BES Engineering Corporation

Financial Statements for the
Years Ended December 31, 2019 and 2018 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
BES Engineering Corporation

Opinion

We have audited the accompanying financial statements of BES Engineering Corporation (the "Corporation"), which comprise the balance sheets as of December 31, 2019 and 2018, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers 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 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 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 Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Corporation's 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 Corporation 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 Corporation 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 Corporation'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 financial statements for the relevant accounting policies and Table 1 following the notes to the financial statements for the financial information of the construction projects.

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

1. We 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 the Real Estate Inventory

The Corporation is mainly engaged in the construction of buildings and transacting of real estate. As stated in Note 12, the carrying amount of buildings and land held for sale in the balance sheets as of December 31, 2019 was NT$12,677,452 thousand, representing 30% of the total assets as of December 31, 2019, which is material in the 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 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Corporation audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 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

March 27, 2020

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

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

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

BES ENGINEERING CORPORATION

BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Notes 4, 6 and 15)	$ 2,053,634	5	$ 592,593	2
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	5,001	-	28,560	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 34)	778,771	2	609,242	2
Financial assets at amortized cost - current (Notes 4, 9, 25 and 34)	3,221,803	8	3,277,472	8
Construction receivables (Notes 4, 10, 15,25 and 33)	1,535,335	4	1,663,054	4
Contract assets - current (Notes 15, 25, 27 and Table 1)	3,036,294	7	2,686,787	7
Accounts receivable on the development of industrial districts (Notes 4, 11 and 25)	7,866,660	19	9,063,058	24
Buildings and land held for sale, net (Notes 4, 5, 12, 25 and 34)	12,677,452	30	1,754,020	5
Construction in progress (Notes 4, 13 and 25)	933,215	2	6,887,590	18
Refundable deposits on construction contracts (Notes 25 and 33)	141,630	-	2,130,593	5
Other current assets (Notes 10, 15 and 33)	911,326	2	773,063	2
Total current assets	33,161,121	79	29,466,032	77
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 34)	512,156	1	532,530	1
Investments accounted for using the equity method (Notes 4, 5 and 14)	3,950,522	10	4,281,550	11
Property, plant and equipment (Notes 4, 5, 16 and 34)	2,518,085	6	2,559,056	7
Right-of-use assets (Notes 3, 4 and 17)	75,614	-	-	-
Investment properties (Notes 4, 18 and 34)	1,010,005	3	1,014,108	3
Deferred tax assets (Notes 4, 5 and 29)	469,287	1	552,656	1
Refundable deposits (Notes 15 and 33)	60,408	-	59,463	-
Other noncurrent assets	15,552	-	12,800	-
Total noncurrent assets	8,611,629	21	9,012,163	23
TOTAL	$ 41,772,750	100	$ 38,478,195	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 34)	$ 2,960,846	7	$ 3,128,000	8
Short-term bills payable (Notes 19 and 34)	1,357,363	3	1,773,695	5
Financial liabilities at fair value through profit and loss - current (Notes 4, 7 and 20)	-	-	424	-
Notes payable (Note 25)	150	-	165,296	-
Trade payables (Notes 15, 21, 25 and 33)	4,201,554	10	2,097,926	5
Contract liabilities - current (Notes 25, 27 and 33)	2,066,411	5	2,480,366	6
Lease liabilities - current (Notes 3, 4 and 17)	31,749	-	-	-
Amounts due to customers for construction contracts (Notes 4 and 25)	-	-	54,359	-
Accrued expenses (Notes 15 and 33)	290,512	1	232,772	1
Accounts payable for the development of industrial districts (Notes 4, 22 and 25)	1,935,924	5	1,898,420	5
Provisions - current (Notes 4, 23 and 25)	588,865	1	421,086	1
Guarantee deposits on construction contracts - current (Note 25)	354,199	1	350,880	1
Bonds payable due within a year (Notes 4, 20 and 32)	-	-	32,755	-
Long-term borrowings due within a year (Notes 19 and 34)	1,690,766	4	427,450	1
Other current liabilities (Notes 15 and 33)	224,729	-	219,340	1
Total current liabilities	15,703,068	37	13,282,769	34
NONCURRENT LIABILITIES				
Lease liabilities - non-current (Notes 3, 4 and 17)	44,149	-	-	-
Long-term borrowings (Notes 19 and 34)	4,277,748	10	3,611,438	9
Deferred tax liabilities (Notes 4, 5 and 29)	1,029,890	3	1,029,831	3
Provisions - noncurrent (Notes 4 and 23)	669,921	2	562,882	2
Accrued pension liabilities (Notes 4 and 24)	126,784	-	110,881	-
Guarantee deposits received (Note 32)	24,003	-	26,019	-
Total noncurrent liabilities	6,172,495	15	5,341,051	14
Total liabilities	21,875,563	52	18,623,820	48
EQUITY				
Ordinary shares	15,308,998	37	15,308,998	40
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	19,897,187	48	19,854,375	52
TOTAL	$ 41,772,750	100	$ 38,478,195	100

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

BES ENGINEERING CORPORATION

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, 15, 27 and 33)				
Construction revenue	$ 10,209,045	97	$ 8,724,453	99
Other operating revenue	329,407	3	89,070	1
Total operating revenue	10,538,452	100	8,813,523	100
OPERATING COSTS (Notes 4, 15, 24, 28 and 33)				
Construction costs	9,700,425	92	8,158,382	93
Other operating costs	38,779	-	24,691	-
Total operating costs	9,739,204	92	8,183,073	93
GROSS PROFIT	799,248	8	630,450	7
OPERATING EXPENSES (Notes 24, 28 and 33)				
Selling and marketing expenses	117,127	1	67,623	1
General and administrative expenses	184,164	2	196,107	2
Research and development expenses	21,592	-	22,400	-
Total operating expenses	322,883	3	286,130	3
PROFIT FROM OPERATIONS	476,365	5	344,320	4
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 15, 28 and 33)	259,661	2	230,040	3
Other gains and losses (Notes 20 and 28)	(143,799)	(1)	(64,389)	(1)
Finance costs (Notes 4, 13 and 28)	(182,984)	(2)	(40,359)	-
Share of the losses of subsidiaries and associates (Notes 4 and 14)	(4,077)	-	(235,680)	(3)
Total non-operating income and expenses	(71,199)	(1)	(110,388)	(1)
PROFIT BEFORE INCOME TAX	405,166	4	233,932	3
INCOME TAX EXPENSE (BENEFIT) (Notes 4, 5 and 29)	92,280	1	(129,402)	(1)
NET PROFIT FOR THE YEAR	312,886	3	363,334	4

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BES ENGINEERING CORPORATION

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, 24, 26 and 29)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (14,715)	-	$ (10,695)	-
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income	149,154	1	13,737	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	(5,765)	-	(46,628)	(1)
Income tax relating to items that will not be reclassified subsequently to profit or loss	2,943	-	2,886	-
	131,617	1	(40,700)	(1)
Share of the other comprehensive income (loss) of associates and subsidiaries accounted for using equity method	(92,163)	(1)	(34,781)	-
Other comprehensive income (loss) for the year, net of income tax	39,454	-	(75,481)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 352,340	3	$ 287,853	3
EARNINGS PER SHARE (Note 30)				
Basic	$0.20		$0.24	
Diluted	$0.20		$0.24	

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

BES ENGINEERING CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Share Capital Issued and Outstanding (Notes 20 and 26)			Retained Earnings (Note 26)				Other Equity (Notes 4 and 26)				
	Number of Shares (In thousands)	Amount	Capital Surplus (Notes 20 and 26)	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 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
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
Appropriation of the 2017 earnings												
Legal reserve	-	-	-	26,409	-	(26,409)	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(286,278)	(286,278)	-	-	-	-	(286,278)
	-	-	-	26,409	-	(312,687)	(286,278)	-	-	-	-	(286,278)
Reversal of special reserved	-	-	-	-	(12,910)	12,910	-	-	-	-	-	-
Net profit for the year ended December 31, 2018	-	-	-	-	-	363,334	363,334	-	-	-	-	363,334
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)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	355,351	355,351	(34,781)	-	(32,717)	(67,498)	287,853
Disposal of investments in equity investments at fair value through other comprehensive income	-	-	-	-	-	8,808	8,808	-	-	(8,808)	(8,808)	-
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
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)
	-	-	-	36,333	-	(337,920)	(301,587)	-	-	-	-	(301,587)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	4,094	-	-	-	-	-	-	-	-	4,094
Net profit for the year ended December 31, 2019	-	-	-	-	-	312,886	312,886	-	-	-	-	312,886
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
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	300,590	300,590	(92,163)	-	143,913	51,750	352,340
Acquisition of interests in subsidiaries	-	-	-	-	-	(309)	(309)	-	-	-	-	(309)
Disposal of investments accounted for using the equity method	-	-	-	-	-	47,545	47,545	-	-	(59,271)	(59,271)	(11,726)
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

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

BES ENGINEERING CORPORATION

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	$ 405,166	$ 233,932
Adjustments for:		
Depreciation expenses	92,610	70,384
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(2,946)	1,393
Finance costs	182,984	40,359
Interest income	(119,967)	(156,466)
Dividend income	(41,684)	(18,062)
Share of loss of associates and subsidiaries	4,077	235,680
(Gain) loss on disposal of property, plant and equipment	(522)	1,796
Loss on disposal of associates	11,423	-
Net loss on foreign currency exchange	43	-
Loss (gain) on compensation (reversal)	15,644	(96,620)
Write-downs (reversal of write-downs) of buildings and land held for sale	-	44,158
Changes in operating assets and liabilities		
Construction receivables	127,719	(690,522)
Contract assets	(349,507)	33,306
Accounts receivable on the development of industrial districts	1,196,398	684,984
Construction in progress	(2,582,229)	(1,212,612)
Other current assets	(725,672)	(176,062)
Notes payable	(165,146)	(64,391)
Trade payables	2,103,628	5,922
Contract liabilities	(413,955)	403,593
Amounts due to customers for construction contracts	(54,359)	(282,591)
Accrued expenses	53,937	(42,436)
Accounts payable for the development of industrial districts	37,504	28,664
Provisions	259,174	(20,050)
Accrued pension liabilities	1,188	3,820
Other current liabilities	5,227	(40,189)
Cash generated from (used in) operations	40,735	(1,012,010)
Interest received	128,732	146,706
Interest paid	(187,219)	(178,421)
Income tax paid	(5,748)	(19,713)
Net cash used in operating activities	(23,500)	(1,063,438)

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BES ENGINEERING CORPORATION

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 amortized cost	$ -	$ (1,000,453)
Disposal of financial assets at fair value through other comprehensive income	-	41,159
Purchase of financial assets designated as at fair value through profit or loss	(6,008)	(14,864)
Proceeds from sale of financial assets designated as at fair value through profit or loss	32,089	4,789
Proceeds from sale of financial assets at amortized cost	55,669	-
Payments for investments accounted for using the equity method	(49,221)	-
Payments for investment properties	-	(374)
Net cash inflow on disposal of associates	215,600	-
Payments for property, plant and equipment	(20,454)	(17,405)
Proceeds from the disposal of property, plant and equipment	1,239	22
Decrease (increase) in refundable deposits	188,018	(190,182)
Payments for right-of-use assets	(273)	-
Decrease (increase) in other non-current assets	(2,752)	7,680
Dividends received from associates	47,038	13,656
Dividends received from others	41,684	18,062
Net cash generated from (used in) investing activities	502,629	(1,137,910)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	130,846	785,942
Proceeds from (repayments of) short-term bills payable	(416,332)	142,574
Repayment of bonds payables	(32,900)	-
Proceeds from long-term borrowings	1,929,626	918,009
Decrease (increase)in guarantee deposits received	1,303	(75,042)
Dividends paid to owners of the Company	(301,587)	(286,278)
Repayment of the principal portion of lease liabilities	(27,242)	-
Acquisition of interests in subsidiaries	(3,802)	(20,427)
Net cash generated from financing activities	1,279,912	1,464,778
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,759,041	(736,570)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	294,593	1,031,163
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,053,634	$ 294,593

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BES ENGINEERING CORPORATION

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

	2019	2018
Cash and cash equivalents in the balance sheets	$ 2,053,634	$ 592,593
Bank overdraft	-	(298,000)
Cash and cash equivalents in the statements of cash flow	$ 2,053,634	$ 294,593

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

BES ENGINEERING CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Unless Otherwise Stated)

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, and the development of industrial districts for the government.

The Corporation's shares have been trading on the Taiwan Stock Exchange since March 1993.

2. APPROVAL OF FINANCIAL STATEMENTS

The 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), Interpretations of IFRS (IFRIC), and Interpretations of IAS (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 any material impact on the Corporation'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.

      <u>Definition of a lease</u>

      The Corporation 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 Corporation as lessee

The Corporation 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 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 statements of comprehensive income, the Corporation 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 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 statements of cash flows.

The Corporation 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 Corporation applies IAS 36 to all right-of-use assets.

The Corporation also applies the following practical expedients:

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

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

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

d) The Corporation 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 2.72%. 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	$ 21,429
Less: Recognition exemption for short-term leases	(3,388)
Undiscounted amount on January 1, 2019	$ 18,041
Discounted amount using the incremental borrowing rate on January 1, 2019	$ 49,073
Lease liabilities recognized on January 1, 2019	$ 49,073

The Corporation as lessor

The Corporation 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	$ -	$ 49,073	$ 49,073
Total effect on assets	$ -	$ 49,073	$ 49,073
Finance lease payables - current	$ -	$ 23,780	$ 23,780
Finance lease payables - non-current	-	25,293	25,293
Total effect on liabilities	$ -	$ 49,073	$ 49,073

2) IFRIC 23 "Uncertainty over Income Tax Treatments"

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Corporation should assume that the taxation authority has full knowledge of all related information when making related examinations. If the Corporation concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Corporation 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 Corporation should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Corporation expects to better predict the resolution of the uncertainty. The Corporation has to reassess its judgments and estimates if facts and circumstances change.

Upon initial application of IFRIC 23, the Corporation recognized the cumulative effect of retrospective application in retained earnings on January 1, 2019. The Corporation 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 Corporation 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 Corporation applied the above amendments prospectively. The Corporation 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 Corporation 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 Corporation shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Corporation 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 financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation'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 Corporation sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Corporation loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

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

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

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

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

Except for the above impact, as of the date the financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation'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 financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

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

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

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

When preparing the financial statements, the Corporation used the equity method to account for its investments in subsidiaries and associates. In order to make the amounts of the net profit, other comprehensive income and total equity in the financial statements to be the same as the amounts attributable to the owner of the Corporation in its financial statements, adjustments arising from the differences in accounting treatment between the Corporation only basis and the consolidated basis were made to the account "the share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method" and the related equity items, as appropriate, in the financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

The Corporation engages in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Corporation's construction-related assets and liabilities.

d. Foreign currencies

In preparing the Corporation's financial statements, transactions in currencies other than the Corporation's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items 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 purposes of presenting the financial statements, the functional currencies of its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Corporation) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Corporation’s entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences recognized in other comprehensive income is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation’s share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation’s share of equity of subsidiaries.

Changes in the Corporation’s ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are accounted for as equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Corporation’s share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation’s net investment in the subsidiary), the Corporation continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Corporation directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full in the financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the financial statements and only to the extent of interests in the subsidiaries that are not related to the Corporation.

f. Investments in associates

An associate is an entity over which the Corporation has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Corporation uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associates. The Corporation also recognizes the changes in the Corporation's share of the equity of associates.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Corporation subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation's proportionate interest in the associate. The Corporation records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus accounted for using the equity method. If the Corporation's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the associate), the Corporation discontinues recognizing its share of further losses, if any. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Corporation discontinues the use of the equity method from the date when the Corporation ceases to have significant influence over an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Corporation's financial statements only to the extent of interests in the associate that is not related to the Corporation.

g. Joint operations

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

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

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

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

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

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

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. Impairment of assets

At the end of each reporting period, the Corporation 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 Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation, otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such 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 32.

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 Corporation may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

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

The Corporation always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Corporation recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Corporation are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Corporation 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.

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1) Onerous contracts

Onerous contracts are those in which the Corporation's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions.

2) Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Corporation of the expenditures required to settle the Corporation's obligations.

m. Revenue recognition

The Corporation identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

For contracts to sell properties in the ordinary course of business, the fixed transaction price is received in instalments and recognized as a contract liability. The transaction price, after adjusting for the effect of the significant financing component, is recognized as revenue when the construction is completed and the property is transferred to the buyer.

2) Revenue from the rendering of services

Revenue from the rendering of services is recognized when services are provided.

Revenue from a contract to provide services is recognized with reference to the stage of completion of the contract.

3) Construction contract revenue

The Corporation recognizes revenue from real estate construction contracts which are in the progress of construction over time. The Corporation measures the progress of completion of the construction contracts based on the satisfaction of performance obligations as stated in the contracts 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 Corporation recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Corporation adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Corporation satisfies its performance obligations.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in satisfying the performance obligation for which recovery is expected.

4) Business on the development of industrial districts

The Corporation is authorized to develop and sell the development of industrial districts, whose accounting affairs are processed individually. Input costs of each industrial zone debit accounts receivable on the development of industrial districts; the price of land was paid by the purchaser, and the cost of development credits accounts payable for the development of industrial districts. When vendors pay off the price, accounts receivable on the development of industrial districts will be charged off. If the balance remains, the committee of industrial zone development and administration fund will be remitted.

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

n. 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.

o. 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 according to the proportion of costs incurred relative to the total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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

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

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

p. Leases

<u>2019</u>

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Corporation allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Corporation as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Corporation assesses the classification of each element separately as a 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 Corporation as lessee

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

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

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Corporation 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 Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

<u>2018</u>

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 Corporation 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 Corporation 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 Corporation 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.

q. 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.

r. 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, 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 will not be reclassified to profit or loss.

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

s. 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 and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are 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 Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes 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.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation’s accounting policies, management is required to make judgments, estimations, and assumptions 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

	December 31	
	2019	2018
Cash on hand	$ 3,872	$ 3,857
Checking accounts and demand deposits	2,049,762	588,736
	$ 2,053,634	$ 592,593

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

	December 31	
	2019	2018
Bank deposits	0.005%-0.100%	0.010%-0.080%

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2019	2018
Financial assets - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 5,001	$ 28,560
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	2018
Current		
Domestic listed shares	$ 778,771	$ 609,242
Non-current		
Domestic listed shares	$ 398,995	$ 424,587
Domestic and foreign unlisted shares	113,161	107,943
	$ 512,156	$ 532,530

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 Corporation's strategy of holding these investments for long-term purposes.

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2019	2018
Current		
Time deposits with original maturities of more than 3 months (a)	$ 1,305,446	$ 1,992,009
Others (b)	1,916,357	1,285,463
	$ 3,221,803	$ 3,277,472

a. The range of interest rates for time deposits with original maturities of more than 3 months was approximately 0.002%-1.065% per annum as of December 31, 2019 and 2018.

b. Restricted deposits and reserve account of trusts.

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

10. NOTES RECEIVABLE, TRADE RECEIVABLES, CONSTRUCTION RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2019	2018
Construction receivables	$ 1,535,335	$ 1,663,054

Construction Receivables

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

When deciding the collectability of trade receivables, the Corporation takes the change of credit quality from the grant date of trade receivables to the balance sheet date in consideration. Past experience shows that, unless the traders are government entities which have good credit quality and are evaluated not to recognize allowance for doubtful accounts, the Corporation evaluates the uncollectible amounts in the future and recognizes appropriate allowance for doubtful accounts in principle.

Expect for individually recognizing appropriate allowance for doubtful accounts, which is based on objective evidence showing that trade receivables of specific trader is uncollectible, recognizing allowance for doubtful accounts is based on past experience of collective evaluation. The Corporation then distinguishes customers into different risk groups and recognizes allowance loss by expected loss rate.

At the balance sheet date, no allowance for doubtful accounts was recognized for some past-due trade receivables and construction receivables because there were no significant changes in credit quality, the amounts outstanding were still considered recoverable, and there was no indication of impairment of these receivables.

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

The aging of receivables was as follows:

	December 31	
	2019	**2018**
Not past due	$ 1,535,335	$ 1,663,054

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

Other Accounts Receivable

The Corporation 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 Corporation 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 Corporation'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 Corporation'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 Corporation. Moreover, the funds will be recovered successively, and some of the cases have been fully recovered.

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

12. BUILDINGS AND LAND HELD FOR SALE, NET

	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
	$ 12,677,452	$ 1,754,020

The Corporation's investments are only held for sales purposes. The Corporation carried out a review of the recoverable amount of building 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 33.

Refer to Note 34 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 Corporation acquired lots in the Zhengyi Section in 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 Corporation 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 Corporation 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 in Taipei City.

The Corporation 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 Corporation 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 on 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; the hearing meeting was convened on December 23, 2019.

In April 2014, the Corporation acquired land and two buildings on Xinsheng South Road in 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 Corporation obtained the user permit in July 2018. The Corporation 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 Corporation started to process three urban renewal plans located on the land, plot number 316, in the Nangang Section in 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 $191,166 thousand and $180,120 thousand, respectively; the capitalized construction interest was $8,182 thousand and $139,761 thousand, respectively; the capitalization rates per annum were 2.292% and ranged from 2.336% to 2.337%, respectively.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a. Investment in subsidiaries

	December 31	
	2019	**2018**
Unlisted ordinary shares		
Core Pacific World Co., Limited	$ 1,229,407	$ 938,767
BES Machinery Co., Ltd.	830,768	815,210
BES Investment Company Ltd.	533,270	503,879
BES Logistics International Co., Ltd.	690,109	715,156
Core Asia Human Resource Management Corporation	95,698	96,199
Cinemark-Core Pacific, Ltd.	64,458	70,041
Chung Kung Safeguarding & Security Corp.	53,449	52,809
BES Construction Corporation (U.S.A.)	26,801	27,142
BES Global Investment Co.	16,570	16,903
	$ 3,540,530	$ 3,236,106

	Proportion of Ownership and Voting Rights	
	December 31	
	2019	**2018**
Core Pacific World Co., Limited	99.95%	99.95%
BES Machinery Co., Ltd.	99.29%	98.87%
BES Investment Company Ltd.	100.00%	100.00%
BES Logistics International Co., Ltd.	100.00%	100.00%
Core Asia Human Resource Management Corporation	100.00%	100.00%
Cinemark-Core Pacific, Ltd. (Note)	15.38%	15.38%
Chung Kung Safeguarding & Security Corp.	64.67%	64.67%
BES Construction Corporation (U.S.A.)	91.79%	91.79%
BES Global Investment Co.	100.00%	100.00%

Note: For the years ended December 31, 2019 and 2018, Cinemark-Core Pacific, Ltd.'s proportion of ownership held by the Corporation and BES Machinery Co., Ltd. was 77.69% and 77.43%, respectively.

For the year ended 2019 and 2018, gain or loss on subsidiaries and other comprehensive income accounted for using equity method are recognized by subsidiaries' financial reports audited by accountants at the same period.

b. Investment in associates

	December 31	
	2019	2018
Associates that are not individually material	$ 409,992	$ 1,045,444

Aggregate information of joint ventures that are not individually material:

	For the Year Ended December 31	
	2019	2018
The Corporation's share of:		
Loss for the year	$ (397,635)	$ (178,245)
Other comprehensive income (loss)	976	45,962
Total comprehensive income (loss) for the year	$ (396,659)	$ (132,283)

Core Pacific City Co., Ltd. is one of the Corporation'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 Company, 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 Corporation 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.

Except for BA & BES Contracting (L.L.C.), investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have been audited. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of BA & BES Contracting (L.L.C.) which have not been audited.

15. JOINT OPERATIONS

Some of the Corporation's construction projects are joint construction projects, and the Corporation signed cooperation agreements with participating contractors to form a single operating unit and adopted the operating model of joint contracting and also independently set up accounting records. The joint contractor, construction assets and liabilities and details of the amounts the Corporation made in proportion to its interest in the joint agreements are as follows.

Yulon Town Joint Venture

The Corporation and Taiwan Kumagai Co., Ltd. jointly contracted the main construction of the Yulon Town Development Project in the commercial area (the "Yulon Town Joint Venture"), which was entrusted by Yulon Motor Co., Ltd. The Corporation and Taiwan Kumagai Co., Ltd. signed the joint venture contract in December 2018, and had 30% and 70% interest in the joint venture, respectively. The related assets, liabilities, revenue and expense relating to the joint venture operations in the financial statements are shown below:

	December 31, 2019
Assets	
Cash	$ 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 costs	$ 106,254
Interest revenue	$ 13

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Total
Cost					
Balance at January 1, 2018	$ 2,413,413	$ 512,350	$ 478,737	$ 53,405	$ 3,457,905
Additions	-	581	12,011	4,813	17,405
Transferred from investment properties	-	47,012	-	-	47,012
Disposals	-	-	(15,009)	(3,177)	(18,186)
Transferred to investment properties	(214,179)	(6,115)	-	-	(220,294)
Balance at December 31, 2018	$ 2,199,234	$ 553,828	$ 475,739	$ 55,041	$ 3,283,842
Accumulated depreciation and impairment					
Balance at January 1, 2018	$ 3,004	$ 277,272	$ 332,838	$ 41,360	$ 654,474
Depreciation expense	-	25,898	35,792	4,084	65,774
Transferred from investment properties	-	24,585	-	-	24,585
Disposals	-	-	(13,508)	(2,860)	(16,368)
Transferred to investment properties	-	(3,679)	-	-	(3,679)
Balance at December 31, 2018	$ 3,004	$ 324,076	$ 355,122	$ 42,584	$ 724,786
Balance at December 31, 2018, net	$ 2,196,230	$ 229,752	$ 120,617	$ 12,457	$ 2,559,056
Cost					
Balance at January 1, 2019	$ 2,199,234	$ 553,828	$ 475,739	$ 55,041	$ 3,283,842
Additions	-	-	15,433	5,021	20,454
Disposals	-	-	(4,415)	(1,986)	(6,401)
Balance at December 31, 2019	$ 2,199,234	$ 553,828	$ 486,757	$ 58,076	$ 3,297,895
Accumulated depreciation and impairment					
Balance at January 1, 2019	$ 3,004	$ 324,076	$ 355,122	$ 42,584	$ 724,786
Depreciation expense	-	24,381	31,759	4,568	60,708
Disposals	-	-	(3,897)	(1,787)	(5,684)
Balance at December 31, 2019	$ 3,004	$ 348,457	$ 382,984	$ 45,365	$ 779,810
Balance at December 31, 2019, net	$ 2,196,230	$ 205,371	$ 103,773	$ 12,711	$ 2,518,085

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 34 for information about the amount of property, plant and equipment pledged by the Corporation as collateral for borrowings.

17. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Land	$ 31,333
Buildings	24,535
Machinery	637
Transportation equipment	19,109
	$ 75,614

	For the Year Ended December 31, 2019
Depreciation charge for right-of-use assets	
Land	$ 2,132
Buildings	12,725
Machinery	765
Transportation equipment	12,177
	$ 27,799

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 31,749
Non-current	$ 44,149

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Land	2.72%
Buildings	2.72%
Machinery	2.72%
Transportation equipment	2.72%

c. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 18.

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 8,254
Total cash outflow for leases	$ (36,918)

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

2018

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

	December 31, 2018
Not later than 1 year	$ 7,764
Later than 1 year and not later than 5 years	13,665
	$ 21,429

18. INVESTMENT PROPERTIES

	Completed Investment Properties
Balance at December 31, 2018	
Measured at cost	$ 1,014,108
Balance at December 31, 2019	
Measured at cost	$ 1,010,005

	Completed Investment Properties
Cost	
Balance at January 1, 2018	$ 1,009,090
Additions	374
Transferred from property, plant and equipment	220,294
Transferred to property, plant and equipment	(47,012)
Balance at December 31, 2018	$ 1,182,746
Accumulated depreciation and impairment	
Balance at January 1, 2018	$ 184,934
Depreciation expense	4,610
Transferred from property, plant and equipment	3,679
Transferred to property, plant and equipment	(24,585)
Balance at December 31, 2018	$ 168,638
Balance at December 31, 2018, net	$ 1,014,108
Cost	
Balance at January 1, 2019	$ 1,182,746
Balance at December 31, 2019	$ 1,182,746
Accumulated depreciation and impairment	
Balance at January 1, 2019	$ 168,638
Depreciation expense	4,103
Balance at December 31, 2019	$ 172,741
Balance at December 31, 2019, net	$ 1,010,005

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
No later than 1 year	$ 71,332
Later than 1 year and not later than 5 years	43,150
	$ 114,482

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

	December 31, 2018
No later than 1 year	$ 63,935
Later than 1 year and not later than 5 years	78,964
	$ 142,899

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

	December 31	
	2019	2018
Fair value	$ 4,081,758	$ 4,081,758

The market for some investment properties of the Corporation is inactive and alternative reliable measurements of fair value are not available; therefore, the Corporation determined that the fair value of the investment properties is not reliably measurable.

The Corporation held freehold interests in all of its investment properties. The investment properties pledged as collateral for bank borrowings are set out in Note 34.

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2019	2018
Secured borrowings		
Bank loans	$ 2,960,846	$ 2,830,000
Bank overdrafts	-	298,000
	$ 2,960,846	$ 3,128,000

The short-term borrowings were pledged by freehold land, buildings, and investments accounted for under equity method. Refer to Note 34 for related information.

The range of weighted average effective interest rate on bank loans was 1.900%-2.370% and 1.900%-2.816% per annum at December 31, 2019 and 2018, respectively.

b. Short-term bills payable

	December 31	
	2019	2018
Commercial paper	$ 1,360,000	$ 1,777,000
Less: Unamortized discount on bills payable	(2,637)	(3,305)
	$ 1,357,363	$ 1,773,695

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
	$ 1,360,000	$ 2,637	$ 1,357,363			

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.

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%	-	-
	$ 1,777,000	$ 3,305	$ 1,773,695			

Note 1: The International Bills Finance Corporation, which is from syndicated 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.

The short-term bills payable were pledged by freehold land, buildings and listed stocks. (Refer to Note 34 for related information.)

c. Long-term borrowings

	December 31	
	2019	2018
Secured borrowings		
Bank loans	$ 4,220,000	$ 2,569,000
Unsecured borrowings		
Bank loans	1,748,514	1,469,888
	5,968,514	4,038,888
Less: Current portion	(1,690,766)	(427,450)
Long-term borrowings	$ 4,277,748	$ 3,611,438

As of December 31, 2019 and 2018, the weighted average effective interest rate of the bank borrowings secured by the Corporation's freehold land, building, certificate of deposit, and bank account (see Note 34), was 2.120%-2.737% per annum and 2.120%-2.947% per annum, respectively.

20. 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 unsecured domestic 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.

21. TRADE PAYABLES

	December 31	
	2019	2018
Trade payables		
Operating	$ 4,201,554	$ 2,097,926

Accounts payable classified as retentions payable on construction contracts were $1,196,832 thousand as of December 31, 2019 and $956,529 thousand as of December 31, 2018, respectively. Retentions payable on construction contracts are not bearing interest, and are expected to be paid at the end of retention periods. The warranty periods are with the normal operating cycle of the Corporation, usually more than one year. Related information on construction contracts is shown in Table 1 following the Notes to Financial Statements.

22. 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.

23. 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 Corporation'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 future payment that the Corporation is presently obligations to make under non-cancellable onerous operating contracts less the 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 on construction overdue between the management of the Corporation and the owner. To make provisions for contingent losses due to lawsuits which are likely to occur in the future.

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation 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.

b. Defined benefit plans

The Corporation 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 Corporation contributed at specific rate of salaries (the following rates are presented for 2019 and 2018; the Corporation’s rate were 5.4%) and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name.

Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (“the Bureau”); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Corporation’s defined benefit plans were as follows:

	December 31	
	2019	**2018**
Present value of defined benefit obligation	$ 319,113	$ 313,819
Fair value of plan assets	(192,329)	(202,938)
Net defined benefit liabilities	$ 126,784	$ 110,881

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	$ 305,544	$ (206,292)	$ 99,252
Service cost			
Current service cost	7,083	-	7,083
Net interest expense	2,965	(2,014)	951
Predicted returns on plan assets	10,048	(2,014)	8,034
Remeasurement			
Predicted returns on plan assets	-	(6,509)	(6,509)
Actuarial (gain) loss - changes in financial assumptions	6,952	-	6,952
Actuarial (gain) loss - experience adjustments	10,252	-	10,252
Recognized in other comprehensive income	17,204	(6,509)	10,695
Contributions from the employer	-	(7,088)	(7,088)
Benefits paid	(18,977)	18,965	(12)
Balance at December 31, 2018	$ 313,819	$ (202,938)	$ 110,881
Balance at January 1, 2019	$ 313,819	$ (202,938)	$ 110,881
Service cost			
Current service cost	7,572	-	7,572
Net interest expense	2,268	(1,462)	806
Predicted Returns on plan assets	9,840	(1,462)	8,378
Remeasurement			
Predicted returns on plan assets	-	(7,850)	(7,850)
Actuarial (gain) loss - changes in financial assumptions	14,902	-	14,902
Actuarial (gain) loss - experience adjustments	7,663	-	7,663
Recognized in other comprehensive income	22,565	(7,850)	14,715
Contributions from the employer	-	(6,999)	(6,999)
Benefits paid	(27,111)	26,920	(191)
Balance at December 31, 2019	$ 319,113	$ (192,329)	$ 126,784

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	$ 7,129	$ 6,859
General and administrative expenses	1,179	1,085
Research and development expenses	70	90
	$ 8,378	$ 8,034

Through the defined benefit plans under the Labor Standards Law, the Corporation is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated 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)	0.70%	0.75%
Future expected rate(s) of salary increase	2.00%	1.50%

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 as follows:

	December 31	
	2019	**2018**
Discount rate(s)		
0.25% increase	$ (6,950)	$ (6,899)
0.25% decrease	$ 7,179	$ 7,133
Future expected rate(s) of salary increase		
0.25% increase	$ 7,069	$ 7,062
0.25% decrease	$ (6,880)	$ (6,865)

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**
Expected contributions to the plan for the next year	$ 8,015	$ 6,743
Average duration of the defined benefit obligation	8 years	8 years

25. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The Corporation classified the assets and liabilities of its construction operations and industrial district development projects as current and noncurrent in accordance with the length of the operating cycle of these constructions and projects. The 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	11,667,841	12,677,452
Construction in progress	-	933,215	933,215
Refundable deposits on construction contracts	42,150	99,480	141,630
	$ 4,269,653	$ 22,913,616	$ 27,183,269
Liabilities			
Notes payable	$ 150	$ -	$ 150
Trade payables	2,730,702	1,470,852	4,201,554
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
	$ 3,866,899	$ 5,280,204	$ 9,147,103

	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	1,654,696	1,754,020
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	$ 16,401,125	$ 26,199,090

(Continued)

	December 31, 2018		
	Due Within One Year	Due After One Year	Total
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
Accounts 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

(Concluded)

26. 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

(Continued)

	December 31	
	2019	2018
May not be used for any purpose (3)		
Share warrants	$ -	$ 3,461
	$ 73,782	$ 69,688

(Concluded)

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 28 (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 should be appropriated to reverse from a special reserve 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		**Dividends Per Share ($)**	
	For the Year Ended December 31		**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)
Share of exchange differences of associates accounted for using the equity method	(92,163)	(34,781)
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 per IFRS	$ (328,389)	$ (286,864)
Recognized for the year		
Unrealized gain - equity instruments	149,154	13,737
Share from associates accounted for using the equity method	(5,241)	(46,454)
Reclassification adjustments		
Share from the disposal of associates accounted for using the equity method	(59,271)	-
Other comprehensive income recognized in current year	84,642	(32,717)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	-	(8,808)
Balance at December 31	$ (243,747)	$ (328,389)

27. REVENUE

	For the Year Ended December 31	
	2019	2018
Revenue from contracts with customers		
Construction contract revenue	$ 10,209,045	$ 8,724,453
Revenue from the rendering of services	21,706	39,725
Other operating revenue	307,701	49,345
	$ 10,538,452	$ 8,813,523

Contract Balances

	December 31, 2019	December 31, 2018	January 1, 2018
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	-
	$ 2,066,411	$ 2,480,366	$ 2,058,120

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

28. 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	$ 119,967	$ 156,466
Rental income	52,010	55,512
Dividends	41,684	18,062
Others	46,000	-
	$ 259,661	$ 230,040

b. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Loan application fee	$ (120,980)	$ (82,767)
Loss on disposal of associates	(11,423)	-
Write-downs (reversal) of buildings and land held for sale	-	(44,158)
Net gain (loss) on fair value changes of financial assets and liabilities at FVTPL	2,946	(1,393)
Loss (reversal) on compensation	(15,644)	96,620
Others	1,302	(32,691)
	$ (143,799)	$ (64,389)

c. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on bank overdrafts and loans	$ 180,377	$ 39,494
Interest on lease liabilities	451	-
Interest expense incurred on contracts with customers	2,156	-
Interest on convertible bonds measured at amortized cost	-	865
	$ 182,984	$ 40,359

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	$ 55,630	$ 36,917
Operating expenses	32,877	28,857
	$ 88,507	$ 65,774

The depreciation of investment properties, which was recognized in other income - rental income, was $4,103 thousand and $4,610 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 generating rental income	$ 5,050	$ 7,512

f. Employee benefits expense

	For the Year Ended December 31	
	2019	2018
Short-term benefits	$ 687,364	$ 561,214
Post-employment benefits		
Defined contribution plan	24,814	22,435
Defined benefit plans	8,378	8,034
	33,192	30,469
Other employee benefits	71,386	63,035
Total employee benefits expense	$ 791,942	$ 654,718
An analysis of employee benefits expense by function		
Operating costs	$ 654,844	$ 527,933
Operating expenses	137,098	126,785
	$ 791,942	$ 654,718

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 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 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.

29. 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	$ 3,523	$ -
Land value increment tax	-	672
Income tax on unappropriated earnings	2,386	-
Adjustments for prior year	-	16,155
	$ 5,909	$ 16,827
Deferred tax		
In respect of the current year	$ 79,398	$ (59,031)
Adjustments to deferred tax attributable to changes in tax rates and laws	-	(63,674)
Adjustments for prior year	6,973	(23,524)
	86,371	(146,229)
Income tax expense (benefit) recognized in profit or loss	$ 92,280	$ (129,402)

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	$ 405,166	$ 233,932
Income tax expense calculated at the statutory rate	$ 81,033	$ 46,786
Nondeductible expenses in determining taxable income	7,462	41,160
Tax-exempt income	(8,337)	(3,034)
Unrecognized loss on impairment of assets	-	(170,009)
Land value increment tax	-	672
Income tax on unappropriated earnings	2,386	-
Unrecognized deductible temporary differences	2,763	26,066
Adjustments to deferred tax attributable to changes in tax rates and laws	-	(63,674)
Adjustments for prior year's tax	6,973	(7,369)
Income tax expense (benefit) recognized in profit or loss	$ 92,280	$ (129,402)

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%.

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	$ -	$ 747
In respect of the current year - remeasurement of defined benefit plans recognized in other comprehensive income	2,943	2,139
	$ 2,943	$ 2,886

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	$ 16,863	$ -	$ 115,461
Provision for warranties	72,746	30,541	-	103,287
Defined benefit plans	25,117	465	2,943	28,525
Unrealized loss in valuation on financial assets	85	(85)	-	-
Loss carryforwards	356,110	(134,096)	-	222,014
	$ 552,656	$ (86,312)	$ 2,943	$ 469,287

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	38,489	59	-	38,548
	$ 1,029,831	$ 59	$ -	$ 1,029,890

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	$ 119,860	$ (42,414)	$ -	$ 21,152	$ 98,598
Provision for warranties	63,467	(1,921)	-	11,200	72,746
Defined benefit plans	19,371	189	2,139	3,418	25,117
Unrealized loss in valuation on financial assets	72	-	-	13	85
Loss carryforwards	200,314	120,447	-	35,349	356,110
	$ 403,084	$ 76,301	$ 2,139	$ 71,132	$ 552,656

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	38,032	(6,254)	-	6,711	38,489
	$ 1,029,374	$ (6,254)	$ -	$ 6,711	$ 1,029,831

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

	December 31 2019	December 31 2018
Impairment of assets	$ 38,979	$ 38,979
Unrealized loss on lawsuits	184,482	184,482
Impairment of assets	68,766	68,766
	$ 292,227	$ 292,227

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)
$ 1,110,070	

f. Income tax assessments

The income tax returns through 2018 have been assessed by the tax authorities.

30. EARNINGS PER SHARE

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

Net Profit for the Period

	For the Year Ended December 31	
	2019	2018
Earnings used in the computation of diluted 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 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 Corporation offered to settle the bonuses to employees in cash or shares, the Corporation 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 Corporation are converted to ordinary shares, they are 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.

31. CAPITAL MANAGEMENT

In response to the Corporation's capital management strategies, the Corporation plans for future working capital needs, research and development expenses and shareholder expenses based on the current overall economic environment, industry characteristics and future development, to ensure that the Corporation would 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 Corporation adopts the conservative risk management strategy by consideration of the industry scale, industry growth and future product roadmaps.

32. FINANCIAL INSTRUMENTS

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

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

December 31, 2019

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

December 31, 2018

	Carrying	Fair Value			
	Amount	**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				
Mutual funds	$ 5,001	$ -	$ -	$ 5,001
Financial assets at FVTOCI				
Domestic listed shares	$ 1,177,766	$ -	$ -	$ 1,177,766
Domestic unlisted shares	-	113,161	-	113,161
	$ 1,177,766	$ 113,161	$ -	$ 1,290,927
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	$ -	$ -	$ -	$ -

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 28,560	$ -	$ -	$ 28,560
Financial assets at FVTOCI				
Domestic listed shares	$ 1,033,829	$ -	$ -	$ 1,033,829
Domestic unlisted shares	-	107,943	-	107,943
	$ 1,033,829	$ 107,943	$ -	$ 1,141,772
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 - buy-back option convertible bonds	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Unlisted shares	Transaction method of market approach. The approach is a valuation strategy that looks at market ratios of companies with similar profitability at the end of the reporting period, while taking the liquidity premium into consideration.
Others	Discounted cash flow. Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the reporting period.

c. Categories of financial instruments

	December 31	
	2019	2018
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 5,001	$ 28,560
Loans and receivables		
Financial assets at amortized cost (Note 1)	7,177,238	7,993,883
Financial liabilities		
FVTPL		
Held for trading of financial liabilities - current	-	424
Amortized cost (Note 2)	16,125,415	12,597,427

Note 1: The balances included financial assets measured at amortized cost, which comprise cash, financial assets at amortized cost, construction receivables, refundable deposits on construction contracts, other receivables (included in other current assets) and refundable deposits.

Note 2: The balances included financial liabilities measured 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 Corporation'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 Corporation's Finance division provides services to the business, coordinates access to domestic and international markets, and monitors and manages the financial risks relating to the operations of the Corporation through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

With regard to the carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period, refer to Note 36 for related information.

Sensitivity analysis

The Corporation is mainly exposed to the RMB and HKD.

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

	RMB Impact		**HKD Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2019	**2018**	**2019**	**2018**
Equity	$ 35,334	$ 36,603	$ 26,664	$ 25,194

b) Interest rate risk

The Corporation is exposed to interest rate risk because entities in the Corporation borrow funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2019	**2018**
Fair value interest rate risk		
Financial assets	$ 1,179,725	$ 1,862,508
Financial liabilities	1,520,921	2,010,651
Cash flow interest rate risk		
Financial assets	4,041,946	1,965,765
Financial liabilities	8,841,700	6,962,687

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

The Corporation was also exposed to cash flow interest rate risk in relation to variable-rate bank borrowings. The Corporation's cash flow interest rate risk is mainly concentrated in the fluctuation of the benchmark interest rate arising from the Corporation's New Taiwan dollar denominated borrowings.

Sensitivity analysis

The sensitivity analysis below was determined based on the Corporation's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A sensitivity rate of 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and 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 Corporation's pre-tax profit for the years ended December 31, 2019 and 2018 would decrease by $47,997 thousand and $49,969 thousand, respectively. The Corporation's sensitivity to interest rates increased during the current period mainly due to the increase in variable rate borrowings.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in listed equity securities and mutual funds.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher, the Corporation's pre-tax other comprehensive income for the years ended December 31, 2019 and 2018 would have increased by $64,546 thousand and $57,089 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. As of the end of the reporting period, the Corporation's maximum exposure to credit risk, which would cause a financial loss to the Corporation 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 Corporation provided.

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

3) Liquidity risk

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

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

	December 31	
	2019	2018
The limit of unsecured bank overdrafts (examined annually)		
Amount used	$ 1,748,514	$ 1,596,038
Amount unused	1,549,199	1,379,450
	$ 3,297,713	$ 2,975,488
The limit of secured bank overdrafts		
Amount used	$ 8,538,209	$ 7,344,545
Amount unused	4,111,791	301,150
	$ 12,650,000	$ 7,645,695

Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are 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		$ 943,458	$ 873,492	$ 913,902	$ 1,463,574	$ 7,278
Variable interest rate liabilities	1.900-2.737	17,469	895,760	3,816,371	4,408,560	-
Lease liabilities	2.720	3,108	5,984	22,657	38,967	9,473
Fixed interest rate liabilities	1.862-2.262	497,695	885,390	64,575	-	-
		$ 1,461,730	$ 2,660,626	$ 4,817,505	$ 5,911,101	$ 16,751

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	$ 31,749	$ 38,967	$ 9,473	$ -	$ -	$ -

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		$ 732,286	$ 540,196	$ 353,955	$ 465,240	$ 6,249
Variable interest rate liabilities	1.900-2.947	987,317	1,972,076	595,934	3,607,873	-
Fixed interest rate liabilities	1.960-2.900	1,215,895	641,290	69,255	87,660	-
		$ 2,935,498	$ 3,153,562	$ 1,019,144	$ 4,160,773	$ 6,249

33. TRANSACTIONS WITH RELATED PARTIES

Besides as disclosed elsewhere in Notes 13, 14 and 35, details of transactions between the Corporation and related parties are disclosed below.

a. Related party name and categories

Related Party Name	Related Party Categories
China Petrochemical Development Corporation	Legal directors of the Corporation and its subsidiaries
Core Pacific City Co., Ltd.	Associates
BES Twin Towers Development 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
Sheen Chuen-Chi Cultural & Education Foundation	Legal directors of the Corporation
Tsou Seen Chemical Industries Corporation	Subsidiaries of legal directors of the Corporation
BES Machinery Co., Ltd.	Subsidiaries

(Continued)

Related Party Name	Related Party Categories
Chung Kung Safeguarding & Security Corp.	Subsidiaries
Chung Kung Management and Maintenance of Apartment Co., Ltd.	Subsidiaries
Core Asia Human Resources Management Co., Ltd.	Subsidiaries
Elite Human Resources Management Co., Ltd.	Subsidiaries
Core Pacific Consulting (Changshu) Co., Ltd.	Subsidiaries
Hua-Yang Shen	Corporation's chairman
Tsun-Tai Yan	Substance of related parties
Tony C. J. Sheen	Substance of related parties
Hui-Ting Shen	Substance of related parties
Ting Wu	Related parties to the Corporation's chairman

(Concluded)

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	$ 669,128	$ 371,776
	Subsidiaries of legal directors of the Corporation	-	69,867
	Subsidiaries	1,020	1,248
		$ 670,148	$ 442,891
Operating costs	Subsidiaries	$ 192,742	$ 147,777
	Related parties of the Corporation	2,485	2,765
		$ 195,227	$ 150,542
Operating expenses	Subsidiaries	$ 7,276	$ 8,494
	Related parties of the Corporation	3,332	3,052
	Associates	14	14
	Legal directors of the Corporation	6	320
		$ 10,628	$ 11,880

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
Other receivables (included other current assets)	Legal directors of the Corporation	$ 1,107	$ -
	Subsidiaries	792	2,769
	Related parties of the Corporation	505	217,546
	Associates	9	9
		$ 2,413	$ 220,324
Interest income	Agora Garden Co., Ltd.	$ 1,667	$ 10,000

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

d. Payables to related parties

Line Items	Related Party Categories	December 31 2019	2018
Trade payables	Subsidiaries	$ 33,928	$ 36,584
Accrued expenses	Subsidiaries	$ 680	$ 1,563
	Related parties of the Corporation	509	435
		$ 1,189	$ 1,998

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

e. Prepayments

Related Party Categories	Price For the Year Ended December 31 2019	2018
Subsidiaries	$ 1,980	$ 18,531

f. Construction liabilities

December 31, 2019

Related Party Name	Engineering Code	Total Amount of Construction	Amounts Due to Construction Contracts
China Petrochemical Development Corporation	A6E	$ 1,532,800	$ 347,810

December 31, 2018

Related Party Name	Engineering Code	Total Amount of Construction	Contracts 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
Subsidiaries	$ 9,056	$ -

Line Items	Related Party Categories	December 31 2019	December 31 2018
Lease liabilities	Subsidiaries	$ 3,934	$ -

Line Items	Related Party Categories	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Interest expenses	Subsidiaries	$ 183	$ -

h. Acquisition of other assets

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

j. Other transactions with related parties

Rental and interest income (included in other operating revenue) are as follows:

Related Party Categories	December 31 2019	December 31 2018
Agora Garden Co., Ltd.	$ 46,000	$ -
Related parties of the Corporation	5,776	5,775
Legal directors of the Corporation	5,289	4,814
Subsidiaries	4,146	6,161
Associates	103	103
	$ 61,314	$ 16,853

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	December 31 2018
Agora Garden Co., Ltd.	$ -	$ 1,800,000

Refundable deposits by related parties

Related Party Categories	December 31 2019	December 31 2018
Subsidiaries	$ 36,160	$ 36,160
Related parties of the Corporation	637	637
	$ 36,797	$ 36,797

Guarantee deposits received by related parties

Related Party Categories	December 31 2019	December 31 2018
Subsidiaries	$ 61	$ 61

Other payables given by related parties

Related Party Categories	December 31 2019	December 31 2018
Subsidiaries of legal directors of the Corporation	$ 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	For the Year Ended December 31 2018
Short-term employee benefits	$ 28,386	$ 27,912
Post-employment benefits	-	221
	$ 28,386	$ 28,133

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

l. Guarantees

As of 2019, the Corporation’s proportion of long-term 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. 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.

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided 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	2,688,977	3,024,306
Buildings and land held for sale, net	12,647,968	1,625,211
Financial assets at FVTOCI - non-current	379,995	424,587
Property, plant and equipment, net	2,041,542	2,399,128
Investment properties, net	940,229	957,508
	$ 19,477,479	$ 9,016,550

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Corporation 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.

36. 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 Corporation entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant 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			
Subsidiaries and associates accounted for using the equity method			
RMB	$ 164,153	4.305 (RMB:NTD)	$ 706,679
HKD	138,548	3.849 (HKD:NTD)	533,270

December 31, 2018

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Non-monetary items			
Subsidiaries and associates accounted for using the equity method			
RMB	$ 163,698	4.472 (RMB:NTD)	$ 732,059
HKD	128,508	3.921 (HKD:NTD)	503,879

For the years ended December 31, 2019 and 2018, realized and unrealized net foreign exchange losses were $1,370 thousand and $408 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 Corporation entities.

37. 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)

b. Information on investments in mainland China

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)

BES ENGINEERING CORPORATION

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

(Continued)

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	$ -

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 27.

Note 2: For the amount of amounts due to customers for construction contracts, refer to Note 21.

Note 3: The Corporation recognized construction revenue of $10,209,045 thousand in 2019 and $8,724,453 thousand in 2018.

(Concluded)

BES ENGINEERING CORPORATION

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		Maximum Limit for Each Counter-party	Financing Company's Financing Amount Limits (Note)
													Item	Value		
0	BES Engineering Corporation	Agora Garden Co., Ltd. ("Agora")	Other accounts receivable - related party	Y	$ 200,000	$ -	$ -	5	-	$ -	Business revolving fund	$ -	-	$ -	$795,887 for each counter-party is equal to 4% of the Corporation's net equity as shown in the Corporation's latest financial statements.	$7,958,875 for each counter-party is equal to 40% of the Corporation's net equity as shown in the Corporation'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 Corporation's net equity as shown in the Corporation's latest financial statements.	$33,059 for each counter-party is equal to 40% of the Corporation's net equity as shown in the Corporation'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 Corporation's net equity as shown in the Corporation's latest financial statements.	$33,059 for each counter-party is equal to 40% of the Corporation's net equity as shown in the Corporation'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 Corporation's net equity as shown in the Corporation's latest financial statements.	$179,253 for each counter-party is equal to 40% of the Corporation's net equity as shown in the Corporation'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 Corporation's net equity as shown in the Corporation's latest financial statements.	$177,693 for each counter-party is equal to 40% of the Corporation's net equity as shown in Corporation's latest financial statements.

Note: Financing limits approved by the board of directors.

TABLE 3

BES ENGINEERING CORPORATION

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. (“Agora”)	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.

BES ENGINEERING CORPORATION

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.

BES ENGINEERING CORPORATION

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

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 (Note)		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Term	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 receivable $ 33,148	2.15	
	BES Machinery Co., Ltd.	Subsidiaries	Construction costs	117,530	1.20	-	-	-	Trade payable (27,861)	(0.66)	

BES ENGINEERING CORPORATION

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	December 31, 2018	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 Corporation	Kaohsiung, Taiwan	Leases engineering machinery and equipment, and wholesale construction materials and provides consulting service for designing and planning projects, except for certain architectural matters	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 Resources 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.	BES Consultant Corporation	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
	BES Department Maintenance and Management	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.

BES ENGINEERING CORPORATION

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)	17,565 (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 Management and Consulting 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)	(44,776) (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: Three investing method:

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

Note 2: Recognized gain or loss investment:

a. Gain or loss not recognized during the current operating 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)

BES ENGINEERING CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

BES ENGINEERING CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Financial Assets	Number of Shares	Par Value (NT$)	Total Amount	Acquisition Cost	Fair Value Unit Price	Fair Value Total Amount	Note
Current							
Mutual funds							
FSITC Global Wealthy Nations Bond Fund	500,000	10	$ 5,000	$ 5,002	10.0027	$ 5,001	Note

Note: The market price of the mutual funds is calculated based on the net asset value of the mutual funds on December 31, 2019.

BES ENGINEERING CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Financial Assets	Number of Shares	Par Value (NT$)	Acquisition Cost	Unit Price	Total Amount at Fair Value	Note
Listed shares						
Taiwan Business Bank	61,807,200	10	$ 433,604	12.600	$ 778,771	Note

Note: As of the end of 2019, Taiwan Business Bank provided short-term borrowings and short-term bills payable with a mortgage amount of $778,768 thousand.

STATEMENT 3

BES ENGINEERING CORPORATION

STATEMENT OF CONSTRUCTION RECEIVABLES, NET
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Name of Owner	Amount
West Coast Expressway Northern Region Temporary Engineering Office, Directorate General of Highways, Ministry of Transportation and Communications	$ 192,424
Chenya Energy Co., Ltd.	139,315
Air Force Combatant Command	110,967
Taoyuan International Airport Corporation	392,072
Department of Rapid Transit Systems, Taipei City Government	145,360
Others (Note)	555,197
	$ 1,535,335

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

BES ENGINEERING CORPORATION

STATEMENT OF CHANGES IN CONTRACT ASSETS
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Engineering Station Code	Contract Assets						Contract Liabilities					Net Amount of Contract Assets
	Balance, January 1, 2019	Transferred from (to) Work Orders	Annual Additions		Annual Decrease	Balance, December 31, 2019	Balance, January 1, 2019	Transferred from (to) Work Orders	Annual Additions	Annual Decrease	Balance, December 31, 2019	
			Districts Amounts	Construction Profit	Construction Loss							
A0B	$ 13,765,224	$ 42,678	$ 839,113	$ -	$ (227,881)	$ 14,419,134	$ 12,802,982	$ -	$ 391,484	$ -	$ 13,194,466	$ 1,224,668
A6B-1	-	500,840	561,200	18,372	-	1,080,412	-	511,615	530,631	-	1,042,246	38,166
A8B	-	-	35,237	96	-	35,333	-	-	1,721	-	1,721	33,612
A7B	31,684	-	212,124	13,172	-	256,980	-	-	223,552	-	223,552	33,428
A5B	-	379,940	168,300	10,656	-	558,896	-	416,995	124,448	-	541,443	17,453
A7E	829	-	117,216	24,376	-	142,421	-	-	129,927	-	129,927	12,494
A6C	-	239,924	796,519	51,766	-	1,088,209	-	294,038	791,500	-	1,085,538	2,671
A7F	9,022	(9,022)	-	-	-	-	-	-	-	-	-	-
98C-1	3,524,976	(3,524,976)	-	-	-	-	3,519,749	(3,519,749)	-	-	-	-
	$ 17,331,735	$ (2,370,616)	$ 2,729,709	$ 118,438	$ (227,881)	$ 17,581,385	$ 16,322,731	$ (2,297,101)	$ 2,193,263	$ -	$ 16,218,893	$ 1,362,492

BES ENGINEERING CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Balance, January 1, 2019			Additions		Decrease		Investment Profit (Loss) Recognized Under Equity Method	Cumulative Translation Adjustment	Balance, December 31, 2019			
Investee Company	Number of Shares	Percentage of Ownership (%)	Amount	Number of Shares	Amount	Number of Shares	Amount			Number of Shares	Percentage of Ownership (%)	Amount	Note
Core Pacific City Co., Ltd.	233,749,600	23.51	$ 807,664	-	$ 8	-	$ -	$ (397,680)	$ -	233,749,600	23.51	$ 409,992	(Notes 2 and 10)
Core Pacific World Co., Limited	115,936,200	99.95	938,767	-	4,311	-	-	321,734	(35,405)	115,936,200	99.95	1,229,407	(Notes 3 and 10)
BES Machinery Co., Ltd.	76,992,639	98.87	815,210	327,360	7,587	-	8,770	30,802	(14,061)	77,319,999	99.29	830,768	(Notes 4, 5, 6, 8 and 10)
BES Investment Company Ltd.	21,000,000	100.00	503,879	1,600,000	49,221	-	2,621	(3,517)	(13,692)	22,600,000	100.00	533,270	(Notes 5, 6 and 10)
BES Logistics International Co., Ltd.	13,995,389	100.00	715,156	-	-	-	33,602	36,784	(28,229)	13,995,389	100.00	690,109	(Notes 7 and 10)
BES Twin Towers Development Co., Ltd.	20,000,000	9.09	237,780	-	877	20,000,000	238,793	45	91	-	-	-	(Notes 3, 9 and 10)
Core Asia Human Resources Management Co., Ltd.	6,000,000	100.00	96,199	-	27	-	7,942	7,414	-	6,000,000	100.00	95,698	(Notes 3, 7, 8 and 10)
Chung Kung Safeguarding & Security Corp.	3,880,000	64.67	52,809	-	845	-	5,936	5,731	-	3,880,000	64.67	53,449	(Notes 2, 3, 7 and 10)
Cinemark - Core Pacific, Ltd.	1,861,500	15.38	70,041	-	-	-	-	(6,018)	435	1,861,500	15.38	64,458	(Note 10)
BES Construction Corporation (U.S.A.)	8,509	91.79	27,142	-	-	-	-	318	(659)	8,509	91.79	26,801	(Note 10)
BES Global Investment Co.	1,510,100	100.00	16,903	-	-	-	-	310	(643)	1,510,100	100.00	16,570	(Note 10)
BA & BES Contracting (L.L.C.)	1,200,000	40.00	-	-	-	-	-	-	-	1,200,000	40.00	-	(Notes 1 and 10)
			$ 4,281,550		$ 62,876		$ 297,664	$ (4,077)	$ (92,163)			$ 3,950,522	

Note 1: Based on investee company's financial statements which aren't audited by accountants to calculate investment gain or loss.

Note 2: Increase in current period is due to accrued defined benefit gain or loss. Among them, there's $8 thousand from Core Pacific City Co., Ltd. and $475 thousand from Chung Kung Safeguarding & Security Corp.

Note 3: Increase in current period is due to unrealized gain on financial assets. Among them, there's $4,311 thousand from Core Pacific World Co., Limited, $27 thousand from Core Asia Human Resources Management Co., Ltd., $877 from BES Twin Towers Development Co., Ltd. and $370 from Chung Kung Safeguarding & Security Corp.

Note 4: Increases in the current year are due to BES Machinery Co., Ltd.'s subscription of shares not based on its existing shareholding proportion, and adjustments in capital surplus from associates accounted for using the equity method of $4,094 thousand.

Note 5: Increase in current period is due to purchase of BES Machinery Co., Ltd.'s share, $3,493 thousand and investment of Bes Investment Company Ltd.'s share, $49,221 thousand.

Note 6: Decrease in current period is due to unrealized loss on financial assets. Among them, there's $8,205 thousand from BES Machinery Co., Ltd. and $2,621 thousand from BES Investment Company Ltd.

Note 7: Decrease in current period is due to payment of cash dividends from investee company. Among them, there's $7,500 thousand from Core Asia Human Resources Management Co., Ltd., $5,936 thousand from Chung Kung Safeguarding & Security Corp. and $33,602 thousand from Bes Logistics International Co., Ltd.

Note 8: The decrease in the current year is due to the defined benefit actuarial loss, of which $565 thousand was from Bes Machinery Co., Ltd. and $442 thousand was from Core Asia Human Resources Management Co., Ltd.

Note 9: The decrease in the current year is due to the disposal of Bes Twin Towers Development Co., Ltd. at the disposal price of $238,793 thousand. Related information is shown in Note 14.

Note 10: As of December 31, 2019, no investments accounted for using the equity method were pledged as collateral or provided as guarantee.

STATEMENT 6

BES ENGINEERING CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Name	January 1, 2019		Additions		Decrease		Unrealized Gains (Loss) on Fair Value Through Other Compre-hensive Income Financial Assets	December 31, 2019		Accumulated Impairment	Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount			
Listed shares - ordinary shares												
China Petrochemical Development Corporation	38,775,000	$ 424,587	1,938,750	$ -	-	$ -	$ (25,592)	40,713,750	$ 398,995	Not applicable	Yes	Note
Unlisted shares - ordinary shares												
Century Development Corporation	10,185,338	88,001	448,154	-	-	-	1,214	10,633,492	89,215	Not applicable		
Overseas Investment & Development Corporation	2,600,000	19,942	-	-	-	-	4,004	2,600,000	23,946	Not applicable		
Zowie Technology Corporation	6,611	-	-	-	-	-	-	6,611	-	Not applicable		
Fortemedia	4,137	-	-	-	-	-	-	4,137	-	Not applicable		
Unlisted shares - preferred shares												
Fortemedia	62,282	-	-	-	-	-	-	62,282	-	Not applicable		
		107,943		-		-	5,218		113,161			
		$ 532,530		$ -		$ -	$ (20,374)		$ 512,156			

Note: As of the end of 2019, China Petrochemical Industry Development Corporation is pledged for short-term borrowings with a mortgage amount of NT$379,995 thousand.

STATEMENT 7

BES ENGINEERING CORPORATION

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019	Additions	Decrease	Amount
Land	$ -	$ 6,734	$ 6,734	$ 26,731	$ -	$ 33,465
Buildings	-	21,522	21,522	16,721	1,539	36,704
Machinery	-	1,402	1,402	-	-	1,402
Transportation equipment	-	19,415	19,415	11,871	-	31,286
	$ -	$ 49,073	$ 49,073	$ 55,323	$ 1,539	$ 102,857

BES ENGINEERING CORPORATION

STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019	Additions	Decrease	Amount
Accumulated depreciation						
Land	$ -	$ -	$ -	$ 2,132	$ -	$ 2,132
Buildings	-	-	-	12,725	556	12,169
Machinery	-	-	-	765	-	765
Transportation equipment	-	-	-	12,177	-	12,177
	$ -	$ -	$ -	$ 27,799	$ 556	$ 27,243

BES ENGINEERING CORPORATION

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Type	Contract Period	Interest Rate (%)	Amount	Loan Commitments	Collateral
Mortgage loan					
Bank of Taiwan	2019.10.14-2020.04.10	2.150	$ 1,400,000	$ 2,200,000	Land, building and parking space
Taiwan Business Bank	2019.09.26-2020.03.26	2.370	500,000	500,000	Land and building
Sunny Bank - Min sheng Branch	2019.04.02-2020.04.02	1.900	352,500	500,000	Taiwan Business Bank, Ltd. shares
EnTie Commercial Bank	2019.09.06-2020.03.04	2.294	290,846	350,000	Land
Shanghai Commercial & Savings Bank, Ltd. - Tien Mou Branch	2019.10.14-2020.08.23	1.900	200,000	300,000	China Petrochemical Development Corporation shares
Sunny Bank- Min sheng Branch	2019.04.02-2020.04.02	2.000	117,500	-	Taiwan Business Bank, Ltd. shares
Shin Kong Commercial Bank- Cheng Teh Branch	2019.09.06-2020.03.12	2.010	70,000	70,000	Land and building
Sunny Bank- Min sheng Branch	2019.07.24-2020.04.02	1.900	22,500	-	Taiwan Business Bank, Ltd. shares
Sunny Bank- Min sheng Branch	2019.07.24-2020.04.02	2.000	7,500	-	Taiwan Business Bank, Ltd. shares
			2,960,846	3,920,000	
Bank overdrafts					
Taiwan Business Bank			-	300,000	Land and building
			$ 2,960,846	$ 4,220,000	

Note: As of December 31, 2019, the Company had available unutilized short-term borrowings facilities was NT$1,259,154 thousand.

BES ENGINEERING CORPORATION

STATEMENT OF TRADE PAYABLE
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Related parties	
BES Machinery Co., Ltd.	$ 27,097
Core Asia Human Resources Management Co., Ltd.	2,858
Chung Kung Safeguarding & Security Corp.	3,973
	33,928
Unrelated parties	
Others (Note)	4,167,626
	$ 4,201,554

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

BES ENGINEERING CORPORATION

STATEMENT OF CHANGES IN CONTRACT LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollar)

	Contract Assets							Contract Liabilities					
			Annual Additional		Annual Decrease								
Engineering Station Code	Balance, January 1, 2019	Transfer from (to) Work Orders	Districts Amounts	Construction Profit	Transfer from Finished Work	Construction Loss	Balance, December 31, 2019	Balance, January 1, 2019	Transfer from (to) Work Orders	Annual Additions	Annual Decrease	Balance, December 31, 2019	Net Amount of Contract Liabilities
A6E	$ 101,686	$ -	$ 664,958	$ 23,199	$ -	$ -	$ 789,843	$ 597,157	$ -	$ 669,128	$ 128,632	$ 1,137,653	$ 347,810
A7A	27,795	-	285,130	20,479	-	-	333,404	231,827	-	356,620	-	588,447	255,043
A5D	2,039,694	1,268	1,292,974	7,636	-	-	3,341,572	2,492,731	-	1,410,401	356,453	3,546,679	205,107
A6F	369,043	-	353,673	35,390	-	-	758,106	409,706	-	548,144	-	957,850	199,744
A6B-2	365,618	6,412	633,973	3,977	-	-	1,009,980	425,455	-	734,442	-	1,159,897	149,917
A5C	680,808	22,064	406,711	1,964	-	-	1,111,547	840,730	-	398,649	-	1,239,379	127,832
A8C	-	-	45,736	8,598	-	-	54,334	-	-	155,033	-	155,033	100,699
83C	8,567,793	-	270,428	113,905	-	-	8,952,126	8,781,842	-	263,087	1,322	9,043,607	91,481
A8A	-	-	354,415	32,430	-	-	386,845	-	-	463,353	-	463,353	76,508
A6D	241,477	-	421,286	20,583	-	-	683,346	284,056	-	452,130	-	736,186	52,840
A7F	-	9,022	637,229	40,970	-	-	687,221	-	-	739,522	-	739,522	52,301
A7C	6,727	-	268,005	24,881	-	-	299,613	16,919	-	329,920	-	346,839	47,226
A6G	526,425	-	325,197	68,009	-	-	919,631	683,896	-	281,185	-	965,081	45,450
98C-1	-	3,524,976	111,849	809	-	-	3,637,634	-	3,519,749	149,346	-	3,669,095	31,461
A7D	10,380	-	347,772	21,161	-	-	379,313	26,000	-	382,000	-	408,000	28,687
A5A	158,272	9	2,744	-	-	(2,317)	158,708	160,179	-	10,000	1,907	168,272	9,564
A3A	1,941,850	-	34,967	11,416	(1,988,233)	-	-	1,988,233	-	26,166	2,014,399	-	-
A5E	1,729,022	-	44,472	174,142	(1,947,636)	-	-	1,940,529	-	-	1,940,529	-	-
98C-2	231,524	-	16,680	4,607	(252,811)	-	-	252,809	-	-	252,809	-	-
93C	673,300	-	-	-	-	-	673,300	673,300	-	-	-	673,300	-
A4C	567,691	-	206,112	-	-	(17,865)	755,938	665,277	-	90,661	-	755,938	-
A5F	250,151	-	75,159	-	-	(23,000)	302,310	251,059	-	51,251	-	302,310	-
A6B-1	500,840	(500,840)	-	-	-	-	-	511,615	(511,615)	-	-	-	-
A6C	239,924	(239,924)	-	-	-	-	-	294,038	(294,038)	-	-	-	-
A5B	379,940	(379,940)	-	-	-	-	-	416,997	(416,997)	-	-	-	-
750	17,874,630	-	561,929	23,791	-	-	18,460,350	17,874,630	-	585,720	-	18,460,350	-
	$ 37,484,590	$ 2,443,047	$ 7,361,399	$ 637,947	$ (4,188,680)	$ (43,182)	$ 43,695,121	$ 39,818,985	$ 2,297,099	$ 8,096,758	$ 4,696,051	$ 45,516,791	$ 1,821,670

STATEMENT 12

BES ENGINEERING CORPORATION

STATEMENT OF CHANGES IN AMOUNTS DUE TO CUSTOMERS FOR CONSTRUCTION CONTRACTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollar)

	Amounts Due from Customers for Construction Contracts							Amounts Due to Customers for Construction Contracts					
Engineering Station Code	Balance, January 1, 2019	Transfer from (to) Work Orders	Annual Additional Districts Amounts	Annual Additional Construction Profit	Annual Decrease Transfer from Finished Work	Annual Decrease Construction Loss	Balance, December 31, 2019	Balance, January 1, 2019	Transfer from (to) Work Orders	Annual Additions	Annual Decrease	Balance, December 31, 2019	Net Amount of Amounts Due to Customers for Construction Contracts
A2A	$ 1,909,726	$ -	$ 35,033	$ 1,110	$ (1,945,869)	$ -	$ -	$ 1,945,869	$ -	$ 5,547	$ 1,951,416	$ -	$ -
97H	2,845,841	-	946	15,215	-	-	2,862,002	2,862,002	-	-	-	2,862,002	-
A0A	933,883	-	(5,637)	5,982	-	-	934,228	934,228	-	-	-	934,228	-
A4B	115,511	-	719	991	-	-	117,221	117,221	-	-	-	117,221	-
	$ 5,804,961	$ -	$ 31,061	$ 23,298	$ (1,945,869)	$ -	$ 3,913,451	$ 5,859,320	$ -	$ 5,547	$ 1,951,416	$ 3,913,451	$ -

BES ENGINEERING CORPORATION

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollar)

Type	Expected Duration and Repayment Method	Range of Interest Rates (%)	Ending Balance			Collateral
			Long-term Borrowings Due Within A Year	Long-term Borrowings Over A Year	Total	
Unsecured loans						
Taiwan Cooperative Bank - Dong Taipei Branch	From November 15, 2019 to August 12, 2023, the principal is written off by 30% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.390	$ -	$ 316,946	$ 316,946	-
Taiwan Business Bank - Ta An Branch	From February 1, 2018 to December 8, 2020, the principal is written off by 30% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.737	299,957	-	299,957	
Shanghai Commercial & Savings Bank, Ltd. - Tien Mou Branch	From December 19, 2019 to May 27, 2024, the principal is written off by 30% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.300	-	187,628	187,628	-
Hua Nan Bank - Chungshiao East Road Branch	From October 29, 2019 to April 30, 2021, the principal is written off by 45% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.450	-	173,185	173,185	
Taiwan Business Bank Department of Business	From October 4, 2018 to June 13 2021, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.500	-	146,000	146,000	-
Hua Nan Bank - Chungshiao East Road Branch	From December 19, 2019 to February 19, 2021, the principal is written off by 50% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.500	-	123,989	123,989	-
Taiwan Cooperative Bank - Dong Taipei Branch	From February 1, 2018 to December 8, 2020, the principal is written off by 30% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.737	103,004	-	103,004	-
Agricultural Bank of Taiwan	From February 1, 2018 to December 8, 2020, the principal is written off by 30% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.737	103,004	-	103,004	-
Chailease Finance Co., Ltd.	From December 7, 2018 to December 7, 2020, the principal be repaid every month for a period of twenty-four periods. From the first period to the twenty-third period, each period will repay NT$7,695 thousand and the twenty-fourth will repay NT$3,015 thousand and paying interest on a monthly basis.	2.120	87,660	-	87,660	-
Shanghai Commercial & Savings Bank, Ltd. - Tien Mou Branch	From February 1, 2018 to December 8, 2020, the principal is written off by 30% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.737	69,047	-	69,047	-
Bank of Panhsin - Hsin-Hsing Branch	From February 1, 2018 to December 8, 2020, the principal is written off by 30% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.737	69,047	-	69,047	-
Hua Nan Bank - Chungshiao East Road Branch	From February 1, 2018 to December 8, 2020, the principal is written off by 30% of the deduction of the estimated unit price for each period, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.737	69,047	-	69,047	-
			800,766	947,748	1,748,514	

(Continued)

Type	Expected Duration and Repayment Method	Range of Interest Rates (%)	Ending Balance: Long-term Borrowings Due Within A Year	Ending Balance: Long-term Borrowings Over A Year	Ending Balance: Total	Collateral
Guaranteed loans						
The Bank of East Asia, Ltd. - Taipei Branch	From December 5, 2018 to December 4, 2020, the interest is paid monthly and the remaining principal is repaid once at maturity.	2.215	$ 520,000	$ -	$ 520,000	Letter of Credit
Bank of Taiwan Department of Business	Note 2	2.490	214,900	1,925,871	2,140,771	Land
Bank of Taiwan Department of Business	Note 2	2.490	85,100	774,129	859,229	Land
Bank Taiwan Life Insurance Co., Ltd.	Note 2	2.490	50,000	450,000	500,000	Land
Agricultural Bank of Taiwan	Note 2	2.490	20,000	180,000	200,000	Land
			890,000	3,330,000	4,220,000	
			$ 1,690,766	$ 4,277,748	$ 5,968,514	

Note 1: As of December 31, 2019, the Corporation had available unutilized long-term borrowings facilities was NT$4,379,198 thousand.

Note 2: In the case of the syndicated loan from the Bank of Taiwan of $3.7 billion, repayment starts from September 14, 2020 and will be made in seven installments with each installment period lasting three months. For the first 6 installment periods, 5% of the principal will be paid in each installment period, and the remaining 70% of the principal will be paid in the seventh period; interest is paid monthly.

(Concluded)

BES ENGINEERING CORPORATION

STATEMENT OF CONSTRUCTION CONTRACT REVENUE AND CONSTRUCTION CONTRACT COST
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Code	Construction Contract Revenue	Construction Contract Cost	Construction Contract Gross Profit (Loss)
1. Engineering station			
A5E	$ 7,107	$ (167,035)	$ 174,142
83C	262,533	148,628	113,905
A6G	281,185	213,176	68,009
A6C	791,500	739,734	51,766
A7F	739,522	698,552	40,970
A6F	548,144	512,754	35,390
A8A	437,829	405,399	32,430
A7C	329,920	305,039	24,881
A7E	129,927	105,551	24,376
A6E	669,128	645,929	23,199
A6B-1	530,631	512,259	18,372
A7D	382,000	360,839	21,161
A6D	452,130	431,547	20,583
A7A	356,620	336,141	20,479
97H	-	(15,215)	15,215
A7B	223,552	210,380	13,172
A3A	-	(11,416)	11,416
A5B	124,448	113,792	10,656
A8C	155,033	146,435	8,598
A5D	1,410,401	1,402,765	7,636
A0A	-	(5,982)	5,982
98C-2	-	(4,607)	4,607
A6B-2	734,442	730,465	3,977
A5C	362,807	360,843	1,964
A2A	-	(1,110)	1,110
A4B	-	(991)	991
98C-1	149,346	148,537	809
A8B	1,721	1,625	96
A5A	10,000	12,317	(2,317)
A4C	90,661	108,526	(17,865)
A5F	51,251	74,251	(23,000)
A0B	391,484	619,365	(227,881)
	9,623,322	9,138,493	484,829
2. Development station			
750	585,723	561,932	23,791
	$ 10,209,045	$ 9,700,425	$ 508,620

BES ENGINEERING CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Salary (Note 1)	$ 22,777	$ 96,276	$ 9,128	$ 128,181
Professional fees	-	15,192	8,270	23,462
Taxes and fees	34,194	-	-	34,194
Other (Note 2)	60,156	72,696	4,194	137,046
	$ 117,127	$ 184,164	$ 21,592	$ 322,883

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

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

BES ENGINEERING CORPORATION

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019			2018		
Item	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employees benefits expense						
Salaries expenses	$ 564,189	$ 105,737	$ 669,926	$ 447,718	$ 92,019	$ 539,737
Labor and health expenses	47,054	7,175	54,229	41,577	7,154	48,731
Pension expenses	28,186	5,006	33,192	25,776	4,693	30,469
Director's emoluments	-	17,438	17,438	-	21,477	21,477
Other employee benefits	15,415	1,742	17,157	12,862	1,442	14,304
	$ 654,844	$ 137,098	$ 791,942	$ 527,933	$ 126,785	$ 654,718
Depreciation expense	$ 59,733	$ 32,877	$ 92,610	$ 41,527	$ 28,857	$ 70,384

Note 1: As of December 31, 2019 and 2018, the Corporation had 763 and 716 employees, respectively, of which 8 directors were not concurrently serving as employees for both years.

Note 2. The average employee benefits expenses were $1,026 thousand and $894 thousand in 2019 and 2018, respectively.

Note 3. The average employees' salary expenses were $887 thousand and $762 thousand in 2019 and 2018, respectively.

Note 4. The change in the average employees' salary expenses was 16.40%.