

**BES Engineering Corporation and Its
Subsidiaries**

**Consolidated Financial Statements and
Independent Auditors' Review Report
Second Quarter of 2022/2021**

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Independent Auditors' Review Report

To BES Engineering Corporation,

Introduction

We have reviewed the consolidated balance sheet of BES Engineering Corporation (the "Company") and its subsidiaries (collectively, the "Group") ended June 30, 2022 and 2021, the relevant consolidated statements of comprehensive income for the period from April 1 to June 30, 2022 and 2021 and for the period from January 1 to June 30, 2022 and 2021, consolidated statements of changes in equity, and consolidated statements of cash flows for the period from January 1 to June 30, 2022 and 2021 and relevant notes, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). It is the management's responsibility to prepare financial statements that fairly present the Group's consolidated financial position in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard (IAS) 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC). Our responsibility is to draw conclusions on the consolidated financial statements as per the review results.

Scope

Except as stated in the Basis for Qualified Conclusion paragraph, we conducted the review in accordance with the "Review of Financial Statements" of the Statements on Auditing Standard No. 65. The procedures to be carried out in reviewing the consolidated financial statements include inquiry (mainly with the person in charge of financial and accounting affairs), analytical procedures, and other review procedures. The scope of a review is substantially smaller than that of an audit and therefore does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As mentioned in Note 14 to the consolidated financial statements, the non-material subsidiaries' financial statements for the same period included in the above consolidated financial statements have not been reviewed by us, and their total assets as at June 30, 2022 and 2021 were NT\$5,094,334 thousand and NT\$4,863,338 thousand, respectively, accounting for 10.70% and 11.12% of the total consolidated assets, respectively; total liabilities were NT\$543,122 thousand and NT\$1,259,574 thousand, respectively, representing 2.13% and 5.47% of the total consolidated liabilities, respectively; total consolidated

comprehensive incomes for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021 were NT\$114 thousand, NT\$8,902 thousand, NT\$332,331 thousand and NT\$38,180 thousand respectively, accounting for (0.02%), 3.62%, 1,243.61% and 13.97% of the total consolidated comprehensive incomes, respectively. As stated in Note 15 to the consolidated financial statements, the balances of investments under the equity method as at June 30, 2022 and 2021 were NT\$1,686,913 thousand and NT\$1,937,719 thousand, respectively; the shares of the comprehensive incomes of associates recognized using the equity method for the three months ended June 30, 2022 and 2021 and for the six month ended June 30, 2022 and 2021 were NT\$2,522 thousand, NT\$(2,786 thousand), NT\$48,101 thousand and NT\$(25,201 thousand), respectively, which were recognized based on the financial statements of the investees for the same period and not reviewed by CPAs. In addition, the relevant information on the investees and the information on the aforesaid subsidiaries and investees disclosed in Note 38 to the consolidated financial statements discloses was not reviewed by the CPAs.

Qualified Conclusion

According to our review results, except for the financial statements of non-material subsidiaries described in the Basis for Qualified Conclusion paragraph if reviewed by us may result in adjustment to the consolidated financial statements, we have not found any circumstances that the foregoing consolidated financial statements have not been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC, and as a result, are not a fair presentation of the Group’s consolidated financial position as of June 30, 2022 and 2021, consolidated financial performance for the three months ended June 30, 2022 and 2021, and consolidated financial performance and consolidated cash flows for the six months ended June 30, 2022 and 2021, respectively.

Deloitte Taiwan

CPA Li, Dong-Feng

CPA Huang, Yao-Lin

Securities and Futures Commission Approval
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August 10, 2022

BES Engineering Corporation and Its Subsidiaries
Consolidated Balance Sheet
As of June 30, 2022, December 31, 2021, and June 30, 2021

Unit: NTD in thousands

Code	Assets	June 30, 2022 (reviewed)		December 31, 2021 (reviewed)		June 30, 2021 (reviewed)	
		Amount	%	Amount	%	Amount	%
Current assets							
1100	Cash and cash equivalents (Notes 6 and 16)	\$ 2,322,498	5	\$ 2,995,422	6	\$ 1,776,492	4
1110	Financial assets at fair value through profit or loss - current (Note 7)	4,046	-	2,380,206	5	68,666	-
1120	Financial assets at fair value through other comprehensive income - current (Notes 8 and 35)	1,078,321	2	1,081,055	2	1,007,062	2
1136	Financial assets at amortized cost - current (Notes 9, 25, and 35)	5,126,530	11	4,692,740	10	3,991,041	9
1150	Notes and accounts receivable, net (Notes 10, 27, and 34)	92,088	-	97,661	-	127,826	-
1180	Construction receivable (Notes 10, 16, 25, 27, and 34)	2,734,383	6	2,286,738	5	2,491,726	6
1140	Contract assets - current (Notes 16, 25, and 27 and Table 1)	3,325,194	7	2,459,043	5	3,067,343	7
1200	Receivables for the development of industrial zones for government agency (Notes 11, 25, and 35)	6,323,900	13	6,077,203	13	6,260,758	14
1310	Inventories (Note 25)	204,521	-	188,496	-	11,427	-
1321	Buildings and land held for sale, net (Notes 12, 25, and 35)	11,850,658	25	11,850,421	25	11,402,821	26
1324	Construction in progress (Notes 13, 25, and 35)	4,000,974	8	3,113,718	7	3,676,002	9
1478	Construction deposits paid (Note 25)	223,747	1	158,801	-	189,033	1
1479	Other current assets (Notes 16 and 34)	1,656,093	4	1,373,137	3	1,334,037	3
11XX	Total current assets	<u>38,942,953</u>	<u>82</u>	<u>38,754,641</u>	<u>81</u>	<u>35,404,234</u>	<u>81</u>
Non-current assets							
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8, 34, and 35)	1,862,497	4	1,734,715	4	852,634	2
1535	Financial assets at amortized cost - non-current (Notes 9 and 35)	2,637	-	4,291	-	579,940	1
1550	Investments accounted for using equity method (Note 15)	1,686,913	4	1,638,812	3	1,937,719	5
1600	Property, plant and equipment, net (Notes 17 and 35)	3,099,646	7	3,210,072	7	3,214,265	7
1755	Right-of-use assets (Notes 18 and 34)	236,504	-	227,925	-	251,052	1
1760	Investment property, net (Notes 19 and 35)	1,123,665	2	1,029,029	2	1,034,152	2
1840	Deferred tax assets (Note 4)	569,042	1	597,279	1	326,780	1
1920	Guarantee deposits paid (Notes 16 and 34)	47,298	-	70,215	-	63,979	-
1960	Prepayments for investments (Note 8)	-	-	770,870	2	-	-
1990	Other Non-Current Assets	49,142	-	50,314	-	59,695	-
15XX	Total non-current assets	<u>8,677,344</u>	<u>18</u>	<u>9,333,522</u>	<u>19</u>	<u>8,320,216</u>	<u>19</u>
1XXX	Total assets	<u>\$ 47,620,297</u>	<u>100</u>	<u>\$ 48,088,163</u>	<u>100</u>	<u>\$ 43,724,450</u>	<u>100</u>
Liabilities and Equity							
Current liabilities							
2100	Short-term borrowings (Notes 20 and 35)	\$ 3,078,790	6	\$ 3,045,113	6	\$ 2,428,349	6
2110	Short-term notes payable (Notes 20 and 35)	2,511,399	5	2,531,971	5	2,564,861	6
2150	Notes payable (Note 25)	6,637	-	8,343	-	6,466	-
2170	Accounts payable (Notes 16, 21, and 25)	4,285,602	9	4,613,161	10	4,115,537	9
2130	Contract liabilities - current (Notes 16, 25, 27, and 34 and Table 1)	2,695,786	6	2,764,252	6	2,908,360	7
2280	Lease liabilities - current (Notes 18 and 34)	71,453	-	66,025	-	69,165	-
2209	Expense payable (Notes 16 and 34)	541,634	1	461,736	1	379,168	1
2216	Dividend payable (Note 26)	817,500	2	-	-	-	-
2219	Receivables for the development of industrial zones for government agency (Notes 22 and 25)	2,006,152	4	1,981,683	4	1,955,645	4
2230	Income tax liabilities in this period (Note 4)	80,130	-	20,778	-	4,682	-
2250	Provision - current (Notes 23 and 25)	460,998	1	461,341	1	440,420	1
2330	Construction deposits received - current (Note 25)	542,189	1	477,569	1	445,836	1
2322	Long-term borrowings - current portion (Notes 20 and 35)	732,333	2	746,870	1	215,727	-
2399	Other current liabilities (Notes 16 and 34)	271,404	1	293,233	1	283,609	1
21XX	Total current liabilities	<u>18,102,007</u>	<u>38</u>	<u>17,472,075</u>	<u>36</u>	<u>15,817,825</u>	<u>36</u>
Non-current liabilities							
2580	Lease liabilities - non-current (Notes 18 and 34)	175,838	1	172,469	1	191,186	1
2540	Long-term borrowings (Notes 20 and 35)	5,057,129	11	5,313,000	11	5,426,230	12
2570	Deferred tax liabilities (Note 4)	1,112,371	2	1,115,149	2	1,112,801	3
2550	Provision - non-current (Note 23)	984,074	2	984,074	2	365,748	1
2640	Net defined benefit liability - non-current (Notes 4 and 24)	25,191	-	73,822	-	86,373	-
2645	Guarantee deposits received (Note 34)	28,124	-	28,828	-	32,648	-
2670	Other non-current liabilities	3,121	-	-	-	2,881	-
25XX	Total non-current liabilities	<u>7,385,848</u>	<u>16</u>	<u>7,687,342</u>	<u>16</u>	<u>7,217,867</u>	<u>17</u>
2XXX	Total liabilities	<u>25,487,855</u>	<u>54</u>	<u>25,159,417</u>	<u>52</u>	<u>23,035,692</u>	<u>53</u>
Equity attributable to owners of the Company							
3110	Ordinary share capital	15,308,998	32	15,308,998	32	15,308,998	35
3200	Capital reserve	74,648	-	73,884	-	73,884	-
Retained earnings							
3310	Legal reserve	1,116,990	2	821,206	2	759,714	2
3320	Special reserve	2,475,958	5	2,475,958	5	2,788,570	6
3350	Undistributed earnings	3,758,775	8	4,379,268	9	1,996,810	5
3300	Total retained earnings	<u>7,351,723</u>	<u>15</u>	<u>7,676,432</u>	<u>16</u>	<u>5,545,094</u>	<u>13</u>
3490	Other equity	(684,499)	(1)	(223,791)	-	(340,569)	(1)
31XX	Total equity attributable to owners of the Company	<u>22,050,870</u>	<u>46</u>	<u>22,835,523</u>	<u>48</u>	<u>20,587,407</u>	<u>47</u>
36XX	Non-controlling Equity	81,572	-	93,223	-	101,351	-
3XXX	Total equity	<u>22,132,442</u>	<u>46</u>	<u>22,928,746</u>	<u>48</u>	<u>20,688,758</u>	<u>47</u>
Total liabilities and equity		<u>\$ 47,620,297</u>	<u>100</u>	<u>\$ 48,088,163</u>	<u>100</u>	<u>\$ 43,724,450</u>	<u>100</u>

The notes attached are part of the consolidated financial statements.
(Please refer to the review report by Deloitte Taiwan dated August 10, 2022)

Chairman: Chen, Jui-Lung

Manager: Yang, Mei-Yuan

(deputy)

Chief Accounting Officer: Su, Yu-Min

BES Engineering Corporation and Subsidiaries
Consolidated Statement of Comprehensive Income
Three months ended June 30, 2022 and 2021 and six months ended June 30, 2022 and 2021
(Reviewed only; not audited as per the auditing standards generally accepted in the Republic of China)

Unit: In NT\$ thousands
except for earnings per share which is in NT\$ 1

Code	Three months ended June 30, 2022		Three months ended June 30,2021		Six months ended June 30, 2022		Six months ended June 30, 2021	
	Amount	%	Amount	%	Amount	%	Amount	%
	Operating revenue (Notes 16, 27, and 34)							
4520	\$ 2,531,553	89	\$ 3,564,096	92	\$ 5,846,812	90	\$ 7,052,570	91
4800	299,136	11	320,316	8	665,808	10	674,539	9
4000	<u>2,830,689</u>	<u>100</u>	<u>3,884,412</u>	<u>100</u>	<u>6,512,620</u>	<u>100</u>	<u>7,727,109</u>	<u>100</u>
	Operating costs (Notes 16, 28, and 34)							
5520	2,333,602	82	3,335,166	86	5,306,201	82	6,577,535	85
5800	275,879	10	313,096	8	729,544	11	647,964	9
5000	<u>2,609,481</u>	<u>92</u>	<u>3,648,262</u>	<u>94</u>	<u>6,035,745</u>	<u>93</u>	<u>7,225,499</u>	<u>94</u>
5950	<u>221,208</u>	<u>8</u>	<u>236,150</u>	<u>6</u>	<u>476,875</u>	<u>7</u>	<u>501,610</u>	<u>6</u>
	Operating expenses (Notes 28 and 34)							
6100	21,724	1	25,257	1	47,401	1	43,666	-
6200	125,189	5	108,436	3	236,016	3	207,020	3
6300	8,165	-	6,588	-	12,823	-	11,330	-
6450	-	-	(145)	-	-	-	(145)	-
6000	<u>155,078</u>	<u>6</u>	<u>140,136</u>	<u>4</u>	<u>296,240</u>	<u>4</u>	<u>261,871</u>	<u>3</u>
6900	<u>66,130</u>	<u>2</u>	<u>96,014</u>	<u>2</u>	<u>180,635</u>	<u>3</u>	<u>239,739</u>	<u>3</u>
	Non-operating income and expenses							
7100	13,125	-	13,568	-	399,056	6	28,082	-
7010	133,111	5	20,071	1	2,500,837	38	35,405	-
7020	(28,523)	-	(33,444)	-	(2,396,191)	-	(50,343)	-
7050	(40,639)	(1)	(35,375)	(1)	(80,100)	(1)	(69,257)	(1)
7060	399	-	16,726	-	(7,141)	-	2,609	-
7000	<u>77,473</u>	<u>3</u>	<u>(18,454)</u>	<u>-</u>	<u>416,461</u>	<u>6</u>	<u>(53,504)</u>	<u>(1)</u>
7900	143,603	5	77,560	2	597,096	9	186,235	2
7950	93,181	3	11,460	-	114,721	2	35,706	-
8200	<u>50,422</u>	<u>2</u>	<u>66,100</u>	<u>2</u>	<u>482,375</u>	<u>7</u>	<u>150,529</u>	<u>2</u>
	Other comprehensive income (Notes 15 and 26)							
8310	Items not reclassified to profit or loss:							
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income							
	(628,379)	(22)	208,149	5	(555,580)	(9)	169,922	2
8360	Items that may subsequently be reclassified to profit or loss:							
8361	Exchange differences on translation of the financial statements of foreign operations							
	(257)	-	(8,524)	-	44,686	1	(19,409)	-
8370	Share of other comprehensive income of associates using the equity method							
	2,123	-	(19,512)	(1)	55,242	1	(27,810)	-
	1,866	-	(28,036)	(1)	99,928	2	(47,219)	-
8300	<u>(626,513)</u>	<u>(22)</u>	<u>180,113</u>	<u>4</u>	<u>(455,652)</u>	<u>(7)</u>	<u>122,703</u>	<u>2</u>
8500	<u>(\$ 576,091)</u>	<u>(20)</u>	<u>\$ 246,213</u>	<u>6</u>	<u>\$ 26,723</u>	<u>-</u>	<u>\$ 273,232</u>	<u>4</u>
	Net income attributable to:							
8610	\$ 53,659	2	\$ 69,854	2	\$ 488,162	7	\$ 157,195	2
8620	(3,237)	-	(3,754)	-	(5,787)	-	(6,666)	-
8600	<u>\$ 50,422</u>	<u>2</u>	<u>\$ 66,100</u>	<u>2</u>	<u>\$ 482,375</u>	<u>7</u>	<u>\$ 150,529</u>	<u>2</u>
	Total comprehensive income attributable to:							
8710	(\$ 572,806)	(20)	\$ 249,513	6	\$ 32,637	-	\$ 279,532	4
8720	(3,285)	-	(3,300)	-	(5,914)	-	(6,300)	-
8700	<u>(\$ 576,091)</u>	<u>(20)</u>	<u>\$ 246,213</u>	<u>6</u>	<u>\$ 26,723</u>	<u>-</u>	<u>\$ 273,232</u>	<u>4</u>
	Earnings per share (Note 30)							
9710	\$ 0.04		\$ 0.05		\$ 0.32		\$ 0.10	
9810	\$ 0.04		\$ 0.05		\$ 0.32		\$ 0.10	

The notes attached are part of the consolidated financial statements.
(Please refer to the review report by Deloitte Taiwan dated August 10, 2022)

Chairman: Chen, Jui-Lung

Manager: Yang, Mei-Yuan

(deputy)

Chief Accounting Officer: Su, Yu-Min

BES Engineering Corporation and Subsidiaries
Consolidated Statement of Changes in Equity
For the Six Months Ended June 30, 2022 and 2021
(Reviewed only; not audited as per the auditing standards generally accepted in the Republic of China)

Unit: NTD in thousands

		Equity attributable to owners of the Company (Notes 26 and 32)						Other equity items						
Code		Share Capital		Retained earnings				Exchange differences on translation of the financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income	Total	Total	Non-controlling interest (Notes 26 and 32)	Total equity	
		Number of shares (in thousands)	Amount	Capital reserve	Legal reserve	Special reserve	Undistributed earnings							Total
A1	Balance as at January 1, 2021	1,530,899	\$ 15,308,998	\$ 73,833	\$ 759,714	\$ 2,788,570	\$ 1,839,615	\$ 5,387,899	(\$ 303,569)	(\$ 159,337)	(\$ 462,906)	\$ 20,307,824	\$ 107,718	\$ 20,415,542
D1	Net income (loss) from January 1 to June 30, 2021	-	-	-	-	-	157,195	157,195	-	-	-	157,195	(6,666)	150,529
D3	Other comprehensive income from January 1 to June 30, 2021	-	-	-	-	-	-	-	(47,233)	169,570	122,337	122,337	366	122,703
D5	Total comprehensive income from January 1 to June 30, 2021	-	-	-	-	-	157,195	157,195	(47,233)	169,570	122,337	279,532	(6,300)	273,232
M5	Acquired part of the equities of the subsidiary	-	-	13	-	-	-	-	-	-	-	13	(67)	(54)
C3	Due to endowments and gifts	-	-	38	-	-	-	-	-	-	-	38	-	38
Z1	Balance on June 30, 2021	<u>1,530,899</u>	<u>\$ 15,308,998</u>	<u>\$ 73,884</u>	<u>\$ 759,714</u>	<u>\$ 2,788,570</u>	<u>\$ 1,996,810</u>	<u>\$ 5,545,094</u>	<u>(\$ 350,802)</u>	<u>\$ 10,233</u>	<u>(\$ 340,569)</u>	<u>\$ 20,587,407</u>	<u>\$ 101,351</u>	<u>\$ 20,688,758</u>
A1	Balance as at January 1, 2022	1,530,899	\$ 15,308,998	\$ 73,884	\$ 821,206	\$ 2,475,958	\$ 4,379,268	\$ 7,676,432	(\$ 336,052)	\$ 112,261	(\$ 223,791)	\$ 22,835,523	\$ 93,223	\$ 22,928,746
	Earnings appropriation and distribution for 2021													
B1	Appropriation of legal reserve	-	-	-	295,784	-	(295,784)	-	-	-	-	-	-	-
B5	Cash dividend to ordinary shareholders	-	-	-	-	-	(817,500)	(817,500)	-	-	-	(817,500)	-	(817,500)
	Subtotal	-	-	-	295,784	-	(1,113,284)	(817,500)	-	-	-	(817,500)	-	(817,500)
M5	Part of the equity of subsidiaries acquired	-	-	745	-	-	-	-	(285)	(269)	(554)	191	(4,754)	(4,563)
M7	Changes in ownership interests in subsidiaries	-	-	19	-	-	-	-	-	-	-	19	(983)	(964)
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	4,629	4,629	-	(4,629)	(4,629)	-	-	-
D1	Net income (loss) from January 1 to June 30, 2022	-	-	-	-	-	488,162	488,162	-	-	-	488,162	(5,787)	482,375
D3	Other comprehensive income, net of taxes, from January 1 to June 30, 2022	-	-	-	-	-	-	-	99,918	(555,443)	(455,525)	(455,525)	(127)	(455,652)
D5	Total comprehensive income from January 1 to June 30, 2022	-	-	-	-	-	488,162	488,162	99,918	(555,443)	(455,525)	32,637	(5,914)	26,723
Z1	Balance on June 30, 2022	<u>1,530,899</u>	<u>\$ 15,308,998</u>	<u>\$ 74,648</u>	<u>\$ 1,116,990</u>	<u>\$ 2,475,958</u>	<u>\$ 3,758,775</u>	<u>\$ 7,351,723</u>	<u>(\$ 236,419)</u>	<u>(\$ 448,080)</u>	<u>(\$ 684,499)</u>	<u>\$ 22,050,870</u>	<u>\$ 81,572</u>	<u>\$ 22,132,442</u>

The notes attached are part of the consolidated financial statements.
(Please refer to the review report by Deloitte Taiwan dated August 10, 2022)

Chairman: Chen, Jui-Lung

Manager: Yang, Mei-Yuan

(deputy)

Chief Accounting Officer: Su, Yu-Min

BES Engineering Corporation and Subsidiaries

Consolidated Statement of Cash Flows

For the Six Months Ended June 30, 2022 and 2021

(Reviewed only; not audited as per the auditing standards generally accepted in the Republic of China)

Unit: NTD in thousands

Code		From January 1, 2022 To June 30	From January 1, 2021 To June 30
	Cash flow of operating activities		
A10000	Net income before tax	\$ 597,096	\$ 186,235
A20010	Income and expenses		
A20100	Depreciation expense	78,070	79,094
A20300	Gain on reversal of expected credit loss	-	(145)
A20400	Losses (gains) on financial assets at fair value through profit or loss	2,348,600	(8,223)
A20900	Financial costs	80,100	69,257
A21200	Interest income	(399,056)	(28,082)
A21300	Dividend income	(2,448,128)	(2,080)
A22300	Share of profit or loss of associates accounted for using the equity method	7,141	(2,609)
A23900	Lease modification loss	8	-
A22500	Losses on disposal and scrapping of property, plant and equipment	1,381	333
A29900	Loss on damages reversed	(1,426)	(389)
A30000	Net change in operating assets and liabilities		
A31150	Notes and accounts receivable	5,573	(43,046)
A31160	Construction receivable	(447,645)	(1,236,909)
A31125	Contract assets	(866,151)	206,547
A31180	Receivables for the development of industrial zones for government agency	(246,697)	734,284
A31200	Inventories	(16,025)	718
A31120	Construction in progress	(867,947)	(574,425)
A31990	Property available for sale	(115)	-
A31240	Other current assets	(290,054)	(204,560)
A32130	Notes payable	(1,706)	4,189
A32150	Accounts payable	(327,559)	(232,278)
A32125	Contract liabilities	(50,882)	659,439
A32190	Expenses payable	62,314	(7,627)
A32180	Receivables for the development of industrial zones for government agency	24,469	12,618
A32200	Provision	1,083	(27,368)

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Code		From January 1, 2022 To June 30	From January 1, 2021 To June 30
A32230	Other current liabilities	(\$ 20,368)	(\$ 44,175)
A32240	Provision for net defined benefits	(48,631)	(24,073)
A33000	Cash from operations	(2,826,555)	(483,275)
A33100	Interest received	399,219	27,925
A33300	Interest paid	(100,870)	(82,398)
A33500	Income tax paid	(28,960)	(18,624)
AAAA	Net cash outflows from operating activities	(2,557,166)	(556,372)
	Cash flow of investing activities		
B00020	Disposal of financial assets at fair value through other comprehensive income	8,506	1,937
B00030	Financial assets at fair value through other comprehensive income - capital returned	81,736	-
B00100	Financial assets at fair value through profit or loss acquired	-	(382,493)
B00200	Financial assets at fair value through profit or loss disposed of	27,560	345,732
B00040	Financial assets at amortized cost acquired	(418,609)	(998,935)
B00050	Financial assets at amortized cost disposed of	1,654	64,828
B02800	Disposal of property, plant, and equipment	743	6,851
B02700	Purchase of property, plant, and equipment	(15,306)	(35,141)
B03700	Increase in guarantee deposits paid	(57,210)	(68,513)
B07600	Stock dividends received	2,448,128	2,080
B06800	Decrease (increase) in other assets	1,172	(36,332)
BBBB	Net cash inflows (outflows) from investing activities	2,078,374	(1,099,986)
	Cash flow of financing activities		
C00200	Decrease in short-term borrowings	(260,713)	(407,070)
C00600	Increase (decrease) in short-term notes payable	(20,572)	233,616
C01700	Proceeds from (repayments of) long-term loans	(270,408)	904,148
C03000	Increase in guarantee deposits received	63,916	8,390
C04300	Increase in other non-current liabilities	3,121	2,881
C04020	Repayment of principal of lease liability	(37,130)	(36,968)
C05400	Subsidiaries' equity acquired	(5,527)	(54)
C09900	Due to endowments and gifts	-	38
CCCC	Net cash inflows (outflows) from financing activities	(527,313)	704,981
DDDD	Effect of exchange rate changes on cash and cash equivalents	38,791	(15,097)

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<u>Code</u>		<u>From January 1, 2022 To June 30</u>	<u>From January 1, 2021 To June 30</u>
EEEE	Net decrease in cash and cash equivalents	(\$ 967,314)	(\$ 966,474)
E00100	Opening balance of cash and cash equivalents	<u>2,995,422</u>	<u>2,447,681</u>
E00200	Ending balance of cash and cash equivalents	<u>\$ 2,028,108</u>	<u>\$ 1,481,207</u>
<u>Reconciliation of ending balance of cash and cash equivalents</u>			
<u>Code</u>		<u>June 30, 2022</u>	<u>June 30, 2021</u>
E00210	Cash and cash equivalents in the consolidated balance sheet	\$ 2,322,498	\$ 1,776,492
E00240	Bank overdraft	(<u>294,390</u>)	(<u>295,285</u>)
E00200	Balance of cash and cash equivalents	<u>\$ 2,028,108</u>	<u>\$ 1,481,207</u>

The notes attached are part of the consolidated financial statements.
(Please refer to the review report by Deloitte Taiwan dated August 10, 2022)

Chairman: Chen, Jui-Lung

Manager: Yang, Mei-Yuan (deputy)

Chief Accounting Officer: Su, Yu-Min

BES Engineering Corporation and Subsidiaries

Notes to Consolidated Financial Statements

For the Six Months Ended June 30, 2022 and 2021

(Reviewed only; not audited as per the auditing standards generally accepted in the Republic of China)

(In NT\$ thousands, unless specified otherwise)

I. History of the company

BES Engineering Corporation (hereinafter referred to as "the Company") was originally a state-owned enterprise under the Ministry of Economic Affairs and was privatized on June 22, 1994. The Company mainly engages in the contracting of civil engineering and construction projects, investment and construction of property, property trading, and the development of industrial zones planned by the government.

The Company's stock has been listed on the Taiwan Stock Exchange since March 1993.

The consolidated financial statements are presented in New Taiwan dollars (NTD), which is the Company's functional currency.

II. Date and Procedure for Approval of Financial Statements

These consolidated financial statements were approved by the Board of Directors on August 10, 2022.

III. Application of New and Amended Standards and Interpretations

- (I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the FSC.

Except for the following, the application of the amendments to the IFRSs endorsed and issued into effect by the FSC does not have material impact on the Group's accounting policies:

Amendments to IAS 37 "Onerous Contracts — Cost of Fulfilling a Contract"

The amendments apply retrospectively to contracts for which the Group has not fulfilled all of its obligations from January 1, 2022. The amendments specify that, in assessing whether a contract is onerous, the "cost of fulfilling a contract" shall include the incremental costs of fulfilling the contract (e.g., direct labor and materials) and an allocation of other costs directly related to the contract, such as the depreciation expenses on property, plant and equipment the Company uses to fulfil contracts.

The application of the aforementioned amendments did not cause material impact on the Group.

- (II) IFRSs endorsed by the FSC and applicable to 2023

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective date issued by the International Accounting Standards Board (IASB)</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments apply prospectively to annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments apply to changes in accounting estimates and changes in accounting policies that take place in annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments apply to transactions taking place after January 1, 2022, except for the temporary differences in lease and decommissioning obligations recognized in deferred tax as of January 1, 2022.

1. Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments expressly stipulate that the Group shall determine the significant accounting policy information that shall be disclosed as per the definition of materiality. A piece of accounting policy information is material if it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify:

- Accounting policy information related to immaterial transactions or other events, or conditions are themselves immaterial, and the Group is not required to disclose such information.
- The Group may judge if relevant accounting policy information is material due to the nature of a transaction or other events or conditions, even if the amount is not material.
- Not all accounting policy information relating to material transactions or other events or conditions is material.

In addition, the amendments provide examples that if the accounting policy information relating to a material transaction or other events or conditions while under the circumstance below, said information may be material:

- (1) The Group changed its accounting policies during the reporting period and the change resulted in a material change in the financial statement information;
- (2) The Group selected its applicable accounting policies from the options permitted by the standards;

- (3) Due to the lack of specific standards, the accounting policies were formulated by the Group in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”;
- (4) The Group discloses the relevant accounting policies for which it is required to exercise significant judgments or adopt significant assumptions; or
- (5) Complex accounting treatment is involved, and users of financial statements rely on such information to understand such material transactions or other events or situations.

2. Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define accounting estimates as the monetary amounts in financial statements that are subject to measurement uncertainty. When applying accounting policies, the Group may need to measure financial statement items in monetary amounts that cannot be directly observed but need to be estimated and therefore shall adopt measurement techniques and inputs to establish accounting estimates for this purpose. If the effect of changes in measurement techniques or inputs applied to accounting estimates is not a correction of an error in the prior period, such changes are changes in accounting estimates.

3. Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. On January 1, 2022, the Group will recognize all deductible and taxable temporary differences related to leases and decommissioning obligations as deferred tax assets (if it is probable that taxable income may be available to reduce such temporary differences) and deferred tax liabilities, and will recognize the cumulative effect as an adjustment to the initial balance of retained earnings on that date. For transactions other than leases and decommissioning obligations, the amendments will apply prospectively on or after January 1, 2022.

In addition to the above effects, as of the date of approving the consolidated financial statements for release, the Group had continued to evaluate the effect of the amendments to other standards and interpretations on its financial position and financial performance, and the relevant effects will be disclosed when the evaluation is completed.

(III) IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective date announced by IASB (Note)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023

Note: Unless otherwise noted, the above new/revised/amended standards and interpretations take effective in their respective annual reporting period beginning on or after their respective 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 if the Group sells or invests assets in an associate (or a joint venture), or the Group loses control over a subsidiary but retains its significant influence (or joint control) over the subsidiary, when said assets or said subsidiary meets the definition of “business” under IFRS 3 “Business Combination”, the Group recognizes the full amount of profit or loss arising from such a transaction.

In addition, if the Group sells or invests assets in an associate (or a joint venture), or the Group loses control over a subsidiary in a transaction with an associate (or a joint venture) but retains its significant influence (or joint control) over the subsidiary, when said assets or said subsidiary does not meet the definition of “business” under IFRS 3 “Business Combination”, the Group recognizes the profits or losses arising from the transaction only within the scope of interests unrelated to investors in said associate (or said joint venture). That is, the Group’s share of the profit or loss shall be eliminated.

2. Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that when whether a liability is classified as non-current is judged, it shall assess whether the Group has the right to defer the settlement deadline at the end of the reporting period for at least 12 months after the reporting period. If the Group has the right at the end of the reporting period, the liability is classified as non-current regardless of whether the Group expects to exercise the right. The amendments also clarify that if the Group shall comply with certain conditions in order to have the right to defer the settlement of the liability, the Group must have complied with the certain conditions at the end of the reporting period even if the lender tested whether the Group has complied with such conditions at a later date.

The amendments stipulate that, for the purpose of classification of liabilities, said settlement refers to the elimination of liabilities due to the transfer of cash, other economic resources, or the Group's equity instruments to the counterparty. However, if the terms of a liability that could, at the option of the counterparty, transfer the Group's equity instruments, resulting in the settlement of the liability and if the option is recognized separately in equity under IAS 32 "Financial Instruments Presentation", then, the preceding provisions do not affect the classification of the liability.

In addition to the above effects, as of the date of approving the consolidated financial statements for release, the Group had continued to evaluate the effect of the amendments to other standards and interpretations on its financial position and financial performance, and the relevant effects will be disclosed when the evaluation is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. This consolidated financial statements do not contain all the information that needs to be disclosed in the annual financial statements as required by IFRSs.

(II) Basis of preparation

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

The fair value measurement is classified into three levels based on the observability and significance of relevant inputs:

1. Level 1 inputs: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date.
2. Level 2 inputs: Inputs, other than quoted market prices within level 1 that are observable, either directly (i.e. prices) or indirectly (derived from prices) for assets or liabilities.
3. Level 3 inputs: Unobservable inputs for assets or liabilities.

(III) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities (subsidiaries) controlled by the Company. The consolidated statement of comprehensive income has included the operating income or loss of the subsidiaries acquired or disposed of from the acquisition date or to the disposal date during the period. Subsidiaries' financial statements have been adjusted to ensure consistency between their accounting policies and the Group's ones. All intra-group transactions, account balances, income, and expenses are eliminated in full upon consolidation. Subsidiaries' total

comprehensive income is attributable to the owners of the Company and to the non-controlling interests even if this results in a deficit balance for the non-controlling interests

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

See Note 14 and Tables 6 and 8 for more information on subsidiaries' statements shareholding ratios, and main business).

(IV) Other significant accounting policies

In addition to the information below, please refer to the summary of significant accounting policies in the 2021 consolidated financial statements.

1. Defined post-employment benefits

The pension cost in the interim period is calculated at actuarially determined pension cost rate at the end of the prior year, from the beginning of the year to the end of this period and adjusted as per major market fluctuations in this period, revisions of major plans, settlement, or other major one-off events.

2. Income tax

Income tax expense is the sum of current income tax and deferred income tax. Income tax for the interim period is assessed on an annual basis and is calculated as per the interim pre-tax income at the tax rate applicable to the estimated total annual earnings.

V. Key Sources of Uncertainty over Critical Accounting Judgments, Assumptions, and Estimation

Please refer to the description of Key Sources of Uncertainty over Critical Accounting Judgments, Assumptions, and Estimation in the 2021 consolidated financial statements.

VI. Cash and cash equivalents

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Cash on hand and working capital	\$ 6,926	\$ 9,214	\$ 5,770
Bank checks and demand deposits	2,187,390	2,919,696	1,755,089
Cash equivalents (investments with initial duration of less than 3 months)			
Time deposits	<u>128,182</u>	<u>66,512</u>	<u>15,633</u>
	<u>\$ 2,322,498</u>	<u>\$ 2,995,422</u>	<u>\$ 1,776,492</u>

VII. Financial instruments at fair value through profit or loss

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Financial assets - current</u>			
Mandatorily at fair value through profit or loss			
Non-derivative financial assets			
- Domestic listed stocks	\$ -	\$ 6,060	\$ 49,090
- Domestic unlisted stocks	-	2,369,559	14,722
- Fund beneficiary certificates	<u>4,046</u>	<u>4,587</u>	<u>4,854</u>
	<u>\$ 4,046</u>	<u>\$ 2,380,206</u>	<u>\$ 68,666</u>

The Group invested in 23.76% of the equity of Core Pacific City Co., Ltd. (hereinafter referred to as "Core Pacific City"); however, Core Pacific City's preference shares were converted into ordinary shares on October 22, 2021; as such, the Company's shareholding was lower than 20%, and the Company lost significant influence over it. Thus, the changes in remaining equity held are financial assets at fair value through profit or loss. Please refer to Note 15.

Core Pacific City's extraordinary shareholders' meeting, on November 8, 2021, passed a resolution to conduct capital reduction to make up for the deficit and return capital with November 8, 2021 as the record date for capital reduction, to revitalize the use of shareholders' funds and adjust the capital structure. The ordinary shares of Core Pacific City held by the Company and the Core Pacific City - Type H preference shares originally held by Core Pacific World Co., Ltd. (hereinafter referred to as "Core Pacific World") have been converted into ordinary shares and have been handled in accordance with the above-mentioned resolution adopted by the extraordinary shareholders' meeting. The capital of NT\$1,532,692 thousand returned from the aforementioned capital reduction was fully received on November 11, 2021.

Core Pacific City's shareholders' meeting, on February 23, 2022, passed a resolution to distribute the 2021 earnings. The Company and Core Pacific World received the cash dividends

of NT\$2,350,388 thousand paid out in accordance with the above-mentioned resolution by the shareholders' meeting. The aforementioned dividends were fully received on February 25, 2022.

VIII. Financial assets at fair value through other comprehensive income

Investment in equity instruments at fair value through other comprehensive income

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Current</u>			
Domestic investment			
Listed stocks	\$ <u>1,078,321</u>	\$ <u>1,081,055</u>	\$ <u>1,007,062</u>
<u>Non-current</u>			
Domestic investment			
Listed stocks	\$ 1,757,160	\$ 1,635,700	\$ 750,846
Unlisted stocks	105,337	99,015	101,788
Film investment project - The M Riders Finding Pangu	-	-	-
	<u>\$ 1,862,497</u>	<u>\$ 1,734,715</u>	<u>\$ 852,634</u>

The Group invests in common stocks of Taiwan Business Bank, China Petrochemical Development Corporation (hereinafter referred to as "CPDC"), Century Development Corporation, and Overseas Investment & Development Corp. for the medium- and long-term strategic purposes and expects to earn profits through long-term investments. The Group's management team believes that if the short-term fair value fluctuations of such investments are included in profit or loss, it would be inconsistent with the above-mentioned long-term investment plan, so it elected to designate such investments to be measured at fair value through other comprehensive income.

The Group participated in CPDC's cash capital increase on December 17, 2021 and acted as a specific person to subscribe for the shares in the amount of NT\$770,870 thousand, and received an amount of NT\$81,736 thousand returned on January 26, 2022. The registration of aforesaid transaction has been completed.

Please refer to Note 35 for information on investments in equity instruments at fair value through other comprehensive income pledged.

(IX) Financial assets at amortized cost

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Current</u>			
Domestic investment			
Time deposits with initial duration of more than 3 months	\$ 2,493,207	\$ 2,721,243	\$ 1,938,294
Others (Note)	<u>2,633,323</u>	<u>1,971,497</u>	<u>2,052,747</u>
	<u>\$ 5,126,530</u>	<u>\$ 4,692,740</u>	<u>\$ 3,991,041</u>
 <u>Non-current</u>			
Domestic investment			
Time deposits with initial duration of more than 3 months	\$ 2,637	\$ 2,301	\$ 579,940
Others (Note)	<u>-</u>	<u>1,990</u>	<u>-</u>
	<u>\$ 2,637</u>	<u>\$ 4,291</u>	<u>\$ 579,940</u>

Note: Others are restricted assets, such as reserve accounts for cash in banks and trust accounts.

Please refer to Note 35 for information on financial assets measured at amortized cost pledged.

X. Notes, accounts, and construction receivable

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Notes receivable	<u>\$ 248</u>	<u>\$ 1,154</u>	<u>\$ 2,818</u>
 <u>Accounts receivable</u>			
Measured at amortized cost			
Total carrying amount	104,506	109,173	137,692
Less: Allowance for losses	(<u>12,666</u>)	(<u>12,666</u>)	(<u>12,684</u>)
	<u>91,840</u>	<u>96,507</u>	<u>125,008</u>
 Notes and accounts receivable, net	 <u>\$ 92,088</u>	 <u>\$ 97,661</u>	 <u>\$ 127,826</u>
 Construction receivable	 <u>\$ 2,734,383</u>	 <u>\$ 2,286,738</u>	 <u>\$ 2,491,726</u>

Accounts and construction receivable

The Group's average credit period for sales is 90 days. The impairment assessment of receivables is carried out individually as per the aging analysis results, historical experience, and clients' financial position to estimate the unrecoverable amount.

When determining the recoverability of accounts receivable, the Group considers the changes in the credit quality of accounts receivable from the initial credit date through the date they are presented in the balance sheet. As per the historical experience, unless a transaction counterparty is a government agency due to its excellent credit quality without the need to set aside an allowance for bad debts, an appropriate allowance for bad debts shall be recognized for

the amount of accounts receivable beyond the credit period that is estimated to be unrecoverable in the future.

Except that there is objective evidence that the accounts receivable from a specific counterparty cannot be recovered with an appropriate allowance for bad debts recognized, in principle, an allowance for bad debts is set aside with the historical experience considered collectively; clients are divided into different risk groups and an allowance for losses is recognized as per each group' expected loss ratio.

If there is evidence that a counterparty is facing serious financial difficulties and the Group cannot reasonably estimate a recoverable amount, the Group will directly write off the relevant accounts receivable but will continue to collect the overdue receivables. The receivable recovered is recognized in profit or loss.

Age analysis of accounts and construction receivable is as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Not past due	\$ 2,824,719	\$ 2,382,255	\$ 2,615,320
60 days or fewer	428	870	391
61–90 days	915	-	197
91–120 days	72	-	578
121 days or more	89	120	248
Total	<u>\$ 2,826,223</u>	<u>\$ 2,383,245</u>	<u>\$ 2,616,734</u>

The information on the movement in the allowances for losses on accounts receivable is as follows:

	From January 1, 2022 To June 30	From January 1, 2021 To June 30
Balance at the beginning of the Period	\$ 12,666	\$ 12,829
Less: Impairment loss reversed in this period	<u>-</u>	<u>(145)</u>
Ending balance	<u>\$ 12,666</u>	<u>\$ 12,684</u>

11. Receivables for the development of industrial zones for government agency

	June 30, 2022	December 31, 2021	June 30, 2021
Changhua Coastal Industrial Park	\$ 4,386,124	\$ 4,130,336	\$ 4,303,328
Other industrial zones	<u>1,937,776</u>	<u>1,946,867</u>	<u>1,957,430</u>
	<u>\$ 6,323,900</u>	<u>\$ 6,077,203</u>	<u>\$ 6,260,758</u>

For the six months ended June 30, 2022 and 2021, the Group continued to invest in development (including interest accrued) in the amounts of NT\$1,357,876 thousand and NT\$451,440 thousand, respectively; the amounts recovered during the six months ended June 30, 2022 and 2021 were NT\$1,111,179 thousand and NT\$1,185,724 thousand, respectively.

The Group's receivables in commissioned industrial zone development are mainly the principal and interest of the advance payments made for the development of the industrial zones entrusted by the Industrial Development Bureau, Ministry of Economic Affairs. After the evaluation of the following factors, no recognition of allowance for bad debts was needed.

- (I) The price of land in an industrial zone is determined at the estimated total development cost, and there is a monthly adjustment mechanism to add interest accrued to the selling prices to respond to the interest accrued after the record date for the determination of the development cost as the basis for the real prices of the industrial zones in real time. The payments made by the businesses include the interest incurred after said record date for the determination of the development cost. The development costs borne by the entity entrusted for development of the industrial zones for a land lease project carried out by the Industrial Development Bureau are also calculated based on the prices in the month when a business signed a lease agreement. Income from land leases and sales is only one of the prioritized methods for repaying the advance payments for the development, and such advance payments can also be repaid through budgeting or other relevant alternative measures.
- (II) As an industrial zone development agreement is a agreement finalized in accordance with the Civil Code, an entity entrusted for the development does not have to bear the risk of profit or loss according to the agreement. The advance payments made may be returned by the client as per law, and as the client is a government agency, its credit rating is guaranteed.
- (III) The development agreement only stipulates that the proceeds from the disposal of the land is prioritized to repay the advance payments for the development made by the entrusted entity and does not stipulate that the income from land leases and sales is the only source of repayment. The development of the industrial zones is the government's policy tool to promote industrial development. If the land in an industrial zone is unable to be sold out as the rent or the sale price is higher than the market price, the government needs to adopt countermeasures and measures to solve the problem. The recoverability of advance payments made by the entrusted entity is not necessarily related to whether the land can be sold out successfully.
- (IV) There has been no bad debt incurred for the Group's receivables for the development of industrial zones for government agency as per the historical records. In addition, the Industrial Development Bureau has not stated or indicated that it will not repay the advance payments for the development made by the Company, and the funds have been recovered successively, and the total advance payments for some projects have been recovered.

To sum up, there are no significant doubts or uncertainties over the recovery of the advance payments made for the industrial zone development, so there is no need to set aside an allowance for bad debts for now.

Please refer to Note 35 for the amount of receivables for the development of industrial zones for government agency that the Group pledged to secure borrowings.

(XII) Buildings and land held for sale, net

	June 30, 2022	December 31, 2021	June 30, 2021
Subsection 3, Xinyi Section, Taipei City	\$ 10,923,432	\$ 10,923,432	\$ 10,923,432
Land lot 57-2, Subsection 1, Baoqing Section	447,726	447,611	-
Letzer Industrial Park	267,436	267,436	267,436
Property on Zhongshan North Road, Danshui Township	72,519	72,519	72,519
Subsection 3, Linyi Section, Zhongzheng District, Taipei City	67,655	67,655	67,655
Zhongkeng Section and Niushan Section, Shoufeng Township, Hualien County	40,622	40,622	40,622
Dahua Section, Beitun District, Taichung City	21,355	21,355	21,355
Puwei Section, Yunlin County	6,117	6,117	6,117
Jingxinyuan	2,013	2,013	2,013
Clayton County, Georgia, U.S.	892	831	836
Henry County, Georgia, U.S.	891	830	836
	<u>\$ 11,850,658</u>	<u>\$ 11,850,421</u>	<u>\$ 11,402,821</u>

It is the Group's investments exclusively for trading. The allowance for valuation losses on June 30, 2022, December 31, 2021, and June 30, 2021 was NT\$39,245 thousand.

Property at land lot 57-2, Subsection 1, Baoqing Road, was reclassified from construction in progress to buildings and land held for sale, net, after it was completed in September 2021. Please refer to Note 13.

Please refer to Note 35 for information on buildings and land held for sale, net, pledged.

XIII. Construction in progress

Construction Name	Investment and construction method	Construction in progress		
		Land held for construction	Construction costs	Total
<u>June 30, 2022</u>				
Peibi Section, Tucheng	Self-construction on self-owned land	\$ 1,244,634	\$ 1,144,452	\$ 2,389,086
Subsection 1, Baoqing Section, Taipei City	Joint construction and allocation of units	79,481	1,495,103	1,574,584
Subsection 4, Zhengyi Section, Taipei City	—	25,236	-	25,236
Subsection 3, Nangang, Taipei City	Joint construction and allocation of units	-	10,869	10,869
Land lot 290, Dongsheng Section, Shulin District, New Taipei City	Joint construction and allocation of units	-	1,199	1,199
		<u>\$ 1,349,351</u>	<u>\$ 2,651,623</u>	<u>\$ 4,000,974</u>
<u>December 31, 2021</u>				
Peibi Section, Tucheng	Self-construction on self-owned land	\$ 1,244,634	\$ 598,625	\$ 1,843,259

Construction Name	Investment and construction method	Construction in progress		
		Land held for construction	Construction costs	Total
Subsection 1, Baoqing Section, Taipei City	Joint construction and allocation of units	79,481	1,155,239	1,234,720
Subsection 4, Zhengyi Section, Taipei City	—	25,236	-	25,236
Subsection 3, Nangang, Taipei City	Joint construction and allocation of units	-	9,911	9,911
Land lot 290, Dongsheng Section, Shulin District, New Taipei City	Joint construction and allocation of units	-	592	592
		<u>\$ 1,349,351</u>	<u>\$ 1,764,367</u>	<u>\$ 3,113,718</u>
<u>June 30, 2021</u>				
Peibi Section, Tucheng	Self-construction on self-owned land	\$ 1,244,634	\$ 323,571	\$ 1,568,205
Subsection 1, Baoqing Section, Taipei City	Joint construction and allocation of units	79,481	1,993,266	2,072,747
Subsection 4, Zhengyi Section, Taipei City	—	25,236	-	25,236
Subsection 3, Nangang, Taipei City	Joint construction and allocation of units	-	9,814	9,814
		<u>\$ 1,349,351</u>	<u>\$ 2,326,651</u>	<u>\$ 3,676,002</u>

In November 2009, the Group acquired the land parcel at land lot 434, Subsection 4, Zhengyi Section, which is still being integrated. The development work will be carried out after the negotiation with the surrounding landlords on joint construction or after the urban renewal procedures are completed.

The Group started the urban renewal project in February 2011 for the Yanshou public housing project at land lots 57-2, 57-13, and 57, Subsection 1, Baoqing Section, Songshan District, Taipei City. Among them, the zoning of the land parcel at land lot 57-2, Subsection 1, Baoqing Section, was updated in May 2012; a business plan was approved in April 2014; a right transfer plan was approved in August 2016; the construction was reported in October 2017; a license was obtained on March 19, 2021; in September 2021, the application for the urban renewal was completed and the application for registration of property rights was filed according to the legal procedures, and the property was classified as buildings and land held for sale, net. Please refer to Note 12 for relevant information. The zoning of the land parcel at land lot 57-13, Subsection 1, Baoqing Section, was updated in October 2013; a business plan was approved in December 2015; a right transfer plan was approved in December 2018; an approval letter for the right transfer was received on January 23, 2019; a construction permit was approved on June 13, 2019; the first public coordination meeting was held on September 26, 2019; the project was passed at the demolition review meeting on December 10, 2019; the relocation was completed in March 2020; the demolition work was completed in July 2020; the underground structural works were still in progress as of June 30, 2022. In addition, the zoning of the land parcel at land lot 57, Subsection 1, Baoqing Section, was updated in December 2014; a business plan was approved in June 2017;

an application for the right transfer plan was submitted in October 2018; a public hearing was held in February 2019; a hearing was held on December 23, 2019; an approval letter for the right transfer was obtained on April 22, 2020; a construction permit was approved on June 21, 2021; the first public coordination meeting was held on August 31, 2021; the negotiation with the residents on integration was completed on December 29, 2021; and the relocation work was completed by June 30, 2022.

The Group has been carrying out the urban renewal project for the three land parcels at land lot 316, Subsection 3, Nangang Section, Nangang District since the end of 2015. A business plan was submitted for review in December 2015; the second hearing on the business plan was held in December 2017; a business plan review meeting was held on December 9, 2019; a public hearing on the right transfer was held on November 28, 2020; the housing unit selection was completed in January 2021; a hearing was held on May 20, 2022; the review of the right transfer was still in progress as of June 30, 2022.

On May 13, 2020, the Group's Board of Directors approved a land development project in Peibo section, Tucheng. The demolition work was completed in June 2020 and a public hearing was held on April 27, 2021. The review on design change was completed by June 30, 2022.

On October 13, 2021, the Group obtained an urban renewal project for the public and private land around land lot 290, Dongsheng Section, Shulin District, New Taipei City. At the end of 2021, the Group signed an agreement with the New Taipei City Government. As of June 30, 2022, the development and integration for adjacent Zone B and Zone C was still in progress.

The Group's interest expenses before capitalization for the three months and the six months ended June 30, 2022 and 2021 were NT\$51,548 thousand, NT\$42,329 thousand, NT\$99,409 thousand and NT\$82,080 thousand, respectively, and the capitalized interest on the construction in progress was NT\$10,909 thousand, NT\$6,954 thousand, NT\$19,309 thousand, NT\$12,823 thousand, respectively; the annualized rates of capitalization were 1.909%~1.910%, 1.729%~1.734%, 1.838%~1.847% and 1.750%~1.754%, respectively.

Please refer to Note 35 for the information on the construction in progress pledged.

XIV. Subsidiaries

Subsidiaries included in the consolidated financial statements

The main entities included in the consolidated financial statements are as follows:

Name of investor	Name of subsidiary	Nature of business	% of equity held			Description
			2022 June 30	2021 December 31	2021 June 30	
BES ENGINEERING CORPORATION	Core Pacific World Co., Ltd.	Investment	99.95	99.95	99.95	1
	BES Machinery Co., Ltd.	Leasing of construction machinery, retail of building materials, wholesale of timber, and other relevant businesses; processing, trading, distribution, and agency of ready-mixed concrete; and consulting services for planning, design, and testing of civil engineering, structure, transportation, hydraulic engineering, harbors, land, and mass rapid transit projects (excluding architects' business)	-	99.35	99.35	1 and 4
	BES Investment Company Ltd.	Overseas operations of construction, machine and electrical equipment	100.00	100.00	100.00	1 and 3
	BES Logistics International Co., Ltd.	Investment	100.00	100.00	100.00	1
	Coreasia Human Resource Management Corporation	Business management consultancy and investment advices	100.00	100.00	100.00	1
	Chung Kung Safeguarding and Security Corp.	Security business	64.67	64.67	64.67	1
	Cinemark Core Pacific Ltd.	Domestic and overseas movie playing	78.14	15.38	15.38	1, 2, and 4
	BES Construction Corporation (U.S.A)	Land development and investment	91.79	91.79	91.79	1
	BES Global Investment Co.	Overseas operations of construction, machine and electrical equipment	100.00	100.00	100.00	1
	Core Pacific World Co., Ltd.	BESM Holding Co., Ltd.	Investment Holding	100.00	-	-
Zhong Hua Cheng Development Co., Ltd.		Consultancy	100.00	100.00	100.00	1
Chinese City International Investment Co., Ltd.		Consultancy	100.00	100.00	100.00	1
BES Machinery Co., Ltd.	BESM Holding Co., Ltd.	Investment Holding	-	100.00	100.00	1 and 4
	Cinemark Core Pacific Ltd.	Domestic and overseas movie playing	-	62.76	62.76	1 and 4
Cinemark Core Pacific Limited	Cinema 7 Theater Co., Ltd.	Motion picture projection and retail sale of food, grocery, and beverage	100.00	100.00	100.00	1
Coreasia Human Resource Management Corporation	Elite Human Resource Management Co., Ltd.	Manpower Services	100.00	100.00	100.00	1
Chung Kung Safeguarding and Security Corp.	BES Consultant Corporation	Operation of parking lots and business management consultancy	100.00	100.00	100.00	1
	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Management service of apartment buildings	37.00	37.00	37.00	1 and 2
BES Consultant Corporation	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Management service of apartment buildings	63.00	63.00	63.00	1
BES Investment Company Ltd.	BES Construction Corporation (U.S.A)	Land development and investment	8.21	8.21	8.21	1 and 2
	Global BES Engineering (Myanmar) Co., Ltd.	Contracting Construction	100.00	100.00	100.00	1
Chinese City International Investment Co., Ltd.	BES Engineering Vietnam Co., Ltd.	Contracting Construction	100.00	100.00	100.00	1 and 3
	Hua Cheng Consulting (Changshu) Co., Ltd.	Engineering and design consultancy	100.00	100.00	100.00	1
Zhong Hua Cheng Development Co., Ltd.	Core Pacific Consulting (Changshu)Co., Ltd.	Engineering and design consultancy	100.00	100.00	100.00	1

Notes:

1. The financial statements of non-material subsidiaries for 2022 Q2 and 2021 Q2 were not reviewed by CPAs.
2. The Group's holds more than 50% of the total shares with the control over the subsidiary.
3. The Company's Board of Directors, on June 10, 2021, decided to increase the capital of BES Investment Company Ltd. by US\$27 million, of which US\$25 million was transferred to increase the capital of BES Engineering Vietnam Co., Ltd.; and relevant procedures have been completed.

4. BES Machinery Co., Ltd. repurchased 86,850 treasury shares in March 2022; as such, the Group's shareholding in BES Machinery Co., Ltd. has increased from 99.35% to 99.46%. Due to the restructuring of the Group, the Board of Directors decided, on December 29, 2021, to carry out a short-form merger of its subsidiary BES Machinery Co., Ltd.. The record date for the merger was March 25, 2022. After the merger, the Company was the surviving company, while BES Machinery Co., Ltd. was eliminated. In addition, the Company acquired 0.54% equity of BES Machinery Co., Ltd. on March 25, 2022 in the amount of NT\$4,563 thousand, and its shareholding increased from 99.46% to 100.00%. The Company carried out a short-form merger of BES Machinery Co., Ltd. in accordance with the Business Mergers and Acquisitions Act. Please refer to Note 32 for equity transactions with the non-controlling interests.

XV. Investments by the Equity Method

Investment in associates

	June 30, 2022	December 31, 2021	June 30, 2021
Individually non-material associates	<u>\$ 1,686,913</u>	<u>\$ 1,638,812</u>	<u>\$ 1,937,719</u>

Aggregate information on individually non-material associates

	April 1, 2022 To June 30	April 1, 2021 To June 30	From January 1, 2022 To June 30	From January 1, 2021 To June 30
The Group's share				
Net loss in this period	\$ 399	\$ 16,726	(\$ 7,141)	\$ 2,609
Other Comprehensive Incomes and Losses	<u>2,123</u>	<u>(19,512)</u>	<u>55,242</u>	<u>(27,810)</u>
Total comprehensive income	<u>\$ 2,522</u>	<u>(\$ 2,786)</u>	<u>\$ 48,101</u>	<u>(\$ 25,201)</u>

Core Pacific City's Board of Directors, passed a resolution on August 13, 2021 to buy back 10,591 thousand ordinary shares. As the above buyback led to a change in the Company's ownership interests, its shareholding increased from 23.51% to 23.76%. In addition, Core Pacific City's special shares have been converted into ordinary shares on October 22, 2021, resulting in a change of the Company's ownership interests in the Core Pacific City with the shareholding falling from 23.76% to 15.34%; thus, the Company lost significant influence on it. The fair value of the remaining 15.34% equity held by the Group on the disposal date was NT\$3,908,303 thousand, which was changed to financial assets at fair value through profit or loss. Please refer to Note 7. The amount from this transaction recognized in 2021 is calculated as follows:

Disposal price	\$ -
Add: fair value of the remaining investment (15.34%)	3,908,303
Less: The carrying amount of the investment on the date the significant influence was lost	<u>(1,058,953)</u>
Gains recognized (other gains and losses)	<u>\$ 2,849,350</u>

XVI. Joint venture (JV)

Some of the Group's projects are JV projects, and the Group signed collaboration agreements with the participating businesses on the basis of a JV model to jointly form an operating entity and set up accounting records independently. The joint contractors, assets and liabilities of constructions projects, and the amounts recognized by the Company as per the capital contribution percentage are as follows:

(I) Yulon City JV project

The Group and Taiwan Kumagai Co., Ltd. (hereinafter referred to as Kumagai) jointly undertake the main project of a new construction project of the Yulon City Development Project in Xindian launched by Yulon Motor Co., Ltd. (hereinafter referred to as the "Yulon City JV project"). The JV percentages of both parties are 30% for the Company and 70% for Kumagai, and both parties signed an agreement in December 2018 (hereinafter referred to as "Yulon City JV"). The Group recognized the assets, liabilities, and project profit and loss amount of the JV project as per its percentage in the JV. The details are as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Assets</u>			
Cash and cash equivalents	\$ 114,268	\$ 91,651	\$ 65,924
Construction receivable	3,763	14,421	32,875
Contract assets - current	85,747	81,043	65,780
Other current assets	38	192	423
Guarantee deposits paid	-	599	629
Total assets	<u>\$ 203,816</u>	<u>\$ 187,906</u>	<u>\$ 165,631</u>
<u>Liabilities</u>			
Accounts payable	\$ 125	\$ 1,084	\$ 9,195
Expenses payable	397	1,308	1,101
Contract liabilities - current	117,481	104,100	113,490
Other current liabilities	3,525	3,496	3,447
Total liabilities	<u>\$ 121,528</u>	<u>\$ 109,988</u>	<u>\$ 127,233</u>

	April 1, 2022 To June 30	April 1, 2021 To June 30	From January 1, 2022 To June 30	From January 1, 2021 To June 30
Income from construction	<u>\$ 3,983</u>	<u>\$ 119,145</u>	<u>\$ 47,037</u>	<u>\$ 211,912</u>
Construction costs	<u>\$ 3,745</u>	<u>\$ 119,145</u>	<u>\$ 44,217</u>	<u>\$ 211,912</u>
Interest income	<u>\$ 10</u>	<u>\$ 7</u>	<u>\$ 10</u>	<u>\$ 7</u>

(II) Yangzhou Core Pacific City business district A6 project

Subsidiaries Core Pacific Consulting Co., Ltd., Hua Cheng Consulting Co., Ltd., and Yangzhou Core Pacific City Mid-Town Life Landmark Ltd. signed an agreement on the joint development of the Yangzhou Core Pacific City business district A6 and apartment hotel project (referred to as "Yangzhou Core Pacific City business district A6 project") in June 2012. According to the percentages in the agreement, 7.5% was for Core Pacific Consulting Co., Ltd., another 7.5% for Hua Cheng Consulting Co., Ltd., and 85% for Yangzhou Core Pacific

City Mid-Town Life Landmark Ltd., and three parties signed an agreement to adopt a joint control and operation model. This project is expected to run for five years. During the joint development period, if a party raises a request, the principal invested will be settled and paid as per the actual investment percentage with the consent of all parties.

The joint operation agreement between Subsidiaries Core Pacific Consulting Co., Ltd., Hua Cheng Consulting Co., Ltd., and Yangzhou Core Pacific City Mid-Town Life Landmark Ltd. ended in July 2017. The Group's investment percentage was 22.50% and the recovery of the original investment and the estimated profit obtained came to a total of NT\$576,384 thousand in August 2017. The asset appraisal was completed on September 30, 2017. As the settlement of land value increment tax was still in progress as of June 30, 2022, the estimated profit obtained of NT\$71,717 thousand is recognized in other current liabilities.

XVII. Property, Plant and Equipment

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Land and land improvements	\$ 2,723,489	\$ 2,764,521	\$ 2,764,694
Buildings	173,515	236,832	244,632
Machinery and equipment	149,346	150,600	128,282
Other equipment	48,245	50,538	63,571
Unfinished construction	5,051	7,581	13,086
	<u>\$ 3,099,646</u>	<u>\$ 3,210,072</u>	<u>\$ 3,214,265</u>

During the three months ended June 30, 2022 and 2021, as there was no sign of impairment, the Group did not conduct an impairment assessment.

The Group's property, plant and equipment are depreciated in the declining balance method and on a straight-line basis over the useful lives below:

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

Please refer to Note 35 for the amount of property, plant and equipment that the Group pledged to secure borrowings.

XVIII. Lease agreements

(I) Right-of-use assets

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Carrying amount of right-of-use assets			
Land	\$ 42,116	\$ 44,184	\$ 47,629
Buildings	171,111	157,203	178,552
Machinery and equipment	-	34	242
Transportation equipment	<u>23,277</u>	<u>26,504</u>	<u>24,629</u>
	<u>\$ 236,504</u>	<u>\$ 227,925</u>	<u>\$ 251,052</u>

	<u>April 1, 2022 To June 30</u>	<u>April 1, 2021 To June 30</u>	<u>From January 1, 2022 To June 30</u>	<u>From January 1, 2021 To June 30</u>
Additions of right-of-use assets			<u>\$ 50,779</u>	<u>\$ 19,285</u>
Decrease in right-of-use assets			<u>\$ 4,860</u>	<u>\$ 114</u>
Depreciation expenses of right-of-use assets				
Land	\$ 1,780	\$ 2,741	\$ 3,503	\$ 5,780
Buildings	12,904	12,197	24,824	24,566
Machinery and equipment	-	104	34	207
Transportation equipment	<u>4,305</u>	<u>3,872</u>	<u>8,979</u>	<u>7,935</u>
	<u>\$ 18,989</u>	<u>\$ 18,914</u>	<u>\$ 37,340</u>	<u>\$ 38,488</u>

Except for the additions and depreciation expenses recognized listed above, the Group did not have any significant sublease or impairment of the right-of-use assets during the six months ended June 30, 2022 and 2021.

(II) Lease liabilities

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Carrying amount of lease liabilities			
Current	<u>\$ 71,453</u>	<u>\$ 66,025</u>	<u>\$ 69,165</u>
Non-current	<u>\$ 175,838</u>	<u>\$ 172,469</u>	<u>\$ 191,186</u>

Range of discount rates for lease liabilities is as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Land	2.10%~2.80%	2.40%~2.80%	2.40%~2.80%
Buildings	2.10%~4.75%	2.00%~4.75%	2.00%~4.75%
Machinery and equipment	-	2.80%	2.80%
Transportation equipment	2.10%~2.90%	2.00%~2.90%	2.00%~2.90%

(III) Significant activities as a lessee and clauses

The Group negotiated with the lessor due to the COVID-19 impact on the market and the economy in 2021. The lessor agreed to lower the rents without condition. The Group recognized the effect of the aforesaid rent reduction for the amount of NT\$459 thousand for both the three months and the six months ended June 30, 2021.

(4) Sublease

The Group subleased the right-of-use assets of buildings under an operating lease over a lease term of 1–3 years.

The total lease payments to be received in the future from the sublease under operating leases are as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
1st year	\$ 1,531	\$ 1,470	\$ 1,496
2nd year	535	360	686
3rd year	-	-	120
	<u>\$ 2,066</u>	<u>\$ 1,830</u>	<u>\$ 2,302</u>

(V) Other lease information

Please refer to Note 19 for the Group's agreements on the lease-out of its investment properties under operating leases.

	<u>April 1, 2022 To June 30</u>	<u>April 1, 2021 To June 30</u>	<u>From January 1, 2022 To June 30</u>	<u>From January 1, 2021 To June 30</u>
Short-term lease expenses	<u>\$ 1,835</u>	<u>\$ 699</u>	<u>\$ 3,481</u>	<u>\$ 1,837</u>
Low-value asset lease expenses	<u>\$ 97</u>	<u>\$ 118</u>	<u>\$ 245</u>	<u>\$ 300</u>
Changes in lease payments not included in the measurement of the lease liabilities	<u>\$ 19,423</u>	<u>\$ 41,430</u>	<u>\$ 88,591</u>	<u>\$ 89,525</u>
Cash (outflow) from leases				
Total amount			(<u>\$ 132,492</u>)	(<u>\$ 132,105</u>)

XIX. Investment property

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Investment property finished	<u>\$ 1,123,665</u>	<u>\$ 1,029,029</u>	<u>\$ 1,034,152</u>

During the six months ended June 30, 2022 and 2021, as there was no sign of impairment, the Group did not conduct an impairment assessment.

Investment properties are depreciated on a straight-line basis over the useful lives below:

Land improvements	8 to 40 years
Buildings	
Main buildings of factories	60 years
Air-conditioning equipment	3 years

As of June 30, 2022, December 31, 2021 and June 30, 2021, the total rentals to be collected from the investment properties on operating leases were as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Less than 1 year	\$ 71,136	\$ 88,464	\$ 66,786
1–5 years	<u>209,397</u>	<u>143,388</u>	<u>58,920</u>
	<u>\$ 280,533</u>	<u>\$ 231,852</u>	<u>\$ 125,706</u>

The fair values of investment properties are valued by an independent appraiser, and the fair values are as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Fair value	<u>\$ 5,649,430</u>	<u>\$ 5,645,456</u>	<u>\$ 4,670,946</u>

The fair values of some of the investment properties held by the Group cannot be determined reliably due to the less frequent comparable transactions and the inability to obtain reliable alternative fair value estimates.

All the Group's investment properties are owned by itself. Please refer to Note 35 for the amount of investment properties collateralized for borrowings.

XX. Borrowings

(I) Short-term borrowings

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Secured borrowings</u>			
Bank borrowings	\$ 2,266,400	\$ 2,255,064	\$ 2,133,064
Bank overdraft	<u>294,390</u>	<u>290,049</u>	<u>295,285</u>
	2,560,790	2,545,113	2,428,349
<u>Unsecured borrowings</u>			
Borrowings with a line of credit	<u>518,000</u>	<u>500,000</u>	<u>-</u>
	<u>\$ 3,078,790</u>	<u>\$ 3,045,113</u>	<u>\$ 2,428,349</u>

The bank loan was collateralized with some of the Group's bank deposits, shares, certificates of deposit, properties available for sale, own land and buildings (Note 35). The interest rates of revolving bank loans as of June 30, 2022, December 31, 2021 and June 30, 2021 were 1.600%~2.850%, 1.350%~2.750% and 1.650%~2.600%, respectively.

(II) Short-term notes payable

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Commercial paper payable	\$ 2,515,000	\$ 2,540,000	\$ 2,574,000
Less: Discount of short-term notes payable	<u>(3,601)</u>	<u>(8,029)</u>	<u>(9,139)</u>
	<u>\$ 2,511,399</u>	<u>\$ 2,531,971</u>	<u>\$ 2,564,861</u>

Outstanding short-term notes payable:

June 30, 2022

<u>Guarantee institution</u>	<u>Face value</u>	<u>Discount amount</u>	<u>Carrying amount</u>	<u>Interest rate range</u>	<u>Name of collateral</u>	<u>Collateral Carrying amount</u>
<u>Commercial paper payable</u>						
International Bills Finance Corporation	\$ 740,000	\$ 1,429	\$ 738,571	2.480%	Note 1	Note 1
Mega Bills Finance Co., Ltd.	500,000	383	499,617	1.960%	Land and buildings	\$ 1,800,465
Tianmu Branch, The Shanghai Commercial & Savings Bank, Ltd.	450,000	552	449,448	2.200%	Land and buildings	815,731
Taiwan Finance Corporation	390,000	614	389,386	2.260%	Note 2	Note 2
Tianmu Branch, The Shanghai Commercial & Savings Bank, Ltd.	250,000	266	249,734	1.900%	Note 3	Note 3
Taiwan Finance Corporation	<u>185,000</u>	<u>357</u>	<u>184,643</u>	2.480%	Note 1	Note 1
	<u>\$ 2,515,000</u>	<u>\$ 3,601</u>	<u>\$ 2,511,399</u>			

Note 1: The amounts for International Bills Finance Corporation and Taiwan Finance Corporation belong to the facility of the NT\$2 billion syndicated loan project led by Entie Commercial Bank, Ltd. The collateral is the receivables from the Xianxi and Lunwei Districts in the Changhua Coastal Industrial Park, in a total carrying amount of NT\$4,386,124 thousand.

Note 2: The land and buildings in Subsection 3, Xinyi Section, Taipei City, and 5,207 thousand shares of Taiwan Business Bank are pledged as collateral in a total carrying amount of NT\$921,605 thousand.

Note 3: The 38,775 thousand shares of China Petroleum & Chemical Corporation are pledged as collateral, in a total carrying amount of NT\$372,240 thousand.

December 31, 2021

<u>Guarantee institution</u>	<u>Face value</u>	<u>Discount amount</u>	<u>Carrying amount</u>	<u>Interest rate range</u>	<u>Name of collateral</u>	<u>Collateral Carrying amount</u>
<u>Commercial paper payable</u>						
International Bills Finance Corporation	\$ 800,000	\$ 1,342	\$ 798,658	2.230%	Note 1	Note 1
Mega Bills Finance Co., Ltd.	450,000	1,835	448,165	1.800%	Land and buildings	\$ 499,746
Tianmu Branch, The Shanghai Commercial & Savings Bank, Ltd.	450,000	2,666	447,334	1.910%	Land and buildings	815,731
Taiwan Finance Corporation	390,000	597	389,403	2.112%	Note 2	Note 2
Tianmu Branch, The Shanghai Commercial & Savings Bank, Ltd.	250,000	1,253	248,747	1.610%	Note 3	Note 3
Taiwan Finance Corporation	<u>200,000</u>	<u>336</u>	<u>199,664</u>	2.230%	Note 1	Note 1
	<u>\$ 2,540,000</u>	<u>\$ 8,029</u>	<u>\$ 2,531,971</u>			

Note 1: The amounts for International Bills Finance Corporation and Taiwan Finance Corporation belong to the facility of the syndicated loan project led by Entie Commercial Bank, Ltd. in the NT\$2 billion. The collateral is the receivables from

the Xianxi and Lunwei Districts in the Changhua Coastal Industrial Park, in a total carrying amount of NT\$4,130,336 thousand.

Note 2: The land and buildings in Subsection 3, Xinyi Section, Taipei City, and 5,207 thousand shares of Taiwan Business Bank are pledged as collateral in a total carrying amount of NT\$913,013 thousand.

Note 3: The 38,775 thousand shares of China Petroleum & Chemical Corporation are pledged as collateral, in the carrying amount of NT\$509,891 thousand.

June 30, 2021

Guarantee institution	Face value	Discount amount	Carrying amount	Interest rate range	Name of collateral	Collateral Carrying amount
<u>Commercial paper payable</u>						
International Bills Finance Corporation	\$ 800,000	\$ 2,834	\$ 797,166	2.230%	Note 1	Note 1
Mega Bills Finance Co., Ltd.	450,000	1,224	448,776	1.800%	Land and buildings	\$ 498,845
Tianmu Branch, The Shanghai Commercial & Savings Bank, Ltd.	450,000	1,924	448,076	1.820%	Land and buildings	815,731
Taiwan Finance Corporation	415,000	1,711	413,289	2.112%	Note 2	Note 2
Taiwan Finance Corporation	200,000	708	199,292	2.230%	Note 1	Note 1
Tianmu Branch, The Shanghai Commercial & Savings Bank, Ltd.	200,000	726	199,274	1.520%	Note 3	Note 3
Taiwan Finance Corporation	30,000	12	29,988	1.862%	Note 2	Note 2
Ta Ching Bills Finance Corporation	29,000	-	29,000	1.900%	Note 4	Note 4
	<u>\$ 2,574,000</u>	<u>\$ 9,139</u>	<u>\$ 2,564,861</u>			

Note 1: The amounts for International Bills Finance Corporation and Taiwan Finance Corporation belong to the facility the syndicated loan project led by Entie Commercial Bank, Ltd. in the NT\$2 billion. The collateral is the receivables from the Xianxi and Lunwei Districts in the Changhua Coastal Industrial Park, in a total carrying amount of NT\$4,303,328 thousand.

Note 2: The land and buildings in Subsection 3, Xinyi Section, Taipei City, and 5,207 thousand shares of Taiwan Business Bank are pledged as collateral in a total carrying amount of NT\$910,670 thousand.

Note 3: The 38,775 thousand shares of China Petroleum & Chemical Corporation and bonds under repurchase agreement are pledged as collateral, in a total carrying amount of NT\$540,911 thousand.

Note 4: The 2 thousand shares of China Petroleum & Chemical Corporation and bonds under repurchase agreement are pledged as collateral, in a total carrying amount of NT\$56,900 thousand.

The short-term notes payable are secured by the listed stocks and bonds with a repurchase agreement held by the Company and its receivables (under receivables for the development of

industrial zones for government agency), property held for sale, land, and buildings (refer to Note 35).

(III) Long-term borrowings

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Secured borrowings</u>			
Bank borrowings	\$ 5,340,456	\$ 5,462,555	\$ 5,505,041
<u>Unsecured borrowings</u>			
Bank borrowings	<u>449,006</u>	<u>597,315</u>	<u>136,916</u>
Subtotal	5,789,462	6,059,870	5,641,957
Less: Current portion	(<u>732,333</u>)	(<u>746,870</u>)	(<u>215,727</u>)
Long-term borrowings	<u>\$ 5,057,129</u>	<u>\$ 5,313,000</u>	<u>\$ 5,426,230</u>

The bank borrowings are secured by the Group's partial cash in banks, receivables (under receivables for the development of industrial zones for government agency), own land, buildings and certificates of deposit (Note 35). As of June 30, 2022, December 31, 2021, and June 30, 2021, the effective annual interest rates were 1.500% to 4.000%, 1.490% to 4.000%, and 1.490% to 4.000%, respectively.

21. Accounts payable

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Due to operations	<u>\$ 4,285,602</u>	<u>\$ 4,613,161</u>	<u>\$ 4,115,537</u>

In the accounts payable, the amounts of construction retention payable under construction contracts as of June 30, 2022, December 31, 2021, and June 30, 2021 were NT\$1,952,307 thousand, NT\$1,769,279 thousand, and NT\$1,641,022 thousand, respectively. Construction retentions are non-interest bearing and will be paid at the end of the retention period of each construction contract. The warranty period is the Group's normal operating cycle, which is usually more than one year. Please refer to Table 1 for the description of the construction contracts.

XXII. Receivables for the development of industrial zones for government agency

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Letzer Industrial Park	\$ 1,102,654	\$ 1,088,001	\$ 1,072,636
Yunlin Technology-Based Industrial Par	887,535	877,719	867,046
Other industrial zones	<u>15,963</u>	<u>15,963</u>	<u>15,963</u>
	<u>\$ 2,006,152</u>	<u>\$ 1,981,683</u>	<u>\$ 1,955,645</u>

During the six months ended June 30, 2022 and 2021, the amounts of land (which is sold) recovered (land returned) were NT\$28,142 thousand and NT\$26,571 thousand, respectively; the costs invested during the six months ended June 30, 2022 and 2021 were NT\$3,673 thousand and NT\$13,953 thousand, respectively.

XXIII. Provision

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Current</u>			
Warranty	<u>\$ 460,998</u>	<u>\$ 461,341</u>	<u>\$ 440,420</u>
<u>Non-current</u>			
Provision for long-term liabilities pending a final decision in the legal proceedings	<u>\$ 984,074</u>	<u>\$ 984,074</u>	<u>\$ 365,748</u>

The provision for warranty is the present value of the best estimate of the future financial outflows due to the warranty obligations made by the Group's management as per the construction contracts. The estimate is made based on historical warranty experience.

The provision for long-term liabilities to be decided through legal proceedings is for the contingent loss listed in advance for possible future lawsuits due to a dispute between the Group's management and the owner of a construction project regarding the definition of overdue progress.

XXIV. Post-employment benefit plan

The pension expenses related to defined benefit plans recognized for the three months ended June 30, 2022 and 2021 and for the six months ended on June 30, 2022 and 2021 are calculated at the pension cost rate actuarially determined on December 31, 2021 and 2020, respectively, and the amounts were NT\$1,620 thousand, NT\$1,823 thousand, NT\$3,140 thousand and NT\$3,646 thousand, respectively.

XXV. Maturity analysis of assets and liabilities

The Group's assets and liabilities related to the construction project contracting, housing construction, and industrial zone development business for other entities are classified as current or non-current as per the operating cycle. The relevant amounts accounted for as per the expected amounts to be recovered or paid less than one year and over one year after the balance sheet date are listed as follows:

	June 30, 2022		
	Less than 1 year	Over 1 year	Total
<u>Assets</u>			
Financial assets at amortized cost - current	\$ 1,018,666	\$ 525,659	\$ 1,544,325
Construction receivable	2,506,393	227,990	2,734,383
Contract assets - current	625,383	2,699,811	3,325,194
Receivables for the development of industrial zones for government agency	-	6,323,900	6,323,900
Inventories	203,964	-	203,964
Buildings and land held for sale, net	2,335,953	9,514,705	11,850,658
Construction in progress	-	4,000,974	4,000,974
Construction deposits paid	121,529	102,218	223,747
	<u>\$ 6,811,888</u>	<u>\$ 23,395,257</u>	<u>\$ 30,207,145</u>
<u>Liabilities</u>			
Notes payable	\$ 2,417	\$ -	\$ 2,417
Accounts payable	2,875,991	1,389,640	4,265,631
Contract liabilities - current	1,684,943	1,005,680	2,690,623
Receivables for the development of industrial zones for government agency	-	2,006,152	2,006,152
Provision - current	35,313	425,685	460,998
Construction deposits received - current	157,235	384,954	542,189
	<u>\$ 4,755,899</u>	<u>\$ 5,212,111</u>	<u>\$ 9,968,010</u>

	December 31, 2021		
	Less than 1 year	Over 1 year	Total
<u>Assets</u>			
Financial assets at amortized cost - current	\$ 1,635,470	\$ 512,795	\$ 2,148,265
Construction receivable	2,013,497	273,241	2,286,738
Contract assets - current	965,714	1,493,329	2,459,043
Receivables for the development of industrial zones for government agency	-	6,077,203	6,077,203
Inventories	175,179	-	175,179
Buildings and land held for sale, net	2,335,838	9,514,583	11,850,421
Construction in progress	-	3,113,718	3,113,718
Construction deposits paid	85,490	73,311	158,801
	<u>\$ 7,211,188</u>	<u>\$ 21,058,180</u>	<u>\$ 28,269,368</u>
<u>Liabilities</u>			
Notes payable	\$ 7,167	\$ -	\$ 7,167
Accounts payable	3,285,721	1,201,711	4,487,432
Contract liabilities - current	1,531,304	1,203,074	2,734,378
Receivables for the development of industrial zones for government agency	-	1,981,683	1,981,683
Provision - current	28,654	432,687	461,341
Construction deposits received - current	152,822	324,747	477,569
	<u>\$ 5,005,668</u>	<u>\$ 5,143,902</u>	<u>\$ 10,149,570</u>

	June 30, 2021		
	<u>Less than 1 year</u>	<u>Over 1 year</u>	<u>T o t a l</u>
<u>Assets</u>			
Financial assets at amortized cost - current	\$ 1,720,000	\$ 292,200	\$ 2,012,200
Construction receivable	2,367,597	124,129	2,491,726
Contract assets - current	1,460,842	1,606,501	3,067,343
Receivables for the development of industrial zones for government agency	-	6,260,758	6,260,758
Buildings and land held for sale, net	977,941	10,424,880	11,402,821
Construction in progress	1,197,056	2,478,946	3,676,002
Construction deposits paid	<u>100,644</u>	<u>88,389</u>	<u>189,033</u>
	<u>\$ 7,824,080</u>	<u>\$ 21,275,803</u>	<u>\$ 29,099,883</u>
<u>Liabilities</u>			
Accounts payable	\$ 3,515,556	\$ 573,499	\$ 4,089,055
Contract liabilities - current	1,498,964	1,382,661	2,881,625
Receivables for the development of industrial zones for government agency	-	1,955,645	1,955,645
Provision - current	62,435	377,985	440,420
Construction deposits received - current	<u>289,793</u>	<u>156,043</u>	<u>445,836</u>
	<u>\$ 5,366,748</u>	<u>\$ 4,445,833</u>	<u>\$ 9,812,581</u>
XXVI. <u>Equity</u>			
(I) Share capital			
	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Authorized shares (in thousands)	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
Authorized share capital	<u>\$ 30,000,000</u>	<u>\$ 30,000,000</u>	<u>\$ 30,000,000</u>
Issued and paid shares (in thousands)	<u>1,530,899</u>	<u>1,530,899</u>	<u>1,530,899</u>
Issued shares	<u>\$ 15,308,998</u>	<u>\$ 15,308,998</u>	<u>\$ 15,308,998</u>

(II) Capital reserve

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>May be used to compensate deficit, pay out cash, or increase share capital (1)</u>			
Share premium	\$ 11,501	\$ 11,501	\$ 11,501
Treasury shares traded	1,757	1,757	1,757
The difference between the price of subsidiary's equity acquired or disposed of and the book value	758	13	13
Changes in net amount of equity of associates recognized using the equity method	4,094	4,094	4,094
Donated assets received	89	89	89
<u>Can only be used to compensate deficit (2)</u>			
Changes in ownership interests in subsidiaries recognized	19	-	-
Others	56,430	56,430	56,430
	<u>\$ 74,648</u>	<u>\$ 73,884</u>	<u>\$ 73,884</u>

1. Such capital reserve can be used to compensate the deficit and may also be used to pay out cash or increase the capital when the Company has no deficit. However, when it is used to increase the capital is limited to a certain percentage of the paid-in capital each year.
2. The capital reserve arising from the stock options that expired can only be used to compensate the deficit.

(III) Retained earnings and dividend policy

As per the Company's Articles of Incorporation, with the future business, fund demands, and long-term financial plan considered, the dividends can be paid out in both cash and shares; should there be any earning after the annual settlement, the earnings, after used to compensate the cumulative deficit over the years, may be distributed in the order below:

1. Paying the income tax of profit-seeking enterprises.
2. Compensating the cumulative deficit over the years.
3. Setting aside 10% as the legal reserve unless it has reached the amount of the Company's capital.
4. Setting aside a special reserve for the amount of the deduction of shareholders' equity that occurs during the year.
5. Adding the cumulative undistributed earnings in the prior year, if there are still earnings, allocating at least 20% as shareholders' dividends.

6. The percentage of the aforementioned earnings to distribution and the percentage of cash to be paid out may depend on the profit and capital for the year. The Board of Directors shall formulate a proposal and submit it to the shareholders' meeting for a resolution. The cash dividends to be paid out shall not be less than 10% of the total dividends to be paid out, but if the cash dividend per share is lower than NT\$0.1 the dividends will be paid in stock.

Please refer to Note 28(7) for the policy on the remuneration to employees and directors and supervisors stipulated the Articles of Incorporation.

An amount shall be set aside for the legal reserve until its balance reaches the amount of the Company's total paid-in capital. The legal reserve may be used to compensate the deficit. When the Company has no deficit, the legal reserve may be used to increase the capital and pay out cash when the legal reserve exceeds 25% of the total paid-in capital .

The Company held the Board meeting on May 31, 2022 and the general shareholders' meeting on March 17, 2021 to propose and resolve, respectively, the 2021 and 2020 annual earnings distribution proposals with details as follows:

	<u>2021</u>	<u>2020</u>
Legal reserve	<u>\$ 295,784</u>	<u>\$ 61,492</u>
Cash dividends	<u>\$ 817,500</u>	<u>\$ 356,700</u>
Cash dividend per share (NTD)	\$ 0.534	\$ 0.233

In response to the measures to postpone shareholders' meetings of public companies due to COVID-19 announced by the FSC, the Group did not convene the originally scheduled shareholders' meeting. The proposal for 2020 earnings distribution was resolved by the general shareholders' meeting on August 4, 2021.

(IV) Special reserve

When the Company first adopted IFRSs, the amount of unrealized revaluation increment reclassified to retained earnings was NT\$2,466,834 thousand, and the same amount was set aside as a special reserve.

When IFRSs are first adopted, the special reserve for investment properties other than land set aside may be reversed during the period on a period-by-period basis. The special reserve set aside for land may be reversed upon disposal or reclassification.

V. Other equity items

1. Exchange differences on translation of the financial statements of foreign operations

	From January 1, 2022 To June 30	From January 1, 2021 To June 30
Balance at the beginning of the Period	(\$ 336,052)	(\$ 303,569)
Incurring in the current period		
Exchange differences on translation of the financial statements of foreign operations	44,676	(19,423)
Share of associates using the equity method	<u>55,242</u>	<u>(27,810)</u>
Other Comprehensive Income of the Period	99,918	(47,233)
Part of the equity of subsidiaries acquired (Note 32)	<u>(285)</u>	<u>-</u>
Ending balance	<u>(\$ 236,419)</u>	<u>(\$ 350,802)</u>

2. Unrealized gains or losses on financial assets at fair value through other comprehensive income

	From January 1, 2022 To June 30	From January 1, 2021 To June 30
Balance at the beginning of the Period	\$ 112,261	(\$ 159,337)
Incurring in the current period		
Unrealized gain or loss on Equity instruments	(555,443)	169,570
Transfer of cumulative profit or loss from disposal of equity instrument to retained earnings	(4,629)	-
Part of the equity of subsidiaries acquired (Note 32)	<u>(269)</u>	<u>-</u>
Ending balance	<u>(\$ 448,080)</u>	<u>\$ 10,233</u>

(VI) Non-controlling Equity

	From January 1, 2022 To June 30	From January 1, 2021 To June 30
Balance at the beginning of the Period	\$ 93,223	\$ 107,718
Net loss in this period	(5,787)	(6,666)
Other Comprehensive Income of the Period		
Exchange differences on translation of the financial statements of foreign operations	10	14
Unrealized gains or losses on financial assets at fair value through other comprehensive income	(137)	352
Non-controlling interests of subsidiaries acquired (Note 32)	(5,737)	(67)
Ending balance	<u>\$ 81,572</u>	<u>\$ 101,351</u>

XXVII. Income

	April 1, 2022 To June 30	April 1, 2021 To June 30	From January 1, 2022 To June 30	From January 1, 2021 To June 30
Revenue from customer contracts				
Income from construction	\$ 2,531,553	\$ 3,564,096	\$ 5,846,812	\$ 7,052,570
Service income	279,389	286,447	607,290	600,608
Other operating income	19,747	33,869	58,518	73,931
	<u>\$ 2,830,689</u>	<u>\$ 3,884,412</u>	<u>\$ 6,512,620</u>	<u>\$ 7,727,109</u>

Balance of contracts

	June 30, 2022	December 31, 2021	June 30, 2021	From January 1, 2021
Accounts receivable (Note 10)	<u>\$ 91,840</u>	<u>\$ 96,507</u>	<u>\$ 125,008</u>	<u>\$ 83,834</u>
Construction receivable (Note 10)	<u>\$ 2,734,383</u>	<u>\$ 2,286,738</u>	<u>\$ 2,491,726</u>	<u>\$ 1,254,817</u>
Contract assets				
Construction retention receivable	\$ 1,907,369	\$ 1,666,471	\$ 1,707,140	\$ 1,944,868
Construction contracts receivable	1,417,825	792,572	1,360,203	1,329,022
	<u>\$ 3,325,194</u>	<u>\$ 2,459,043</u>	<u>\$ 3,067,343</u>	<u>\$ 3,273,890</u>
Contract liabilities				
Construction contracts payable	\$ 2,540,370	\$ 2,627,413	\$ 2,435,298	\$ 1,874,194
Property sales	150,253	106,965	446,327	351,018
Sales of service	5,163	29,874	26,735	23,709
	<u>\$ 2,695,786</u>	<u>\$ 2,764,252</u>	<u>\$ 2,908,360</u>	<u>\$ 2,248,921</u>

The credit risk management of contract assets adopted by the Group is the same as that for accounts receivable. Please refer to Note 10.

XXVIII. Net profit

(I) Interest income

	April 1, 2022 To June 30	April 1, 2021 To June 30	From January 1, 2022 To June 30	From January 1, 2021 To June 30
Interest income from bond-type preferred stocks	\$ -	\$ -	\$ 374,807	\$ -
Cash in banks	1,309	919	2,678	1,696
Financial assets at amortized cost	2,420	782	3,609	1,075
Others	<u>9,396</u>	<u>11,867</u>	<u>17,962</u>	<u>25,311</u>
	<u>\$ 13,125</u>	<u>\$ 13,568</u>	<u>\$ 399,056</u>	<u>\$ 28,082</u>

(II) Other income

	April 1, 2022 To June 30	April 1, 2021 To June 30	From January 1, 2022 To June 30	From January 1, 2021 To June 30
Dividend income	\$ 97,740	\$ 2,080	\$ 2,448,128	\$ 2,080
Rent income	20,761	17,991	38,081	33,325
Other income	<u>14,610</u>	<u>-</u>	<u>14,628</u>	<u>-</u>
	<u>\$ 133,111</u>	<u>\$ 20,071</u>	<u>\$ 2,500,837</u>	<u>\$ 35,405</u>

(III) Other gains and losses

	April 1, 2022 To June 30	April 1, 2021 To June 30	From January 1, 2022 To June 30	From January 1, 2021 To June 30
Processing fee expenses	(\$ 29,006)	(\$ 38,886)	(\$ 55,455)	(\$ 65,644)
Loss on damages reversed	1,337	92	1,426	389
Financial assets with gains or losses on financial assets and financial liabilities mandatorily at fair value through profit or loss	(332)	2,790	(2,348,600)	8,223
Profit (loss) from disposal of property, plant and equipment	118	51	(1,381)	(333)
Others	<u>(640)</u>	<u>2,509</u>	<u>7,819</u>	<u>7,022</u>
	<u>(\$ 28,523)</u>	<u>(\$ 33,444)</u>	<u>(\$ 2,396,191)</u>	<u>(\$ 50,343)</u>

(IV) Financial costs

	April 1, 2022 To June 30	April 1, 2021 To June 30	From January 1, 2022 To June 30	From January 1, 2021 To June 30
Bank overdraft and interests on bank borrowings				
Interests	\$ 39,117	\$ 33,993	\$ 77,372	\$ 66,445
Interest on lease liabilities	1,208	1,382	2,414	2,812
Interest expense of customer contracts	<u>314</u>	<u>-</u>	<u>314</u>	<u>-</u>
	<u>\$ 40,639</u>	<u>\$ 35,375</u>	<u>\$ 80,100</u>	<u>\$ 69,257</u>

Please refer to Note 13 for information on interest capitalization.

(V) Depreciation

	April 1, 2022 To June 30	April 1, 2021 To June 30	From January 1, 2022 To June 30	From January 1, 2021 To June 30
Depreciation expenses by function				
Operating costs	\$ 14,569	\$ 15,632	\$ 29,887	\$ 31,362
Operating expenses	<u>20,479</u>	<u>20,297</u>	<u>40,229</u>	<u>40,411</u>
	<u>\$ 35,048</u>	<u>\$ 35,929</u>	<u>\$ 70,116</u>	<u>\$ 71,773</u>

Depreciation expenses on investment properties for the three months and the six months ended June 30, 2022 and 2021 were NT\$4,219 thousand, NT\$3,647 thousand, NT\$7,954 thousand and NT\$7,321 thousand respectively and were recognized under other income - rent income on a net basis.

(VI) Employee benefit expenses

	April 1, 2022 To June 30	April 1, 2021 To June 30	From January 1, 2022 To June 30	From January 1, 2021 To June 30
Short-term employee benefit expenses	<u>\$ 481,112</u>	<u>\$ 432,629</u>	<u>\$ 981,180</u>	<u>\$ 894,143</u>
Post-employment benefits				
Defined contribution plan	21,805	20,875	43,392	40,881
Defined benefit plan	<u>1,620</u>	<u>1,823</u>	<u>3,140</u>	<u>3,646</u>
	23,425	22,698	46,532	44,527
Other employee benefits	<u>50,164</u>	<u>48,413</u>	<u>100,063</u>	<u>95,031</u>
Total employee benefit expenses	<u>\$ 554,701</u>	<u>\$ 503,740</u>	<u>\$ 1,127,775</u>	<u>\$ 1,033,701</u>
By function				
Operating costs	\$ 482,072	\$ 444,732	\$ 986,495	\$ 906,708
Operating expenses	<u>72,629</u>	<u>59,008</u>	<u>141,280</u>	<u>126,993</u>
	<u>\$ 554,701</u>	<u>\$ 503,740</u>	<u>\$ 1,127,775</u>	<u>\$ 1,033,701</u>

(VII) Remuneration to employees and directors and supervisors

As per the Articles of Incorporation, the Company shall allocate no less than 2% of the net income before tax before the remuneration to employees, directors, and supervisors is deducted for the year as remuneration to employees and no more than 2% as the remuneration to directors and supervisors, respectively. The estimated remuneration to employees, directors and supervisors for the six months ended June 30, 2022 and 2021 is as follows:

Percentage for estimation

	From January 1, 2022 To June 30	From January 1, 2021 To June 30
Employee remuneration	2%	2%
Remuneration to directors and supervisors	2%	2%

Amount

	April 1, 2022 To June 30	April 1, 2021 To June 30	From January 1, 2022 To June 30	From January 1, 2021 To June 30
Employee remuneration	\$ 2,682	\$ 1,729	\$ 12,108	\$ 4,106
Remuneration to directors and supervisors	\$ 2,682	\$ 1,729	\$ 12,108	\$ 4,106

If there is a change in an amount after the release date of the annual consolidated financial statements is approved, it will be treated as a change in accounting estimates and adjusted and accounted for in the following year.

Remuneration to employees and directors and supervisors for 2021 and 2020 were resolved by the Board of Directors on March 15, 2022 and March 17, 2021, respectively. The details are as follows:

Amount

	2021 Cash	2020 Cash
Employee remuneration	\$ 51,605	\$ 16,302
Remuneration to directors and supervisors	\$ 51,605	\$ 16,302

As of June 30, 2022, the remuneration payable to employees, directors and supervisors for 2021 have not been paid out.

There is no difference between the amount of remuneration paid out to employees and directors and supervisors for 2020 and the amount recognized in the 2020 consolidated financial statements.

For information on remuneration to employees and directors and supervisors resolved by the Board of Directors, please visit the Market Observation Post System (MOPS) of Taiwan Stock Exchange.

XXIX. Income tax

(I) Income tax recognized in profit or loss

The main components of income tax expenses are as follows:

	April 1, 2022 To June 30	April 1, 2021 To June 30	From January 1, 2022 To June 30	From January 1, 2021 To June 30
Current income tax				
Incurred in this period	\$ 627	(\$ 1,695)	\$ 9,390	(\$ 4,189)
Tax on undistributed earnings	78,162	-	78,162	-
Adjustment for the prior year	<u>2,421</u>	<u>-</u>	<u>2,421</u>	<u>-</u>
	<u>81,210</u>	<u>(1,695)</u>	<u>89,973</u>	<u>(4,189)</u>
Deferred tax				
Change during the period	8,788	12,745	21,565	39,485
Adjustment for the prior year	<u>3,183</u>	<u>410</u>	<u>3,183</u>	<u>410</u>
	<u>11,971</u>	<u>13,155</u>	<u>24,748</u>	<u>39,895</u>
Income tax recognized in profit or loss				
Expenses	<u>\$ 93,181</u>	<u>\$ 11,460</u>	<u>\$ 114,721</u>	<u>\$ 35,706</u>

(II) Income tax return approval

	Income tax return Year (up to which tax return is approved)
BES Engineering Corporation	2019
Core Pacific World Co., Ltd.	2020
BES Machinery Co., Ltd.	2020
Cinemark-Core Pacific, Ltd.	2020
Chung Kung Safeguarding and Security Corp.	2020
Chung Kung Management Consultant Co., Ltd.	2020
Chung Kung Management and Maintenance of Apartment Co., Ltd.	2020
Core Asia Human Resources Management Co., Ltd.	2020
Elite Human Resources Management Co., Ltd.	2020
Cinema 7 Theater Co., Ltd.	2020

XXX. EPS

The earnings and weighted average number of ordinary shares used to calculate the earnings per share are as follows:

Net income in this period

	April 1, 2022 To June 30	April 1, 2021 To June 30	From January 1, 2022 To June 30	From January 1, 2021 To June 30
Net income used to calculate basic earnings per share	<u>\$ 53,659</u>	<u>\$ 69,854</u>	<u>\$ 488,162</u>	<u>\$ 157,195</u>

Number of shares

Unit: Thousand shares

	April 1, 2022 To June 30	April 1, 2021 To June 30	From January 1, 2022 To June 30	From January 1, 2021 To June 30
Weighted average number of ordinary shares used to calculate basic earnings per share	1,530,899	1,530,899	1,530,899	1,530,899
Effect of potentially dilutive ordinary shares:				
Employee remuneration	-	-	3,701	1,210
Weighted average number of ordinary shares used to calculate diluted earnings per share	<u>1,530,899</u>	<u>1,530,899</u>	<u>1,534,600</u>	<u>1,532,109</u>

If the Group may elect to pay employee remuneration in stock or cash, when diluted earnings per share are calculated, it is assumed that employee remuneration will be paid out in stock, and when the ordinary shares are potentially dilutive, they will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. The effect of such dilutive potential ordinary shares will also be considered when the diluted earnings per share are calculated before the shareholders' meeting in the following year resolves the number of shares to be distributed for employee remuneration.

XXXI. Government grants

In 2022, the Group applied for a government subsidy of NT\$139 thousand under the Ministry of Culture's relief program for businesses seriously affected by COVID-19 and the Ministry of Economic Affairs' subsidy for basic wages in enterprises affected by the pandemic. The government subsidy was used to compensate the incurred expenses and working capital and recognized as government subsidy income under other income.

XXXII. Equity transaction with non-controlling interests

In April 2021, the Group subscribed to a 0.005% stake of the subsidiary Core Pacific World Co., Ltd, increasing its shareholding to 99.95%.

As the above transaction did not change the Group's control over the subsidiary, the Group treated the transaction as an equity transaction.

	Core Pacific World Co., Ltd Corporation
	<u>(\$ 54)</u>
Cash consideration paid	
Amount to be transferred out of non-controlling interests calculated as per changes in relative equity for the carrying amount of the subsidiary's net asset	<u>67</u>
Equity transaction difference	<u>\$ 13</u>
<u>Equity transaction difference adjustment account</u>	
Capital reserve- the difference between the price of subsidiary's equity acquired or disposed of and the book value	<u>\$ 13</u>

BES Machinery Co., Ltd. repurchased 86,850 treasury shares in March 2022; as such, the Group's shareholding in BES Machinery Co., Ltd. has increased from 99.35% to 99.46%.

As the above transaction did not change the Group's control over the subsidiary, the Group treated the transaction as an equity transaction.

	<u>BES Machinery Co., Ltd.</u>
	<u>(\$ 964)</u>
Cash consideration paid	
Amount to be transferred out of non-controlling interests calculated as per changes in relative equity for the carrying amount of the subsidiary's net asset	<u>983</u>
Equity transaction difference	<u>\$ 19</u>
<u>Equity transaction difference adjustment account</u>	
Capital reserve - changes in ownership interests in subsidiaries recognized	<u>\$ 19</u>

In March 2022, the Company acquired a 0.54% stake in its subsidiary BES Machinery Co., Ltd. and increased its shareholding from 99.46% to 100.00%.

As the above transaction did not change the Group's control over the subsidiary, the Group treated the transaction as an equity transaction.

	<u>BES Machinery Co., Ltd.</u>
Cash consideration paid	(\$ 4,563)
Amount to be transferred out of non-controlling interests calculated as per changes in relative equity for the carrying amount of the subsidiary's net asset	4,754
Other equity items adjusted to be attributable to the owners of the Company	
- Exchange differences on translation of the financial statements of foreign operations	285
Unrealized gains or losses on financial assets at fair value through other comprehensive income	<u>269</u>
Equity transaction difference	<u>\$ 745</u>
<u>Equity transaction difference adjustment account</u>	
Capital reserve- the difference between the price of subsidiary's equity acquired or disposed of and the book value	<u>\$ 745</u>

33 Financial instruments

(I) Fair value information - financial instruments at fair value on a recurring basis

1. Fair value hierarchy

June 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Fund beneficiary certificates	<u>\$ 4,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,046</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investment in equity instruments				
- Domestic listed stocks				
Stock	\$ 2,835,481	\$ -	\$ -	\$ 2,835,481
- Domestic unlisted stocks	<u>-</u>	<u>105,337</u>	<u>-</u>	<u>105,337</u>
Total	<u>\$ 2,835,481</u>	<u>\$ 105,337</u>	<u>\$ -</u>	<u>\$ 2,940,818</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
Domestic listed stocks	\$ 6,060	\$ -	\$ -	\$ 6,060
- Domestic unlisted stocks	-	-	2,369,559	2,369,559
Fund beneficiary certificates	4,587	-	-	4,587
	<u>\$ 10,647</u>	<u>\$ -</u>	<u>\$ 2,369,559</u>	<u>\$ 2,380,206</u>
 <u>Financial assets at fair value</u>				
<u>through other</u>				
<u>comprehensive income</u>				
Investment in equity instruments				
- Domestic listed stocks				
Stock	\$ 2,716,755	\$ -	\$ -	\$ 2,716,755
- Domestic unlisted stocks				
stocks	-	99,015	-	99,015
Total	<u>\$ 2,716,755</u>	<u>\$ 99,015</u>	<u>\$ -</u>	<u>\$ 2,815,770</u>

June 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
Domestic listed stocks	\$ 49,090	\$ -	\$ -	\$ 49,090
- Domestic unlisted stocks	-	14,722	-	14,722
Fund beneficiary certificates	4,854	-	-	4,854
	<u>\$ 53,944</u>	<u>\$ 14,722</u>	<u>\$ -</u>	<u>\$ 68,666</u>
 <u>Financial assets at fair value</u>				
<u>through other</u>				
<u>comprehensive income</u>				
Investment in equity instruments				
- Domestic listed stocks				
Stock	\$ 1,757,908	\$ -	\$ -	\$ 1,757,908
- Domestic unlisted stocks				
stocks	-	101,788	-	101,788
Total	<u>\$ 1,757,908</u>	<u>\$ 101,788</u>	<u>\$ -</u>	<u>\$ 1,859,696</u>

There were no transfers between Level 1 and Level 2 fair value measurements during the six months ended June 30, 2022 and 2021.

2. Reconciliation of financial instruments at Level 3 fair value

Six months ended June 30, 2022

	<u>Financial assets</u>
	<u>at fair value</u>
	<u>Equity instruments</u>
<u>through profit or loss</u>	
Balance at the beginning of the Period	\$ 2,369,559
Disposal	(21,455)
Recognized in profit or loss (other gains and losses)	(2,348,104)
Ending balance	<u>\$ -</u>

3. Level 2 fair value valuation technique and input

Category of financial instruments	Valuation technique and inputs
Domestic unlisted stocks	The valuation was carried out in the comparable company method under the market method based on the average historical volatility and risk-free interest rate on the valuation record date.
Others	Discounted cash flow method: Discounting at a discount rate that reflects the present implicit interest rate on income at the end of the period.

4. Level 3 fair value valuation technique and input

Domestic unlisted equity investment is valued in the asset method based on the total fair value of various assets and liabilities to reflect the overall value of the targets invested.

(II) Types of financial instruments

	June 30, 2022	December 31, 2021	June 30, 2021
<u>through profit or loss</u>			
Financial assets at fair value or loss			
Mandatorily at fair value through profit	\$ 4,046	\$ 2,380,206	\$ 68,666
Financial assets at amortized cost (Note 1)	10,718,223	10,442,388	9,260,402
Investment in equity instruments at fair value through other comprehensive income	2,940,818	2,815,770	1,859,696
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	17,687,275	18,210,270	16,041,822

Note 1: The balance includes cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, construction receivables, construction deposits paid, other receivables (included in other current assets), guarantee deposits paid, and other financial assets at amortized cost.

Note 2: The balance includes short-term borrowings, short-term notes payable, notes payable, accounts payable, construction deposits received - current, long-term borrowings (including the current portion), provision, guarantee deposits received, and financial liabilities at amortized cost.

(III) Financial risk management objective and policy

The Group's main financial instruments include equity and debt investments, notes receivable, accounts receivable, construction receivables, receivables and payables for the

development of industrial zones for government agency, notes payable, accounts payable, borrowings, and lease liabilities. The Group's financial management department provides services to each business unit, coordinates the operations of investments in the domestic and international financial markets, and supervises and manages the financial risks related to the Group's operations by analyzing the internal risk reports on the exposure as per the breadth and depth of risks. Such risks include market risk (including exchange rate risk, interest rate risk, and other price risks), credit risk, and liquidity risk.

1. Market risk

The main financial risks to the Group's operating activities are the risk of foreign exchange rate fluctuations (see (1) below) and the risk of changes in interest rates (see (2) below).

(1) Exchange rate risk

Refer to Note 36 for the carrying amounts of the Group's monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date.

Sensitivity analysis

The Group is mainly affected by the fluctuations in the exchange rates of CNY and HKD.

The table below details the Group's sensitivity analysis when the NTD (functional currency) increases and decreases by 5% against each relevant foreign currency. Five percent is the sensitivity rate used in reporting the exchange rate risk to the key management team within the Group and represents the management's assessment of the reasonable range of potential changes in foreign-currency exchange rates. The positive numbers in the table below indicate the amount by which the net income before tax will be reduced when the NTD appreciates by 5% against the relevant currencies; when the NTD depreciates by 5% against the relevant foreign currencies, the net income before tax will be the negative number of the same amount.

	CNY		HKD	
	Six months ended June 30, 2022	Six months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Equity	\$ 58,588	\$ 58,392	\$ 25,758	\$ 23,882

(2) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities are exposed to the interest rate risk on the balance sheet date are as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Fair value interest rate risk			
- Financial assets	\$ 2,553,392	\$ 2,714,616	\$ 2,406,346
- Financial liabilities	2,782,971	2,780,597	2,825,212
Cash flow interest rate risk			
- Financial assets	4,811,770	4,898,101	3,876,499
- Financial liabilities	8,843,971	9,094,851	8,070,306

As the Group holds fixed-rate certificates of deposit, short-term notes payable, and lease liabilities, it is exposed to the fair value interest rate risk.

As the Group holds bank borrowings at floating interest rates, it is exposed to the cash flow interest rate risk. The Group's cash flow interest rate risk is mainly due to the fluctuations in the benchmark interest rates on the loans denominated in NTD.

Sensitivity analysis

The sensitivity analysis below was performed based on the interest rate exposure of non-derivatives on the balance sheet date. For liabilities at floating rates, the analysis is based on the assumption that the amounts of the liabilities outstanding at the balance sheet date were all outstanding throughout the reporting period. One percent is the sensitivity rate used in reporting the interest rate risk to the key management team within the Group and represents the management's assessment of the reasonable range of potential changes in interest rates.

If the interest rate had increased by 1%, with all other variables unchanged, the Group's profit before tax for the six months ended June 30, 2022 and 2021 would have decreased by NT\$20,161 thousand and NT\$20,969 thousand, respectively, mainly due to the Group's exposure to floating interest rates of borrowings.

(3) Other price risks

The Group is exposed to the equity price risk due to its investment in equity securities and fund beneficiary certificates.

Sensitivity analysis

The sensitivity analysis below was performed based on the equity price exposure on the balance sheet date.

If the equity price had increased by 5%, the other comprehensive income before tax for the six months ended June 30, 2022 and 2021 would have increased

by NT\$147,041 thousand and NT\$92,985 thousand respectively, mainly due to changes in the Group's financial assets at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations, resulting in a financial loss to the Group. As of the balance sheet date, the Group's maximum exposure to the credit risk, which might cause financial losses due to a counterparty's failure to perform its obligations and the Group's provision of financial guarantee, was mainly from:

- (1) The carrying amount of financial assets recognized in the consolidated balance sheet.
- (2) The amount of contingent liabilities arising from financial guarantees provided by the Group.

The Group adopted a policy to only engage in transactions with counterparties with outstanding reputation. The Group continuously monitors the credit risk exposure and counterparties' credit ratings and distributes the total transaction amounts to clients with qualified credit ratings to control the credit risk exposure.

3. Liquidity risk

The Group manages and maintains a sufficient position of cash and cash equivalents to support its operations and alleviate the impact of fluctuations in cash flows. The Group's management team supervises the use of banks' financing facilities and ensures compliance with the terms of loan contracts.

Bank borrowings are an important source of liquidity for the Group. Please refer to the description of the financing facilities below for the Group's bank financing facilities undrawn as of June 30, 2022, December 31, 2021, and June 30, 2021.

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Unsecured bank financing facilities (reviewed annually)			
-Amount drawn	\$ 967,006	\$ 1,097,315	\$ 136,916
-Amount undrawn	<u>5,474,577</u>	<u>5,286,884</u>	<u>5,647,084</u>
	<u>\$ 6,441,583</u>	<u>\$ 6,384,199</u>	<u>\$ 5,784,000</u>
Secured bank financing facilities			
-Amount drawn	\$ 10,412,645	\$ 10,539,639	\$ 10,498,251
-Amount undrawn	<u>14,548,868</u>	<u>14,824,712</u>	<u>14,690,059</u>
	<u>\$ 24,961,513</u>	<u>\$ 25,364,351</u>	<u>\$ 25,188,310</u>

Table of liquidity and interest rate risks for non-derivative financial liabilities

The analysis of the remaining contractual maturity of the Group's non-derivative financial liabilities is based on the earliest date on which it may be required to repay and is prepared based on the undiscounted cash flow of financial liabilities (including principal and estimated interest). Therefore, the Group may be required to repay the bank borrowings on demand. Within the earliest period in the table below, the probability of a bank's immediate execution of the right is not considered; the maturity analysis of other non-derivative financial liabilities is prepared according to the agreed repayment date.

For interest cash flows paid at floating rates, the undiscounted interest amount is calculated based on the yield curve on the balance sheet date.

June 30, 2022

	Interest rate range (%)	Repayment on demand or				
		less than 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities						
Lease liabilities	2.100-4.750	\$ 1,054,792	\$ 1,472,512	\$ 366,370	\$ 1,289,496	\$ 109,069
Instruments at floating interest rates	1.500-2.850	7,149	13,297	51,102	161,995	31,232
Instruments at fixed interest rates	1.900-4.000	313,286	98,203	3,550,219	5,289,342	74,653
		<u>2,515,684</u>	<u>2,858</u>	<u>18,142</u>	<u>2,989</u>	<u>-</u>
		<u>\$ 3,890,911</u>	<u>\$ 1,586,870</u>	<u>\$ 3,985,833</u>	<u>\$ 6,743,822</u>	<u>\$ 214,954</u>

December 31, 2021

	Interest rate range (%)	Repayment on demand or				
		less than 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities						
Lease liabilities	2.000-4.750	\$ 1,372,818	\$ 1,700,115	\$ 338,500	\$ 1,133,460	\$ 76,611
Instruments at floating interest rates	1.350-2.750	5,993	11,899	48,345	145,263	46,024
Instruments at fixed interest rates	1.610-4.000	311,896	855,936	2,765,484	5,558,492	98,362
		<u>1,390,651</u>	<u>451,303</u>	<u>705,863</u>	<u>2,606</u>	<u>-</u>
		<u>\$ 3,081,358</u>	<u>\$ 3,019,253</u>	<u>\$ 3,858,192</u>	<u>\$ 6,839,821</u>	<u>\$ 220,997</u>

June 30, 2021

	Interest rate range (%)	Repayment on demand or				
		less than 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities						
Lease liabilities	2.000-4.750	\$ 1,129,789	\$ 1,180,473	\$ 1,228,247	\$ 536,134	\$ 47,360
Instruments at floating interest rates	1.490-2.750	6,174	12,208	50,855	151,801	61,143
Instruments at fixed interest rates	1.520-4.000	328,208	714,976	1,729,794	5,676,236	107,515
		<u>30,651</u>	<u>2,516,303</u>	<u>34,863</u>	<u>6,514</u>	<u>-</u>
		<u>\$ 1,494,822</u>	<u>\$ 4,423,960</u>	<u>\$ 3,043,759</u>	<u>\$ 6,370,685</u>	<u>\$ 216,018</u>

XXXIV. Related Party Transactions

Transactions, account balances, income and expenses between the Company and its subsidiaries (which are the Company's related parties) were all eliminated upon consolidation, so

they are not disclosed in this note. Transactions between the Group and other related parties are as follows.

(I) Name of related party and relations

Name of related party	Relations with the Group
China Petrochemical Development Corporation	An institutional director at the Company's and a subsidiary
Sheen Chuen-Chi Culture & Educational Foundation	Substantive related party
Yun He Yue Agronomy Co., Ltd.	Substantive related party
HRDD Logistics Co., Ltd.	Associate
Core Pacific City Co., Ltd.	The Company's affiliates (note)
Agora Garden Co., Ltd.	The Company's affiliate
Glory Construction Co., Ltd.	The Company's affiliate
Cheng Yao Enterprise Co., Ltd.	The Company's affiliate
Jen Huei Enterprise Co., Ltd.	The Company's affiliate
Golden Wheel Co., Ltd.	The Company's affiliate
Tsou Seen Chemical Industries Corporation	Subsidiary of the Company's institutional director
BES Twin Towers Development Co., Ltd	Subsidiary of the Company's institutional director
CPDC Engineering Corp.	Subsidiary of the Company's institutional director
Ding Yue Development Co., Ltd.	Subsidiary of the Company's institutional director
Taivex Therapeutics Corporation	Subsidiary of the Company's institutional director
Chu, Hui-lan	Substantive related party (former Chairman)
Shen, Ching-Jing	Substantive related party
Chen, Yu-Kuan	Chairman of the Company's affiliate and a subsidiary's institutional directors

Note: Core Pacific City Co., Ltd. was an affiliate before May 24, 2022.

(II) Business transactions

Account	Category of related party	April 1, 2022 To June 30	April 1, 2021 To June 30	From January 1, 2022 To June 30	From January 1, 2021 To June 30
Operating revenue	The Company's institutional directors	\$ 6,365	\$ 91,546	\$ 15,079	\$ 156,203
	Associate	9	641	191	896
	The Company's legal person directors	85	6,238	138	9,131
	Subsidiaries				
	Substantive related party	47	45	92	90
	The Company's affiliate	<u>48</u>	<u>23</u>	<u>74</u>	<u>52</u>
		<u>\$ 6,554</u>	<u>\$ 98,493</u>	<u>\$ 15,574</u>	<u>\$ 166,372</u>
Operating costs	The Company's affiliate	<u>\$ 1,964</u>	<u>\$ 1,964</u>	<u>\$ 3,928</u>	<u>\$ 4,217</u>
Operating expenses	The Company's affiliate	<u>\$ 1,889</u>	<u>\$ 1,596</u>	<u>\$ 3,469</u>	<u>\$ 3,191</u>

The Group's purchase and sale prices and transaction conditions with related parties are handled in accordance with the agreements.

(III) Receivables from related party

Account	Category/Name of related party	December 31,		
		June 30, 2022	2021	June 30, 2021
Construction receivable	The Company's institutional director	\$ -	\$ 16,475	\$ 15,824
Accounts receivable	The Company's institutional director	\$ 4,377	\$ 3,809	\$ 4,076
	The Company's legal person directors	-	-	2,764
	Subsidiaries	-	-	-
	Associate	-	163	298
		\$ 4,377	\$ 3,972	\$ 7,138
Other receivables (included)	Substantive related party	\$ 634	\$ 616	\$ 617
Other current assets	The Company's affiliate	517	505	513
	The Company's institutional directors	23	-	-
	Subsidiaries	-	-	-
		\$ 1,174	\$ 1,121	\$ 1,130

There is no guarantee received for receivables from related parties outstanding. The Group did not recognize bad debts for accounts receivable from related parties during the six months ended June 30, 2022 and 2021.

(IV) Payables from related party

Account	Category of related party	December 31,		
		June 30, 2022	2021	June 30, 2021
Expenses payable	The Company's affiliate	\$ 820	\$ 508	\$ 508

The outstanding balance of payables to related parties is not guaranteed and will be settled in cash.

(V) Contract liabilities

The contract liabilities at the balance sheet date are as follows:

June 30, 2022

Name of related party	Construction project code	Total contract price	Contract liabilities
China Petrochemical Development Corporation	A6E	\$ 1,528,593	\$ 30,339

December 31, 2021

Name of related party	Construction project code	Total contract price	Contract liabilities
China Petrochemical Development Corporation	A6E	\$ 1,532,800	\$ 45,096

June 30, 2021

Name of related party	Construction project code	Total contract price	Contract liabilities
China Petrochemical Development Corporation	A6E	\$ 1,532,800	\$ 131,650

The contracting prices and payment terms for construction projects between the Group and the related parties are equivalent to those with non-related parties.

(VI) Lease-in arrangements

<u>Category of related party</u>	<u>From January 1, 2022 To June 30</u>	<u>From January 1, 2021 To June 30</u>
<u>Acquisition of right-of-use assets</u>		
The Company's affiliate	<u>\$ 41,589</u>	<u>\$ 10,660</u>

<u>Account</u>	<u>Category of related party</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Lease liabilities	Substantive related party	\$ 20,991	\$ 21,450	\$ 21,903
	The Company's affiliate	20,705	9,639	18,316
	The Company's institutional director	<u>20,411</u>	<u>-</u>	<u>-</u>
		<u>\$ 62,107</u>	<u>\$ 31,089</u>	<u>\$ 40,219</u>

<u>Account</u>	<u>Category of related party</u>	<u>April 1, 2022 To June 30</u>	<u>April 1, 2021 To June 30</u>	<u>From January 1, 2022 To June 30</u>	<u>From January 1, 2021 To June 30</u>
Interest expense	Substantive related party	\$ 127	\$ 132	\$ 255	\$ 266
	The Company's affiliate	102	136	213	256
	The Company's institutional director	75	-	75	-
		<u>\$ 304</u>	<u>\$ 268</u>	<u>\$ 543</u>	<u>\$ 522</u>

(VII) Acquisition of financial assets

Six months ended June 30, 2022

<u>Name of related party</u>	<u>Account</u>	<u>Number of shares traded</u>	<u>Target traded</u>	<u>Acquisition price</u>
China Petrochemical Development Corporation	Financial assets at fair value through other comprehensive income - non- current	58,649,685	<u>Shares</u> China Petrochemical Development Corporation	<u>\$ 689,134</u>

Note: It is for the Company's participation China Petrochemical Development Corporation's 2021 cash capital increase.

(VIII) Disposal of financial assets

Six months ended June 30, 2022

<u>Name of related party</u>	<u>Account</u>	<u>Number of shares traded</u>	<u>Target traded</u>	<u>Disposal price</u>	<u>Gains (loss) from disposal</u>
Hung Yi Construction Co., Ltd	Financial assets at fair value through profit or loss	1,548,174	<u>Shares</u> Core Pacific City Co., Ltd.	<u>\$ 21,455</u>	<u>(\$ 65)</u>

(IX) Loans to related parties

Account	Category of related party	June 30, 2022	December 31, 2021	June 30, 2021
Other receivables (included in other current assets)	Associate	<u>\$ 21,550</u>	<u>\$ 21,550</u>	<u>\$ 21,345</u>

As of June 30, 2022, the Group's interest receivable from associates was NT\$619 thousand.

Interest income

Category of related party	April 1, 2022 To June 30	April 1, 2021 To June 30	From January 1, 2022 To June 30	From January 1, 2021 To June 30
Associate	<u>\$ -</u>	<u>\$ 271</u>	<u>\$ 253</u>	<u>\$ 542</u>

The Group provides short-term loans to associates at rates close to the market level.

(X) Transactions with other related parties

Interest income, rent income, and other income:

Category of related party	April 1, 2022 To June 30	April 1, 2021 To June 30	From January 1, 2022 To June 30	From January 1, 2021 To June 30
The Company's institutional director	\$ 15,035	\$ 1,203	\$ 16,239	\$ 2,407
The Company's institutional directors				
Subsidiaries	3,823	-	4,109	-
Substantive related party	1,762	1,762	3,523	3,523
The Company's affiliate	1,471	1,445	2,916	2,891
Associate	<u>13</u>	<u>52</u>	<u>51</u>	<u>103</u>
	<u>\$ 22,104</u>	<u>\$ 4,462</u>	<u>\$ 26,838</u>	<u>\$ 8,924</u>

The rents of the lease agreements between the Group and the related parties are determined based on the market levels, and the rents received and paid are comparable to those with non-related parties. The purchases, sales, other transaction prices, warranties, and payment terms with related parties are comparable to those with non-related parties Other receivables from related parties are mainly from rent receivables.

The balance of guarantee deposits paid on the balance sheet date is as follows:

Category of related party	June 30, 2022	December 31, 2021	June 30, 2021
The Company's affiliate	\$ 1,293	\$ 1,292	\$ 1,292
Associate	<u>-</u>	<u>1</u>	<u>1</u>
	<u>\$ 1,293</u>	<u>\$ 1,293</u>	<u>\$ 1,293</u>

The balance of guarantee deposits received on the balance sheet date is as follows:

Category of related party	June 30, 2022	December 31, 2021	June 30, 2021
Subsidiary of the Company's institutional director	\$ 7,584	\$ 7,584	\$ 7,584
The Company's institutional director	<u>2,196</u>	<u>9,553</u>	<u>7,357</u>
	<u>\$ 9,780</u>	<u>\$ 17,137</u>	<u>\$ 14,941</u>

Other payables (included in other current liabilities) at the balance sheet date are as follows:

Category of related party	June 30, 2022	December 31, 2021	June 30, 2021
Subsidiary of the Company's institutional director	<u>\$ 28,571</u>	<u>\$ 28,571</u>	<u>\$ 28,571</u>

(XI) Remuneration to key management personnel

The total remuneration to directors and other key management personnel during the six months ended June 30, 2022 and 2021 is as follows:

	April 1, 2022 To June 30	April 1, 2021 To June 30	From January 1, 2022 To June 30	From January 1, 2021 To June 30
Short-term employee benefit expenses	\$ 6,630	\$ 6,710	\$ 23,391	\$ 15,771
Post-employment benefits	<u>\$ 6,630</u>	<u>\$ 6,710</u>	<u>\$ 23,391</u>	<u>\$ 15,771</u>

The remuneration to directors and other key management personnel is determined by the Remuneration Committee as per individual performance and the market trends.

(XII) Guarantee

As of the end of June 2021, some of the Company's long-term bank borrowing agreements were jointly guaranteed by Ms. Chu, Hui-lan (formerly Chairperson), Mr. Shen, Ching-Jing, and Mr. Chen, Yu-Kuan.

35. Assets Pledged

The assets below have been pledged as collateral for long-term and short-term bank borrowings, short-term notes payable, construction project performance guarantee, construction warranty, and litigation:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Financial assets at fair value through other comprehensive income - current	\$ 713,871	\$ 611,889	\$ 584,076
Financial assets at amortized cost - current	4,418,945	4,452,169	3,805,860
Receivables for the development of industrial zones for government agency	4,386,124	4,130,336	4,303,328
Buildings and land held for sale, net	4,787,356	4,787,356	7,579,226
Construction in progress	1,244,634	1,244,634	1,244,634
Financial assets at fair value through other comprehensive income - non-current	372,240	536,191	540,911
Financial assets at amortized cost - non-current	2,637	4,291	579,940
Property, plant and equipment, net	1,517,199	1,621,078	1,537,371
Investment property, net	<u>804,286</u>	<u>709,053</u>	<u>709,983</u>
	<u>\$ 18,247,292</u>	<u>\$ 18,096,997</u>	<u>\$ 20,885,329</u>

36. Information on foreign currency assets and liabilities with material influence

The information below is aggregated and presented in foreign currencies other than the Group's functional currency. The exchange rates disclosed refer to the rates at which these foreign currencies are converted to the functional currency. The foreign-currency assets and liabilities with material influence are as follows:

June 30, 2022

<u>through profit or loss</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Non-monetary item</u>			
CNY	\$ 264,192	1 CNY: 4.439 NTD	\$ 1,171,750
HKD	135,999	1 HKD: 3.788 NTD	515,163

December 31, 2021

<u>through profit or loss</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Non-monetary item</u>			
CNY	\$ 264,687	1 CNY: 4.344 NTD	\$ 1,149,799
HKD	137,789	1 HKD: 3.549 NTD	489,013

June 30, 2021

<u>through profit or loss</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Non-monetary item</u>			
CNY	\$ 271,023	1 CNY: 4.309 NTD	\$ 1,167,840
HKD	133,158	1 HKD: 3.587 NTD	477,636

The Group's foreign currency exchange gains (losses) (including realized and unrealized) during the three months and the six months ended June 30, 2022 and 2021 were NT\$(1,439 thousand), NT\$(1,364 thousand), NT\$3,453 thousand and NT\$(3,464 thousand), respectively. As there is a wide variety of foreign currency transactions and the functional currencies adopted by the Group's entities and the amounts are not material, the Group is not able to disclose the exchange gains and losses in each foreign currency with material influence.

37. Miscellaneous

Regarding the Taiwan New Taipei District Court Prosecutor Office's investigation results on the Company's Construction Turnkey Project for the Reconstruction of Buildings at the Gongguan Military Camp contracted, the former Chairman of the Company Shen, Jun and the other two persons were investigated and prosecuted in accordance with the Securities and Exchange Act and the Anti-Corruption Act. For this reason, the Ministry of National Defense sent a letter on September 30, 2021 to recover the bid bond of NT\$50 thousand thousand for this project. The Company has recognized the recovered amount as other losses (included in other gains and losses) on September 30, 2021 and paid the amount on October 18, 2021. To ensure that the Company's rights and interests are not infringed upon, it has filed a lawsuit for damages and other remedies with the Taiwan Taipei District Court on October 21, 2021, against the former Chairman Shen, Jun and the other two persons. Although the Company suffered damage, its operations were normal, and its finance and business were not significantly affected by said event. As of August 10, 2022, this case was still pending a trial in the court.

XXXVIII. Additional Disclosures

(I) Information on Material Transactions and (II) Information on Investees:

1. Loan to Others: Table 2.
2. Endorsements/Guarantees Provided to Others: Table 3.
3. Securities Held at the End of the Period: Table 4.
4. Marketable Securities Acquired or Sold at Costs or Prices at Least NT\$300 Million or 20% of the Paid-in Capital: Table 5.
5. Acquisition of Individual Property at Costs of at Least NT\$300 Million or 20% of the Paid-in Capital: None.
6. Disposal of Individual Property at Costs of at Least NT\$300 Million or 20% of the Paid-in Capital: None.

7. Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital: None.
8. Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital: None.
9. Trading in Derivative Instruments: None.
10. Information on Investees: Table 6.
11. Other: Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts: Table 7.

(III) Information on Investment in Mainland China:

Information on investees in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, percentage of ownership, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the mainland China area: Table 8.

(IV) Information on Major Shareholders:

The name of shareholders with a shareholding ratio of 5% or more, and the number and percentage of shares held: Table 9.

39. Segment Information

The Group's information reported to the chief operating decision-maker for resource allocation and segment performance assessment focuses on types of goods or services delivered or provided. The reportable segments are as follows:

Construction Engineering Department: Contracting of civil engineering and construction projects

Construction and Development Department: Investment and construction of property, development and agency business of the industrial zone projects launched by the government

Other departments: Manpower dispatch, security management, and operation of the entertainment industry

(I) Revenue and operating results of segments

The revenue and operating results of the Group's continuing operations are analyzed as follows according to the reportable segments:

	Revenue of segment		Profit or loss of segment	
	From January 1, 2022 To June 30	From January 1, 2021 To June 30	From January 1, 2022 To June 30	From January 1, 2021 To June 30
Construction Engineering Department	\$ 5,294,371	\$ 6,722,551	\$ 83,096	\$ 229,483
Construction and Development Department	571,406	330,653	(64,679)	(48,833)
Other departments	<u>646,843</u>	<u>673,905</u>	<u>162,218</u>	<u>59,089</u>
Total amount of continuing operations	<u>\$ 6,512,620</u>	<u>\$ 7,727,109</u>	180,635	239,739
Interest income			399,056	28,082
Other income			2,500,837	35,405
Other gains and losses			(2,396,191)	(50,343)
Financial costs			(80,100)	(69,257)
Share of profit or loss of associates accounted for using the equity method			(<u>7,141</u>)	<u>2,609</u>
Income before income tax			<u>\$ 597,096</u>	<u>\$ 186,235</u>

The revenue of segments reported above is from transactions with external clients. There were no inter-segment sales during the six months ended June 30, 2022 and 2021.

Segment income refers to the profit earned by each segment, excluding share of profits or losses of associates recognized using the equity method, rent income, interest income, dividend income, net foreign exchange gains (or losses), compensation losses reversed, profits (losses) on financial assets at fair value through profit or loss, net gains or losses on disposal of property, plant and equipment, finance costs, others, and income tax. This amount measured is provided to the chief operating decision-maker for allocation of resources to segments and measurement of their performance.

BES Engineering Corporation and Subsidiaries
Statement of Contract Assets and Contract Liabilities and Construction Contracts Payable
As of June 30, 2022, December 31, 2021, and June 30, 2021

Table 1

Unit: NTD in thousands

Contract assets - construction contracts receivable

June 30, 2022

Engineering office code	Estimated completion year	Total construction project price	Estimated total construction project cost	Recognized in contract assets	Completion percentage (%)	Recognized in cumulative construction income (losses)	Recognized in contract liabilities	Contract assets, net
A7B-1	2031	\$ 13,505,752	\$ 12,693,743	\$ 1,357,202	5.14	\$ 41,721	\$ 693,873	\$ 663,329
A6B-1	2023	3,217,043	3,108,252	2,025,404	55.94	60,861	1,838,830	186,574
A6C	2022	3,410,243	3,345,616	3,228,608	89.43	57,796	3,068,237	160,371
A8B	2031	10,844,088	10,231,665	2,541,656	19.93	122,056	2,232,335	309,321
A8F	2025	5,584,286	5,365,120	1,503,719	37.46	82,106	1,446,239	57,480
B0A	2025	4,340,080	4,041,178	182,652	3.37	10,070	154,470	28,182
B0B	2026	5,657,143	5,267,186	49,247	0.70	2,718	39,447	9,800
B0C	2024	<u>2,583,022</u>	<u>2,405,423</u>	<u>57,760</u>	2.12	<u>3,758</u>	<u>54,992</u>	<u>2,768</u>
Total		<u>\$ 49,141,657</u>	<u>\$ 46,458,183</u>	<u>\$ 10,946,248</u>		<u>\$ 381,086</u>	<u>\$ 9,528,423</u>	<u>\$ 1,417,825</u>

December 31, 2021

Engineering office code	Estimated completion year	Total construction project price	Estimated total construction project cost	Recognized in contract assets	Completion percentage (%)	Recognized in cumulative construction income (losses)	Recognized in contract liabilities	Contract assets, net
A7B-1	2031	\$ 13,505,752	\$ 12,704,527	\$ 867,424	3.51	\$ 28,115	\$ 473,873	\$ 393,551
A6B-1	2023	3,199,878	3,092,049	1,859,123	52.75	56,881	1,721,823	137,300
A8B	2031	10,814,726	10,208,733	1,841,076	15.47	93,729	1,722,972	118,104
A6C	2022	3,376,474	3,309,500	2,932,806	83.50	55,925	2,848,237	84,569
A8F	2024	3,638,095	3,434,086	1,047,333	28.11	57,345	1,022,646	24,687
B0A	2025	4,331,539	4,201,593	21,164	-	-	-	21,164
B0B	2026	<u>5,657,143</u>	<u>5,487,429</u>	<u>13,197</u>	-	<u>-</u>	<u>-</u>	<u>13,197</u>
Total		<u>\$ 44,523,607</u>	<u>\$ 42,437,917</u>	<u>\$ 8,582,123</u>		<u>\$ 291,995</u>	<u>\$ 7,789,551</u>	<u>\$ 792,572</u>

June 30, 2021

Engineering office code	Estimated completion year	Total construction project price	Estimated total construction project cost	Recognized in contract assets	Completion percentage (%)	Recognized in cumulative construction income (losses)	Recognized in contract liabilities	Contract assets, net
A0B	2021	\$ 13,974,022	\$ 15,405,549	\$ 14,618,559	99.43	(\$ 1,431,527)	\$ 13,894,025	\$ 724,534
A7B-1	2031	13,505,752	12,696,586	670,647	2.89	23,393	390,461	280,186
A6C	2022	3,273,507	3,060,843	2,424,777	67.36	143,242	2,228,270	196,507
A6B-1	2023	3,015,884	2,913,063	1,669,666	50.84	52,274	1,562,174	107,492
A5C	2023	3,783,792	3,784,729	1,778,082	39.93	(937)	1,752,502	25,580
A8F	2024	3,638,095	3,423,351	629,968	16.74	35,946	608,983	20,985
B0A	2025	<u>4,331,539</u>	<u>4,201,593</u>	<u>4,919</u>	-	<u>-</u>	<u>-</u>	<u>4,919</u>
Total		<u>\$ 45,522,591</u>	<u>\$ 45,485,714</u>	<u>\$ 21,796,618</u>		<u>(\$ 1,177,609)</u>	<u>\$ 20,436,415</u>	<u>\$ 1,360,203</u>

Contract liabilities - construction contracts payable

June 30, 2022

Engineering office code	Estimated completion year	Total construction project price	Estimated total construction project cost	Recognized in contract assets	Completion percentage (%)	Recognized in cumulative construction income (losses)	Recognized in contract liabilities	Contract liabilities, net
A6B-2	2022	\$ 3,513,600	\$ 3,497,378	\$ 3,027,256	98.92	\$ 16,046	\$ 3,478,939	\$ 451,683
A7A	2024	4,405,751	4,290,279	1,489,250	80.63	93,102	1,920,391	431,141
A8C	2023	7,733,755	7,301,438	5,034,952	69.75	301,554	5,440,133	405,181
A7D	2022	2,439,294	2,305,995	1,974,893	93.66	124,853	2,290,795	315,902
A6F	2022	1,859,661	1,724,459	1,441,179	86.12	116,439	1,608,602	167,423
A9A	2027	12,482,667	11,642,465	1,367,086	11.39	95,699	1,512,517	145,431
A6D	2022	2,961,501	2,828,239	2,640,018	92.95	123,871	2,759,261	119,243
A7E	2022	1,051,147	981,174	915,405	98.26	68,758	1,032,886	117,481
A7C	2022	2,080,747	1,959,262	1,956,055	99.01	120,277	2,060,068	104,013
A7F	2023	3,523,452	3,330,704	2,889,990	84.33	162,548	2,988,699	98,709
A7B-2	2024	325,191	276,748	103,635	55.77	27,015	181,349	77,714
A6E	2024	2,168,593	2,068,655	1,476,919	6.80	51,737	1,540,570	63,651
A5C	2023	3,829,370	3,994,353	2,030,186	48.91	(164,983)	2,072,984	42,798
98C-1	2022	3,750,531	3,617,906	3,750,532	100.00	132,625	3,750,532	-
93C	2022	690,775	830,149	673,300	97.47	(139,374)	673,300	-
A5B	2022	562,934	544,292	562,934	100.00	18,642	562,934	-
A4C	2022	758,642	778,262	758,642	100.00	(19,620)	758,642	-
A0B	2022	14,008,614	16,156,345	14,007,326	99.99	(2,147,731)	14,007,326	-
		68,146,225	68,128,103	46,099,558		(1,018,542)	48,639,928	2,540,370
750		-	-	20,247,824		-	20,247,824	-
Total		\$ 68,146,225	\$ 68,128,103	\$ 66,347,382		(\$ 1,018,542)	\$ 68,887,752	\$ 2,540,370

December 31, 2021

Name of engineering office	Estimated completion year	Total construction project price	Estimated total construction project cost	Recognized in contract assets	Completion percentage (%)	Recognized in cumulative construction income (losses)	Recognized in contract liabilities	Contract liabilities, net
A8C	2023	\$ 7,701,884	\$ 7,268,838	\$ 3,648,844	52.46	\$ 227,176	\$ 4,040,427	\$ 391,583
A6B-2	2022	3,691,781	3,675,176	2,988,314	89.97	14,939	3,348,762	360,448
A7A	2024	2,002,236	1,888,311	1,087,536	64.44	73,413	1,378,637	291,101
A9A	2027	12,380,283	11,555,898	798,222	8.58	70,724	1,062,133	263,911
A7D	2022	2,383,007	2,250,852	1,717,198	81.78	108,071	1,955,882	238,684
A6D	2022	2,961,501	2,828,672	2,382,408	87.86	116,706	2,613,146	230,738
A7C	2022	2,080,747	1,959,464	1,768,841	95.00	115,224	1,976,803	207,962
A6F	2022	1,849,299	1,714,479	1,364,550	82.76	111,573	1,537,370	172,820
A7F	2022	3,504,804	3,312,666	2,686,158	79.92	153,564	2,819,580	133,422
A5C	2023	3,804,286	3,970,953	1,787,832	44.28	(166,667)	1,902,050	114,218
A7E	2022	1,051,147	981,268	881,749	93.79	65,538	985,849	104,100
A7B-2	2024	325,191	276,809	96,063	52.08	25,196	169,349	73,286
A6E	2022	1,532,800	1,483,073	1,450,733	96.86, 97.29	48,173	1,495,829	45,096
A0B	2021	13,997,959	16,135,890	13,997,959	100.00	(2,137,931)	13,998,003	44
98C-1	2021	3,677,852	3,617,005	3,677,852	100.00	60,847	3,677,852	-
93C	2021	690,775	830,149	673,300	97.47	(139,374)	673,300	-
A5B	2021	562,934	543,682	562,934	100.00	19,252	562,934	-
83C	2021	850,523	787,662	-	100.00	62,861	-	-
A5D	2021	4,101,593	3,905,571	-	100.00	196,022	-	-
A4C	2021	758,642	777,882	758,642	100.00	(19,240)	758,642	-
A5A	2021	169,566	169,187	-	100.00	379	-	-
A5F	2021	302,311	313,634	-	100.00	(11,323)	-	-
A8A	2021	812,045	680,589	-	100.00, 100.00	131,456	-	-
		71,193,166	70,927,710	42,329,135		(873,421)	44,956,548	2,627,413
750		-	-	19,679,673		-	19,679,673	-
Total		\$ 71,193,166	\$ 70,927,710	\$ 62,008,808		(\$ 873,421)	\$ 64,636,221	\$ 2,627,413

June 30, 2021

Engineering office code	Estimated completion year	Total construction project price	Estimated total construction project cost	Recognized in contract assets	Completion percentage (%)	Recognized in cumulative construction income (losses)	Recognized in contract liabilities	Contract liabilities, net
A8C	2023	\$ 7,701,884	\$ 7,251,283	\$ 2,333,842	34.54	\$ 155,651	\$ 2,660,464	\$ 326,622
A9A	2027	11,921,115	11,081,896	378,794	4.79	40,207	686,288	307,494
A6B-2	2022	3,594,201	3,574,744	2,596,292	79.68	15,502	2,899,922	303,630
A7C	2021	2,100,747	1,974,101	1,315,672	73.32	92,857	1,540,268	224,596
A6D	2021	2,926,506	2,791,168	2,015,030	75.24	101,827	2,223,069	208,039
A6F	2022	1,840,151	1,704,206	1,214,983	76.09	103,438	1,405,857	190,874
A7A	2023	1,949,534	1,835,127	765,641	41.74	47,757	949,686	184,045
A8B	2031	10,760,158	10,126,004	964,823	10.15	64,373	1,096,681	131,858
A6E	2021	1,532,800	1,482,362	1,345,955	95.40 - 96.99	48,147	1,477,605	131,650
A7E	2021	1,091,073	1,049,627	735,613	75.47	31,279	849,103	113,490
A5D	2021	4,101,593	3,957,066	4,011,710	100.00	144,527	4,101,594	89,884
A7D	2021	2,355,656	2,221,065	1,443,006	64.11	86,289	1,514,531	71,525
A7F	2022	3,398,629	3,203,922	2,130,067	64.52	125,633	2,200,349	70,282
A7B-2	2024	325,191	275,424	74,425	40.95	20,378	133,155	58,730
A5A	2021	169,566	176,150	161,534	100.00	(6,584)	169,566	8,032
98C-1	2021	3,677,852	3,619,026	3,670,186	100.00	58,826	3,677,852	7,666
A8A	2021	812,045	685,767	805,164	100.00	126,278	812,045	6,881
93C	2021	690,775	830,149	673,300	97.47	(139,374)	673,300	-
A5B	2021	562,934	542,446	562,934	100.00	20,488	562,934	-
83C	2021	850,523	787,662	850,523	100.00	62,861	850,523	-
A4C	2021	758,642	774,453	758,642	100.00	(15,811)	758,642	-
A5F	2021	302,311	313,634	302,311	100.00	(11,323)	302,311	-
		63,423,886	60,257,282	29,110,447		1,173,226	31,545,745	2,435,298
750		-	-	19,393,753		-	19,393,753	-
Total		\$ 63,423,886	\$ 60,257,282	\$ 48,504,200		\$ 1,173,226	\$ 50,939,498	\$ 2,435,298

Construction contracts payable

December 31, 2021

<u>Name of engineering office</u>	<u>Estimated completion year</u>	<u>Total construction project price</u>	<u>Estimated total construction project cost</u>	<u>Recognized in construction contracts receivable</u>	<u>Completion percentage (%)</u>	<u>Recognized in cumulative construction income (losses)</u>	<u>Recognized in construction contracts receivable</u>	<u>Construction contracts payable, net</u>
A4B	2021	\$ 117,221	\$ 106,399	\$ -	100.00	\$ 10,822	\$ -	\$ -
A0A	2021	934,228	1,229,528	-	100.00	(295,300)	-	-
Total		<u>\$ 1,051,449</u>	<u>\$ 1,335,927</u>	<u>\$ -</u>		<u>(\$ 284,478)</u>	<u>\$ -</u>	<u>\$ -</u>

June 30, 2021

<u>Engineering office code</u>	<u>Estimated completion year</u>	<u>Total construction project price</u>	<u>Estimated total construction project cost</u>	<u>Recognized in construction contracts receivable</u>	<u>Completion percentage (%)</u>	<u>Recognized in cumulative construction income (losses)</u>	<u>Recognized in construction contracts receivable</u>	<u>Construction contracts payable, net</u>
A4B	2021	\$ 117,221	\$ 106,399	\$ 117,221	100.00	\$ 10,822	\$ 117,221	\$ -
A0A	2021	934,228	1,229,528	934,228	100.00	(295,300)	934,228	-
Total		<u>\$ 1,051,449</u>	<u>\$ 1,335,927</u>	<u>\$ 1,051,449</u>		<u>(\$ 284,478)</u>	<u>\$ 1,051,449</u>	<u>\$ -</u>

Note 1: Please refer to Note 27 for the amount of construction retention receivable.

Note 2: Please refer to Note 21 for the amount of construction retention payable.

Note 3: The Group recognized construction contract revenue for the six months ended June 30, 2022 and 2021 in the amounts of NT\$5,846,812 thousand and NT\$7,052,570 thousand, respectively.

BES Engineering Corporation and Subsidiaries

Loans to Others

Six months ended June 30, 2022

Table 2

Unit: NTD in thousands

No.	Companies that received lending companies	Fund borrower	Item for transaction	Related party or not	The maximum balance in this period (Note 1)	Ending balance (Note 1)	Amount actually drafted	Interest rate range	Nature of Loaning of funds (Note 3)	Business relationship Amount	Reason for short-term financing	Amount to be provided for bad loans	Collateral		Limit of loaning of funds to one single counterparty	Nature of Total Limit	Note
													Name	Value			
0	BES ENGINEERING CORPORATION	BES Engineering Vietnam Co., Ltd.	Other receivables	Yes	\$ 29,291	\$ -	\$ -	-	2	\$ -	Operating Turnover	\$ -	-	\$ -	\$ 882,035 (4% of BES Engineering Corporation)	\$ 8,820,348 (40% of BES Engineering Corporation)	Note 2
0	BES ENGINEERING CORPORATION	HRDD Logistics Co., Ltd.	Payables from related party	Yes	21,550	21,550	21,550	5	2	-	Operating Turnover	-	-	-	882,035 (4% of BES Engineering Corporation)	8,820,348 (40% of BES Engineering Corporation)	
1	Chung Kung Safeguarding and Security Corp.	Chung Kung Management Consultant Co., Ltd.	Payables from related party	Yes	15,000	15,000	-	-	2	-	Operating Turnover	-	-	-	31,193 (40% of Chung Kung Safeguarding and Security Corp.)	31,193 (40% of Chung Kung Safeguarding and Security Corp.)	
1	Chung Kung Safeguarding and Security Corp.	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Payables from related party	Yes	15,000	15,000	-	-	2	-	Operating Turnover	-	-	-	31,193 (40% of Chung Kung Safeguarding and Security Corp.)	31,193 (40% of Chung Kung Safeguarding and Security Corp.)	
2	Cinemark Core Pacific Limited	Cinema 7 Theater Co., Ltd.	Payables from related party	Yes	30,000	30,000	2,000	4	2	-	Operating Turnover	-	-	-	108,423 (40% of net worth of Cinemark Core Pacific Limited)	108,423 (40% of net worth of Cinemark Core Pacific Limited)	

Note 1: The limit of loaning of funds passed by the board of directors of subsidiaries.

Note 2: When the consolidated financial statements were prepared, except for BES Engineering Corporation's receivables from related party HRDD Logistics Co., Ltd., all such receivables have been written off.

Note 3: The nature of loans is defined as follows:

1. Belongs to business transactions; 2. Belongs to the necessity for short-term financing.

BES Engineering Corporation and Subsidiaries
provided by BES Engineering Corporation and subsidiaries
Six months ended June 30, 2022

Table 3

Unit: NTD in thousands

No.	Endorsements and guarantees provider Name of the Company	Counterparty of endorsements and guarantees		Upper limit on endorsements/guarantees for a single enterprise	Maximum balance of endorsements/guarantees in this period	Balance of endorsements/guarantees in this period	Amount actually drafted	Amount of endorsements and guarantees with property as collateral(s)	Ratio of cumulative amount of endorsements/guarantees to the net worth in the latest financial statement	Maximum limit of endorsements and guarantees	Parent company to Maximum limit of	Subsidiary to Maximum limit of	Endorsements and guarantees in Mainland China	Note
		Name of the Company	Relationship											
1	Cinemark Core Pacific Limited	Cinema 7 Theater Co., Ltd.	Company in which the Company holding more than 50% voting rights directly or indirectly	\$ 271,057 (Note 2)	\$ 74,300	\$ 74,300	\$ 63,281	\$ 43,530	27.41%	\$ 813,171 (Note 6)	Y	—	—	
2	Hua Cheng Consulting (Changshu) Co., Ltd.	BES ENGINEERING CORPORATION	Company holding more than 50% of ordinary shares of the Company directly or through a subsidiary indirectly	474,120 (Note 3)	289,118	289,118	260,000	289,118	60.98%	948,240 (Note 7)	—	Y	—	
3	Core Pacific Consulting (Changshu) Co., Ltd.	BES ENGINEERING CORPORATION	Company holding more than 50% of ordinary shares of the Company directly or through a subsidiary indirectly	469,566 (Note 4)	289,118	289,118	260,000	289,118	61.57%	939,132 (Note 8)	—	Y	—	
4	Chung Kung Safeguarding and Security Corp.	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Company in which the Company holding more than 50% voting rights directly or indirectly	194,956 (Note 5)	25,000	25,000	-	-	32.06%	233,946 (Note 9)	Y	—	—	
4	Chung Kung Safeguarding and Security Corp.	Chung Kung Management Consultant Co., Ltd.	Company in which the Company holding more than 50% voting rights directly or indirectly	194,956 (Note 5)	25,000	25,000	-	-	32.06%	233,946 (Note 9)	Y	—	—	

Note 1: Indicate “Y” if the endorsement and guarantee is given in Mainland China.

Note 2: The limit is 100% of the net worth of Cinemark Core Pacific Limited in the latest financial statement.

Note 3: The limit is 100% of the net worth of Hua Cheng Consulting (Changshu) Co., Ltd. in the latest financial statement.

Note 4: The limit is 100% of the net worth of Core Pacific Consulting (Changshu) Co., Ltd. in the latest financial statement.

Note 5: The limit is 250% of the net worth of Chung Kung Safeguarding and Security Corp. in the latest financial statement.

Note 6: The limit is 300% of the net worth of Cinemark Core Pacific Limited in the latest financial statement.

Note 7: The limit is 200% of the net worth of Hua Cheng Consulting (Changshu) Co., Ltd. in the latest financial statement.

Note 8: The limit is 200% of the net worth of Core Pacific Consulting (Changshu) Co., Ltd. in the latest financial statement.

Note 9: The limit is 300% of the net worth of Chung Kung Safeguarding and Security Corp. in the latest financial statement.

Endorsements and guarantees for others
 Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates, and Joint Ventures).
 June 30, 2022

Table 4

Unit: NTD in thousands

No.	Securities holder		Relations between the securities issuer and the Company	Account	End of period				Note
	Name	Name of securities			Number of shares or units	Carrying amount	Shareholding (%)	Fair value	
0	BES ENGINEERING CORPORATION	Taishin ESG Emerging Markets Bond Fund	—	Financial assets at fair value through profit or loss - current	500,000	\$ 4,046	-	\$ 4,046	(Note 1)
		Taiwan Business Bank, Ltd.	—	Financial assets at fair value through other comprehensive income - current	66,504,077	768,122	0.86	768,122	(Note 1)
		China Petrochemical Development Corporation	The Company's institutional director	Financial assets at fair value through other comprehensive income - non-current	183,037,540	1,757,160	4.84	1,757,160	(Note 1)
		Century Development Corporation	—	Financial assets at fair value through other comprehensive income - non-current	10,633,492	83,367	3.03	83,367	(Note 1)
		Overseas Investment & Development Corp.	—	Financial assets at fair value through other comprehensive income - non-current	2,600,000	21,970	2.89	21,970	(Note 1)
		Zowie Technology Corp.	—	Financial assets at fair value through other comprehensive income - non-current	6,611	-	0.02	-	
		Fortemedia	—	Financial assets at fair value through other comprehensive income - non-current	4,137	-	-	-	
		Fortemedia	—	Financial assets at fair value through other comprehensive income - non-current	62,282	-	-	-	(Note 2)
1	Core Pacific World Co., Ltd.	China Petrochemical Development Corporation	The Company's institutional director	Financial assets at fair value through other comprehensive income - current	30,649,620	294,236	0.81	294,236	(Note 1)
		Taiwan Business Bank, Ltd.	—	Financial assets at fair value through other comprehensive income - current	1,382,075	15,963	0.02	15,963	(Note 1)
2	Cinemark Core Pacific Limited	Film investment project - The M Riders Finding Pangu	—	Financial assets at fair value through other comprehensive income - non-current	-	-	-	-	

Note 1: The market prices of domestic listed stocks were based on the closing prices at the end of June, 2022. Beneficiary certificates were based on the net asset values of the funds at the end of June 2022. The values of the domestic unlisted stocks were based on the fair values at the end of June 2022.

Note 2: Preference shares.

BES Engineering Corporation and Subsidiaries
 Marketable Securities Acquired or Sold at Costs or Prices at Least NT\$300 Million or 20% of the Paid-in Capital
 Six months ended June 30, 2022

Table 5

Unit: In thousands of NTD,
 unless stated otherwise

Buyer/Seller	Type and name of securities	Account	Transaction counterparty	Relationship	Beginning of period		Purchase (Note 1)		Sale				End of period	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book cost	Gain or loss on disposal	Number of shares	Amount
BES Engineering Corporation	<u>Shares</u> China Petrochemical Development Corporation	Financial assets at fair value through other comprehensive income - non-current	—	—	111,277,510	\$ 1,852,716	71,760,030	\$ 895,848	-	\$ -	\$ -	\$ -	\$ 183,037,540	\$ 2,748,564
BES Engineering Vietnam Co., Ltd.	<u>Shares</u> Fu An Real Estate Co., Ltd.	Investments by the Equity Method	Fu An Real Estate Co., Ltd.	Subsidiaries	-	-	-	-	-	-	-	-	-	-

Note 1: The Company participated in China Petrochemical Development Corporation's cash capital increase on December 17, 2021 and acquired 58,649,685 shares in an amount of NT\$689,134 thousand as a specific person. Also, the Board of Directors, on December 29, 2021, resolved to carry out a short-form merger with BES Machinery Co., Ltd.. The record date for the merger was March 25, 2022. After the merger, the Company became the surviving company, and BES Machinery Co., Ltd. was eliminated. The Company accepted and acquired 13,110,345 shares of BES Machinery Co., Ltd. in an amount of NT\$206,714 thousand.

Note 2: BES Engineering Vietnam Co., Ltd.'s acquisition of shares in Fu An Real Estate Co., Ltd. was approved by the Board of Directors on December 13, 2021, and the agreement was signed on December 15, 2021. As of the date this report was being reviewed, the relevant procedures was still underway.

BES Engineering Corporation and Subsidiaries
Information on Investees (excluding investments in mainland China)
Six months ended June 30, 2022

Table 6

Unit: NTD in thousands

Name of investor	Name of investee	Location	Principle business	Initial investment amount		Holding at the end of the period			Profit or loss on Profit (loss) during the period	Recognized for the period recognized for this year (Note 1)	Note
				End of period	Beginning of period	Number of shares	Percentage (%)	Carrying amount			
(I) BES ENGINEERING CORPORATION	Core Pacific World Co., Ltd.	6F, No. 12, Dongxing Rd., Taipei City	Investment	\$ 1,530,094	\$ 1,530,094	115,942,000	99.95	\$ 1,730,589	\$ 385,428	\$ 385,236	Subsidiaries
	BES Machinery Co., Ltd.	11F-2, No. 80, Siwei 3rd Rd., Linya District, Kaohsiung	Leasing of construction machinery, retail of building materials, wholesale of timber, and other relevant businesses; processing, trading, distribution, and agency of ready-mixed concrete; and consulting services for planning, design, and testing of civil engineering, structure, transportation, hydraulic engineering, harbors, land, and mass rapid transit projects (excluding architects' business)	-	867,733	-	-	-	16,272	16,154	Subsidiary (Note 2)
	BES Investment Company Ltd.	Suite C, 21 st Floor, Lee & Man Commercial Center 169 Electric Road, North Point, Hong Kong	Overseas operations of construction, machine and electrical equipment	1,485,277	1,485,277	49,600,000	100.00	1,322,811	(14,842)	(14,842)	Subsidiaries
	BES Logistics International Co., Ltd.	Republic of Mauritius	Investment	348,278	348,278	13,995,389	100.00	749,276	9,508	9,508	Subsidiaries
	Core Asia Human Resources Management Co., Ltd.	2F, No. 12, Dongxing Rd., Taipei City	Business management consultancy and investment advices	60,000	60,000	6,000,000	100.00	94,955	1,788	1,788	Subsidiaries
	Chung Kung Safeguarding and Security Corp.	2F, No. 12, Dongxing Rd., Taipei City	Security business	38,127	38,127	3,880,000	64.67	52,068	2,529	1,636	Subsidiaries
	Cinemark Core Pacific., Ltd.	4F, No. 102, Guangfu S. Rd, Taipei City	Domestic and overseas movie playing	115,380	23,450	9,455,180	78.14	188,536	(31,982)	(24,990)	Subsidiary (Note 2)
	BES Construction Corporation (U.S.A)	141 Bennington Court McDonough, Georgia 30253, U.S.A.	Land development and investment	259,562	259,562	8,509	91.79	26,117	(297)	(273)	Subsidiaries
BES Global Investment Co.	4F, Ellen Skelton Building 3076 Sir Francis Drake Highway, Tortola, British Virgin Islands	Overseas operations of construction, machine and electrical equipment	51,313	51,313	1,510,100	100.00	17,436	127	127	Subsidiaries	

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Name of investor	Name of investee	Location	Principle business	Initial investment amount		Holding at the end of the period			Profit or loss on Profit (loss) during the period	Recognized for the period recognized for this year (Note 1)	Note
				End of period	Beginning of period	Number of shares	Percentage (%)	Carrying amount			
	BA & BES Contracting (L.L.C.)	P.O. Box 92237, Dubai-UAE	Contracting Construction	\$ 10,696	\$ 10,696	1,200,000	40.00	\$ -	\$ -	\$ -	
	BESM Holding Co., Ltd.	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment Holding	162,163	-	5,075,000	100.00	259,535	2,392	2,392	Subsidiary (Note 2)
(II) Core Pacific World Co., Ltd.	Chinese City International Investment Co., Ltd.	Republic of Mauritius	Consultancy	330,714	330,714	9,500,000	100.00	493,421	62	62	Subsidiaries
	Zhong Hua Cheng Development Co., Ltd.	Republic of Mauritius	Consultancy	330,714	330,714	9,500,000	100.00	488,575	(54)	(54)	Subsidiaries
(III) BES Machinery Co., Ltd.	BESM Holding Co., Ltd.	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Investment Holding	-	162,163	-	-	-	2,392	-	Subsidiary (Note 2)
	Cinemark Core Pacific., Ltd.	4F, No. 102, Guangfu S. Rd, Taipei City	Domestic and overseas movie playing	-	91,930	-	-	-	(31,982)	-	Subsidiary (Note 2)
(IV) BES Investment Company Ltd.	Wei-Jing Holdings Ltd.	British Virgin Islands	Investment Holding	463,104	463,104	14,400,000	44.67	515,163	(14,710)	(6,571)	
	BES Construction Corporation (U.S.A)	141 Bennington Court McDonough, Georgia 30253, U.S.A.	Land development and investment	25,724	25,724	761	8.21	2,336	(297)	(24)	Subsidiaries
	Global BES Engineering (Myanmar) Co., Ltd.	NO.153/KA, Kyun Shwe Myaing Lane(2), 23 Ward, (Thuwanna), Thingangyun Township, Yangon, Myanmar	Contracting Construction	15,478	15,478	500,000	100.00	12,127	390	390	Subsidiaries
	BES Engineering Vietnam Co., Ltd.	P 12 . 15, Toa Nha Golden King, So 15 Duong Nguyen Luong Bang, P. Tan Phu, Quan 7, Tp. Ho Chi Minh, Viet Nam.	Contracting Construction	726,220	726,220	-	100.00	729,271	(10,699)	(10,699)	Subsidiaries
(V) Core Asia Human Resources Management Co., Ltd.	Elite Human Resource Management Co., Corporation	2F, No. 12, Dongxing Rd., Taipei City	Manpower Services	5,000	5,000	500,000	100.00	13,171	1,184	1,184	Subsidiaries

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Name of investor	Name of investee	Location	Principle business	Initial investment amount		Holding at the end of the period			Profit or loss on Profit (loss) during the period	Recognized for the period recognized for this year (Note 1)	Note
				End of period	Beginning of period	Number of shares	Percentage (%)	Carrying amount			
(VI) Chung Kung Safeguarding and Security Corp.	BES Consultant Corporation	2F, No. 12, Dongxing Rd., Taipei City	Operation of parking lots and business management consultancy	\$ 10,000	\$ 10,000	-	100.00	\$ 13,817	\$ 974	\$ 974	Subsidiaries
	Chung Kung Management and Maintenance of Apartment Co., director	2F, No. 12, Dongxing Rd., Taipei City	Management service of apartment buildings	3,700	3,700	-	37.00	4,968	698	258	Subsidiaries
(VII) Cinemark Core Pacific Limited	Hongkong Cinemark-Core Pacific, Ltd.	FLATB 3/F WING CHBONG COMMERCIAL BOILDING 19-25 JERVOIS STREET SHEVNG WAN HK	Investment Holding	246,729	246,729	61,503,000	49.60	118,727	(456)	(226)	
	Cinema 7 Theater Co., Ltd.	8-11F, No. 52, Hang-Zhong Street, Taipei City	Motion picture projection and retail sale of food, grocery and beverage	150,183	150,183	25,000	100.00	(27,373)	(12,077)	(12,077)	Subsidiaries
(VIII) Chung Kung Management Consultant Co., Ltd.	Chung Kung Management and Maintenance of Apartment Co., director	2F, No. 12, Dongxing Rd., Taipei City	Management service of apartment buildings	6,300	6,300	-	63.00	8,460	698	440	Subsidiaries

Note 1: The calculation is based on the investee's financial statements for the same period but not reviewed by a CPA and based on the Company's shareholding.

Note 2: The Company's Board of Directors, on December 29, 2021, approved a short-form merger with BES Machinery Co., Ltd.. The record date for the merger was March 25, 2022. After the merger, the Company was the surviving company, while BES Machinery Co., Ltd. was eliminated. In addition, the equity of BESM Holding Co., Ltd. and Cinemark Core Pacific Limited are directly held by the Company.

Note 3: Investment income or loss on investees, investor's long-term equity investments, and net equity of investees were all written off when the consolidated financial statements were prepared, except for BA & BES Contracting L.L.C., Wei-Jing Holding Ltd. and Hongkong Cinemark Core Pacific Limited.

BES Engineering Corporation and Subsidiaries
 Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts
 Six months ended June 30, 2022

Table 7

Unit: NTD in thousands

No.	Name of trader	Transaction counterparty	Relations with trader (Note 1)	Details of transaction			
				Account	Amount	Transaction conditions	As a percentage of consolidated total revenue of total assets (%)
0	BES ENGINEERING CORPORATION	BES Machinery Co., Ltd.	1	Construction costs	\$ 154,359	As per the agreement between both parties	2.37%

Note 1: 1 refers to the Company to subsidiary; 2 refers to subsidiary to the Company; 3 refers to subsidiary to subsidiary.

Note 2: All transactions listed in the above table have been eliminated when the consolidated financial statements were prepared.

BES Engineering Corporation and Subsidiaries
Information on Investment in Mainland China
Six months ended June 30, 2022

Table 8

Unit: In thousands of NTD,
unless stated otherwise

Investee in Name of the Company	Principle business	Paid-in Capital	Investment method (Note 1)	Cumulative investment remitted from Taiwan, beginning of the year	The investment amount remitted from Taiwan or recovered in this period		End of period remitted from Taiwan, beginning of the year	Profit or loss on on investee for this period	Shareholding in direct or indirect investment	Investment income or loss recognized for this year (Note 2)	Book value of investments at the end of the period	Cumulative repatriation of investment income as of the end of this period
					Outward	Inward						
Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Logistics, warehouse, and international trading	\$ 1,100,438 thousand RMB 250,000 thousand	(2) (Note 3)	\$ 341,921 thousand US\$10,703 thousand	\$ -	\$ -	\$ 341,921 thousand US\$10,703 thousand	\$ 24,404 thousand RMB 5,514 thousand	39.20%	\$ 9,566 thousand RMB 2,161 thousand	\$ 796,693 thousand RMB 179,476 thousand	\$ 153,108 thousand US\$5,038 thousand
Core Pacific Consulting (Changshu)Co., Ltd.	Engineering and design consultancy	305,982 thousand US\$ 9,000 thousand	(2) (Note 4)	305,982 thousand US\$ 9,000 thousand	-	-	305,982 thousand US\$ 9,000 thousand	-, (RMB 1 thousand)	100.00%	-, (RMB 1 thousand)	479,834 thousand RMB 108,095 thousand	-
Hua Cheng Consulting (Changshu) Co., Ltd.	Engineering and design consultancy	305,982 thousand US\$ 9,000 thousand	(2) (Note 5)	305,982 thousand US\$ 9,000 thousand	-	-	305,982 thousand US\$ 9,000 thousand	114 thousand RMB 26 thousand	100.00%	114 thousand RMB 26 thousand	484,603 thousand RMB 109,169 thousand	-
Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Logistics, warehouse, and international trading	1,100,438 thousand RMB 250,000 thousand	(2) (Note 6)	167,565 thousand RMB 40,900 thousand	-	-	167,565 thousand RMB 40,900 thousand	24,404 thousand RMB 5,514 thousand	9.80%	2,392 thousand RMB 540 thousand	199,173 thousand RMB 44,869 thousand	38,277 thousand US\$1,260 thousand
Cinemark (Shanghai) Investment and Management Consultancy Ltd.	Management of movie theaters; consultancy for procurement and management	27,602 thousand US\$ 900 thousand	(2) (Note 7)	27,577 thousand US\$ 900 thousand	-	-	27,577 thousand US\$ 900 thousand	-, (RMB - thousand)	49.60%	-, (RMB - thousand)	(488 thousand) (RMB 110 thousand)	-
Yunnan Cinemark Theater Ltd	Management of movie theaters; consultancy for procurement and management	120,676 thousand US\$4,031 thousand	(2) (Note 7)	59,131 thousand US\$1,975 thousand	-	-	59,131 thousand US\$1,975 thousand	(5,788 thousand) (RMB 1,308 thousand)	24.30%	(1,406 thousand) (RMB 318 thousand)	32,540 thousand RMB 7,330 thousand	-
HRDD Logistics Co., Ltd.	General warehousing, refrigerated warehousing, and automobile cargo carrier	653,328 thousand RMB 144,000 thousand	(1)	166,730 thousand RMB 34,000 thousand	-	-	166,730 thousand RMB 34,000 thousand	(52,105 thousand) (RMB 11,770 thousand)	23.61%	(12,302 thousand) (RMB 2,779 thousand)	57,157 thousand RMB 12,876 thousand	-
Suzhou Cinemark Theatres Management and Consultancy Ltd.	Management of movie theaters; consultancy for procurement and management	343,172 thousand US\$ 11,000 thousand	(2) (Note 7)	161,597 thousand US\$ 5,000 thousand	-	-	161,597 thousand US\$ 5,000 thousand	4,618 thousand RMB 1,043 thousand	49.60%	2,291 thousand RMB 517 thousand	62,128 thousand RMB 13,996 thousand	-

Name of investor	Cumulative outward remittances from Taiwan for investment in mainland China as of the end of the period	Investment amount approved by Investment Commission, MOEA	Limit on investment amount stipulated by Investment Commission, MOEA
BES Engineering Corporation (Note 10)	\$US\$17,170 thousand RMB 34,000 thousand	\$US\$21,021 thousand RMB 34,000 thousand	\$ 13,230,522
Core Pacific World Co., Ltd.	US\$18,000 thousand	US\$19,000 thousand	858,941
Cinemark Core Pacific Ltd.	US\$7,875 thousand	US\$7,875 thousand	162,634

Note 1: Investment methods are divided into the three types below, just enter the code:

- (1) Direct investment in mainland China.
- (2) Indirect investment in mainland China through a third-region company (please indicate the investor in the third region).
- (3) Other methods.

Note 2: In the column of investment income or loss recognized in this period:

- (1) If it is under preparation without investment income or loss, it shall be indicated.
- (2) The basis for recognition of investment income or loss is divided into the following three types, which shall be indicated.
 - A. Financial statements audited and certified by an international accounting firm with a partnership with an accounting firm of the Republic of China.
 - B. Financial statements audited and certified by a CPA appointed by the parent company in Taiwan.
 - C. Others.

Note 3: The investor in the third region is BES Logistics International Co., Ltd.

Note 4: The investor in the third region is Zhong Hua Cheng Development Co., Ltd.

Note 5: The investor in the third region is Core Pacific World Co., Ltd.

Note 6: The investor in the third region is BESM Holding Co., Ltd. °

Note 7: The investor in the third region is Hongkong Cinemark-Core Pacific, Ltd.

Note 8: When the consolidated financial statements were prepared, except for Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd., Cinemark (Shanghai) Investment and Management Consultancy Ltd., Yunnan Cinemark Theater Ltd., and HRDD Logistics Co., Ltd., all transactions have been written off.

Note 9: The basis for recognition of investment income or loss is based on the investee's financial statements that are not reviewed by a CPA for the same period and the Company's shareholding.

Note 10: The Company was approved by the Investment Commission, Ministry of Economic Affairs, for the merger of domestic businesses on February 16, 2022, in which BES Engineering Corporation acquired all the equity of Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd. and HRDD Logistics Co., Ltd. in China held by BES Machinery Co., Ltd. through indirect (direct) investments.

BES Engineering Corporation and Subsidiaries

Information on Major Shareholders

June 30, 2022

Table 9

Name of Major Shareholders	Shares	
	Shares held	Percentage of Holding
China Petrochemical Development Corporation	164,348,449	10.73%

Note 1: The major shareholders in this table are shareholders holding at least 5% of the ordinary and preference shares (including treasury shares) with dematerialized registration and delivery completed on the last business day of the quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered with registration of dematerialized securities completed as a result of different bases of preparation.

Note 2: If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings including their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.