of each other originally based on the needs of the joint construction contract, in accordance with the contract terms of companies operating in the same industry. The Corporation is still negotiating with the banks in the syndicate to terminate the joint guarantee responsibility of the Corporation.

TABLE 4

BES ENGINEERING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2019
(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, 2019				Note
					Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
0	BES Engineering Corporation	FSITC Global Wealthy Nations Bond Fund	-	Financial assets at FVTPL - current	500,000	$ 5,001	-	$ 5,001	
		Taiwan Business Bank	-	Financial assets at FVTOCI - current	61,807,200	778,771	0.97	778,771	Note 1
		China Petrochemical Development Corporation	Legal directors of the Corporation	Financial assets at FVTOCI - non-current	40,713,750	398,995	1.44	398,995	Note 1
		Century Development Corporation	-	Financial assets at FVTOCI - non-current	10,633,492	89,215	3.16	89,215	
		Overseas Investment & Development Corporation	-	Financial assets at FVTOCI - non-current	2,600,000	23,946	2.89	23,946	
		Zowie Technology Corporation	-	Financial assets at FVTOCI - non-current	6,611	-	0.13	-	
		Fortemedia	-	Financial assets at FVTOCI - non-current	4,137	-	-	-	
		Fortemedia	-	Financial assets at FVTOCI - non-current	62,282	-	-	-	Note 2
1	Core Pacific World Co., Limited	China Petrochemical Development Corporation	Legal directors of the Corporation	Financial assets at FVTOCI - current	840,525	8,237	-	8,237	Note 1
		Taiwan Business Bank	-	Financial assets at FVTOCI - current	1,272,981	16,040	-	16,040	Note 1
		Core Pacific City Co., Ltd. - Class A	-	Financial assets at FVTPL - current	18,690,000	300,000	-	300,000	Note 2
		Core Pacific City Co., Ltd. - Class H	-	Financial assets at FVTPL - current	1,472,198	14,722		14,722	Note 2
2	BES Machinery Co., Ltd.	Pegatron Corporation	-	Financial assets at FVTPL - current	1,191,000	81,464	-	81,464	Note 1
		China Petrochemical Development Corporation	Legal directors of the Corporation	Financial assets at FVTOCI - non-current	13,110,345	128,481	-	128,481	Note 1
		Sercomm Corporation	-	Financial assets at FVTPL - current	160,000	12,432		12,432	
3	Chung Kung Safeguarding & Security Corp.	China Petrochemical Development Corporation	Legal directors of the Corporation	Financial assets at FVTOCI - current	52,500	514	-	514	Note 1
		Taiwan Tea Corporation	-	Financial assets at FVTOCI - current	11,000	181	-	181	Note 1
		Yung Construction and Development Co., Ltd.	-	Financial assets at FVTOCI - current	16,000	533	-	533	Note 1
		Huang Hsiang Contraction Corporation	-	Financial assets at FVTOCI - current	2,000	80	-	80	Note 1
4	Cinemark-Core Pacific, Ltd.	The investment case of movie - The M Riders	-	Financial assets at FVTOCI - non-current	-		-		

Note 1: Market values of domestic quoted shares and mutual funds were based on the closing prices and net asset values, respectively, as of December 31, 2019.

Note 2: Preferred shares.

TABLE 5

BES ENGINEERING CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
BES Engineering Corporation	3rd Subsection, Xinyi Section, Xinyi District, Taipei City	April 3, 2019	$ 10,923,432 (Note 2)	$ -	Agora Garden Co., Ltd.	Related parties of the Corporation	-	-	-	$ -	Note 1	Note 2	Note 2

Note 1: Valuation reports from Hongbang Real Estate Appraiser Union Office and Global Vision Real Estate Appraiser Office.

Note 2: The transaction amount represents the total cost of the real estate acquired in the joint-construction contract by the Corporation and Agora Garden Co., Ltd. The amount of assets acquired from related parties was $9,337,378 thousand. Refer to Note 33 for information relating to other commitments.

TABLE 6

BES ENGINEERING CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
BES Engineering Corporation	China Petrochemical Development Corporation	Legal directors of the Corporation	Sales	$ (669,128)	(6.35)	-	$ -	-	Construction receivables $ 33,148	2.15	-
	BES Machinery Co., Ltd.	Subsidiaries	Construction cost	117,530	1.20	-	-	-	Trade payables (27,861)	(0.66)	-

TABLE 7

BES ENGINEERING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss) Recognized (Note 1)	Note
				December 31, 2019	January 1, 2019	Number of Shares	Percentage of Ownership (%)	Carrying Value			
BES Engineering Corporation (the "Corporation")	Core Pacific World Co., Limited	Taipei, Taiwan	Makes investments	$ 1,530,040	$ 1,530,040	115,936,200	99.95	$ 1,229,407	$ 321,895	$ 321,734	Investee is a subsidiary
	BES Machinery Co., Ltd.	Kaohsiung, Taiwan	Leases engineering machinery and equipment, and wholesale construction materials and provides consulting service for designing and planning projects, except for certain architectural matters	867,216	863,451	77,319,999	99.29	830,768	31,022	30,802	Investee is a subsidiary
	Core Pacific City Co., Ltd.	Taipei, Taiwan	Department store	2,254,760	2,254,760	233,749,600	23.51	409,992	(1,691,533)	(397,680)	
	BES Investment Company Ltd.	Hong Kong	Overseas construction and equipment sale	733,975	684,754	22,600,000	100.00	533,270	(3,517)	(3,517)	Investee is a subsidiary
	BES Logistics International Co., Ltd.	Republic of Mauritius	Makes investments	348,278	348,278	13,995,389	100.00	690,109	36,784	36,784	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	95,698	7,414	7,414	Investee is a subsidiary
	Chung Kung Safeguarding & Security Corp.	Taipei, Taiwan	Security and related services	38,127	38,127	3,880,000	64.67	53,449	8,862	5,731	Investee is a subsidiary
	Cinemark-Core Pacific, Ltd.	Taipei, Taiwan	Movie broadcasting and related businesses	23,450	23,450	1,861,500	15.38	64,458	(39,131)	(6,018)	Investee is a subsidiary (Note 2)
	BES Construction Corporation (U.S.A.)	Georgia, U.S.A.	Develops lands for investments	259,562	259,562	8,509	91.79	26,801	346	318	Investee is a subsidiary
	BES Global Investment Co.	B.V.I.	Overseas construction and equipment sale	51,313	51,313	1,510,100	100.00	16,570	310	310	Investee is a subsidiary
	BES Twin Towers Development Co., Ltd.	Taipei, Taiwan	Develops real estate for investments	-	200,000	-	-	-	-	45	(Note 3)
	BA & BES Contracting (L.L.C.)	P.O. Box 92237, Dubai-UAE	Engineering and construction	10,696	10,696	1,200,000	40.00	-	-	-	
Core Pacific World Co., Limited	Chinese City International Investment Co., Ltd.	Republic of Mauritius	Consulting	330,714	330,714	9,500,000	100.00	458,569	16,271	16,271	Investee is a subsidiary
	Zhong Hua Cheng Development Co., Ltd.	Republic of Mauritius	Consulting	330,714	330,714	9,500,000	100.00	454,590	16,036	16,036	Investee is a subsidiary
BES Machinery Co., Ltd.	BESM Holding Co., Ltd.	B.V.I.	Holds investments	162,163	162,163	5,075,000	100.00	241,185	8,285	8,285	Investee is a subsidiary
	Cinemark-Core Pacific, Ltd.	Taipei, Taiwan	Movie broadcasting and related businesses	91,930	91,930	7,593,680	62.76	263,029	(39,131)	(24,558)	Investee is a subsidiary (Note 2)
BES Investment Company Ltd.	Wei-Jing Holdings Ltd.	B.V.I.	Holds investments	463,104	463,104	14,400,000	44.67	482,413	(4,240)	(1,894)	
	BES Construction Corporation (U.S.A.)	Georgia, U.S.A.	Develops lands for investments	25,724	25,724	761	8.21	2,397	346	28	Investee is a subsidiary
	Global BES Engineering (Myanmar) Co., Ltd.	Yangon, Myanmar	Engineering and construction	15,478	1,506	500,000	100.00	13,137	(1,095)	(1,095)	Investee is a subsidiary
Core Asia Human Resources Management Co., Ltd.	Elite Human Resource Management Co., Ltd.	Taipei, Taiwan	Human resource consulting	5,000	5,000	500,000	100.00	11,455	3,758	3,758	Investee is a subsidiary
Chung Kung Safeguarding & Security Corp.	Chung Kung Management Consultant Co., Ltd.	Taipei, Taiwan	Business management consulting and running parking lots	10,000	10,000	-	100.00	20,380	5,919	5,919	Investee is a subsidiary
	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Taipei, Taiwan	Manages apartment maintenance and renders related services	3,700	3,700	-	37.00	5,421	3,502	1,296	Investee is a subsidiary
Cinemark-Core Pacific, Ltd.	Cinemark-Core (Hong Kong) Pacific Ltd.	Hong Kong	Hold investment	246,729	246,729	61,503,000	49.60	149,822	(36,685)	(18,196)	
	Cinema 7 Theater Co., Ltd.	Taipei, Taiwan	Movie broadcasting and retail sale of rood products and groceries	150,183	150,183	25,000	100.00	144,965	(3,701)	(3,701)	Investee is a subsidiary
Chung Kung Management Consultant Co., Ltd.	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Taipei, Taiwan	Manages apartment maintenance and renders related services	6,300	6,300	-	63.00	9,231	3,502	2,206	Investee is a subsidiary

Note 1: Except BA & BES Contracting (L.L.C.), the investees' financial statements as of and for the year ended December 31, 2019 had all been audited, management believed that if these subsidiaries' financial statements were audited by auditors, material adjustments may not arise.

Note 2: The Corporation and its subsidiary, BES Machinery Co., Ltd., had a 78.14% interest in Cinemark-Core Pacific, Ltd.; thus, this investment was accounted for by the equity method.

Note 3: The Corporation has completed the disposal and transfer of equity in March 2019.

TABLE 8

BES ENGINEERING CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets
0	BES Engineering Corporation	BES Machinery Co., Ltd.	Note 1	Construction cost	$ 117,530	No significant difference between non-related party	0.93
		BES Machinery Co., Ltd.	Note 1	Trade payables	27,861	No significant difference between non-related party	0.06

Note 1: Representing the Corporation to subsidiaries.

Note 2: All transactions shown above have been eliminated in the consolidated financial statements.

TABLE 9

BES ENGINEERING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(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, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019
					Outward	Inward						
Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Engages in the logistics, storage and trading business	$ 1,100,438 (RMB 250,000 thousand)	b. (Note 3)	$ 341,921 (US$ 10,703 thousand)	$ -	$ -	$ 341,921 (US$ 10,703 thousand)	$ 93,900 (RMB 20,992 thousand)	39.20	$ 36,809 (RMB 8,231 thousand) b,2)	$ 735,108 (RMB 170,757 thousand)	$ 153,108 (US$ 5,038 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)	16,153 (RMB 3,612 thousand)	100.00	16,153 (RMB 3,612 thousand) b,2)	444,233 (RMB 103,190 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)	16,385 (RMB 3,664 thousand)	100.00	16,385 (RMB 3,664 thousand) b,2)	448,133 (RMB 104,096 thousand)	-
Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Engages in the logistics, storage and trading business	1,100,438 (RMB 250,000 thousand)	b. (Note 6)	167,565 (RMB 40,900 thousand)	-	-	167,565 (RMB 40,900 thousand)	93,900 (RMB 20,992 thousand)	9.80	9,202 (RMB 2,058 thousand) b,2)	183,777 (RMB 42,689 thousand)	38,277 (US$ 1,260 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)	(469) (RMB (105) thousand)	49.60	(233) (RMB (52) thousand) b,2)	(374) (RMB (87) 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)	17,566 (RMB 3,928 thousand)	24.30	4,270 (RMB 955 Thousand) b,2)	37,505 (RMB 8,712 thousand)	-
HRDD Logistics Co., Ltd.	Provides storage and transportation services	653,328 (RMB 144,000 thousand)	a. (Note 8)	166,730 (RMB 34,000 thousand)	-	-	166,730 (RMB 34,000 thousand)	(73,969) (RMB (16,540) thousand)	23.61	(17,464) (RMB (3,905) thousand) b,2)	109,709 (RMB 25,484 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)	(44,778) (RMB (10,013) thousand)	49.60	(22,209) (RMB (4,966) thousand) b,2)	85,624 (RMB 19,890 thousand)	-

(Continued)

Investor Company Name	Accumulated Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investment
BES Engineering Corporation	US$ 12,103 thousand	US$ 15,184 thousand	NT$ 11,938,312
Core Pacific World Co., Limited	US$ 18,000 thousand	US$ 19,000 thousand	NT$ 738,013
BES Machinery Co., Ltd.	RMB 74,900 thousand (US$ 16,241 thousand)	RMB 79,800 thousand (US$ 17,038 thousand)	NT$ 502,025
Cinemark-Core Pacific, Ltd.	US$ 7,875 thousand	US$ 7,875 thousand	NT$ 251,463

Note 1: The three methods of investment in mainland China are as follows:

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

Note 2: Recognized in investment gain (loss) during the current period:

a. Gain or loss not recognized during the current period.

b. Three bases to recognize gain or loss:

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 company.
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: BES Machinery Co., Ltd. is third party investor.

(Concluded)