

**BES Engineering Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

BES ENGINEERING CORPORATION

By



CHU HUI-LAN

March 15, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
BES Engineering Corporation

Opinion

We have audited the accompanying consolidated financial statements of BES Engineering Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters for the Group's consolidated financial statements for the year ended December 31, 2021 are stated as follows:

Accuracy of Construction Revenue Recognized

The Group operates in the construction industry and is mainly engaged in the construction of roads, bridges, wharfs and multi-storey residential buildings and office complexes. The Group calculates construction revenue based on the estimated percentage of completion and the total price of the construction project. As estimates are required to be made with reference to internal and external documents during the calculation of the percentage of completion of construction, the calculation of the percentage of completion is considered complex. In addition, the Group's construction revenue amount for the year ended December 31, 2021 is material, hence, the accuracy of the recognition of construction revenue was deemed as a key audit matter for the year ended December 31, 2021. Refer to Note 4 to the accompanying consolidated financial statements for the relevant accounting policies and Table 1 following the notes to the consolidated financial statements for the financial information of the construction projects.

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

1. We understood and tested the design and operating effectiveness of the internal controls related to the estimation of the percentage of completion and the accuracy of construction revenue recognized.
2. We evaluated whether the accounting policies on the estimation of the percentage of completion were consistently applied.
3. We performed tests of the details of incomplete construction projects at the end of the year to confirm the accuracy of construction revenue recognized.
4. We obtained confirmations of approval of the owners after the reporting period and confirmed that no material adjustments were made after the reporting period.

Net Realizable Value of Real Estate Inventory

The Group is mainly engaged in the construction of buildings and transacting of real estate. As stated in Note 12, the carrying amount of buildings and land held for sale in the consolidated balance sheets as of December 31, 2021 is material. As real estate inventory is stated at the lower of cost and net realizable value, and the net realizable value of real estate inventory may be affected by changes in the market price of real estate and its assessment involves management's subjective judgment and accounting estimates, the net realizable value of real estate inventory was deemed as a key audit matter for the year ended December 31, 2021. Refer to Note 5 to the accompanying consolidated financial statements for the relevant accounting judgments and key sources of estimation uncertainty.

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

1. We evaluated whether the accounting policies on the valuation of real estate inventory were consistently applied.
2. We obtained the information on the calculation of the net realizable value and impairment assessment of the above-mentioned real estate inventory and reviewed whether the assessment results were reasonable.

Other Matter

We have also audited the parent company only financial statements of BES Engineering Corporation as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Tung-Feng Lee and Yao-Lin Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

Tung-Feng, Lee

Yao-Lin, Huang

March 15, 2022

Notice to Readers

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

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

BES ENGINEERING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 16)	\$ 2,995,422	6	\$ 2,447,681	6
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 36)	2,380,206	5	23,682	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8, and 37)	1,081,055	2	964,350	2
Financial assets at amortized cost - current (Notes 4, 9, 26 and 37)	4,692,740	10	2,992,106	7
Notes receivable and trade receivables (Notes 4, 10, 28 and 36)	97,661	-	84,635	-
Construction receivables (Notes 4, 10, 16, 26, 28 and 36)	2,286,738	5	1,254,817	3
Contract assets - current (Notes 16, 26, 28 and Table 1)	2,459,043	5	3,273,890	8
Accounts receivable on the development of industrial districts (Notes 4, 11, 26 and 37)	6,077,203	13	6,995,042	17
Inventories (Notes 4, and 26)	188,496	-	12,145	-
Buildings and land held for sale, net (Notes 4, 5, 12, 26 and 37)	11,850,421	25	11,402,858	27
Construction in progress (Notes 13, 26 and 37)	3,113,718	7	3,088,754	7
Refundable deposits on construction contracts (Note 26)	158,801	-	124,075	-
Other current assets (Notes 16 and 36)	1,373,137	3	1,125,258	3
Total current assets	<u>38,754,641</u>	<u>81</u>	<u>33,789,293</u>	<u>80</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8, 36 and 37)	1,734,715	4	727,361	2
Financial assets at amortized cost - non-current (Notes 4, 9 and 37)	4,291	-	644,768	1
Investments accounted for using the equity method (Notes 4, 15 and 36)	1,638,812	3	1,962,920	5
Property, plant and equipment (Notes 4, 17 and 37)	3,210,072	7	3,220,082	8
Right-of-use assets (Notes 4, 18 and 37)	227,925	-	270,369	1
Investment properties (Notes 4, 19 and 37)	1,029,029	2	828,637	2
Deferred tax assets (Notes 4 and 30)	597,279	1	364,876	1
Refundable deposits (Notes 16 and 36)	70,215	-	60,424	-
Prepayments for investments (Note 8)	770,870	2	-	-
Other non-current assets	50,314	-	239,987	-
Total non-current assets	<u>9,333,522</u>	<u>19</u>	<u>8,319,424</u>	<u>20</u>
TOTAL	<u>\$ 48,088,163</u>	<u>100</u>	<u>\$ 42,108,717</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 21 and 37)	\$ 3,045,113	6	\$ 2,540,134	6
Short-term bills payable (Notes 21 and 37)	2,531,971	5	2,331,245	6
Notes payable (Note 26)	8,343	-	2,277	-
Trade payables (Notes 16, 22 and 26)	4,613,161	10	4,347,815	10
Contract liabilities - current (Notes 16, 26, 28, 36 and Table 1)	2,764,252	6	2,248,921	5
Lease liabilities - current (Notes 4, 18 and 36)	66,025	-	70,179	-
Accrued expenses (Notes 16 and 36)	461,736	1	386,795	1
Accounts payable for the development of industrial districts (Notes 4, 23 and 26)	1,981,683	4	1,943,027	5
Current tax liabilities (Note 4)	20,778	-	24,380	-
Provisions - current (Notes 4, 24 and 26)	461,341	1	468,177	1
Guarantee deposits on construction contracts - current (Note 26)	477,569	1	421,482	1
Current portion of long-term borrowings (Notes 21 and 37)	746,870	1	1,130,591	3
Other current liabilities (Notes 16 and 36)	293,233	1	328,102	1
Total current liabilities	<u>17,472,075</u>	<u>36</u>	<u>16,243,125</u>	<u>39</u>
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 4, 18 and 36)	172,469	1	207,971	-
Long-term borrowings (Notes 21 and 37)	5,313,000	11	3,607,218	9
Deferred tax liabilities (Notes 4 and 30)	1,115,149	2	1,110,055	3
Provisions - non-current (Notes 4 and 24)	984,074	2	365,748	1
Net defined benefit liabilities - non-current (Notes 4 and 25)	73,822	-	110,446	-
Guarantee deposits received	28,828	-	48,612	-
Total non-current liabilities	<u>7,687,342</u>	<u>16</u>	<u>5,450,050</u>	<u>13</u>
Total liabilities	<u>25,159,417</u>	<u>52</u>	<u>21,693,175</u>	<u>52</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION				
Ordinary shares	15,308,998	32	15,308,998	36
Capital surplus	73,884	-	73,833	-
Retained earnings				
Legal reserve	821,206	2	759,714	2
Special reserve	2,475,958	5	2,788,570	7
Unappropriated earnings	4,379,268	9	1,839,615	4
Total retained earnings	7,676,432	16	5,387,899	13
Other equity	(223,791)	-	(462,906)	(1)
Total equity attributable to owners of the Corporation	22,835,523	48	20,307,824	48
NON-CONTROLLING INTERESTS	93,223	-	107,718	-
Total equity	<u>22,928,746</u>	<u>48</u>	<u>20,415,542</u>	<u>48</u>
TOTAL	<u>\$ 48,088,163</u>	<u>100</u>	<u>\$ 42,108,717</u>	<u>100</u>

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

BES ENGINEERING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 16, 28, 36 and 42)				
Construction revenue	\$ 14,560,049	85	\$ 11,860,058	88
Other operating revenue	<u>2,636,636</u>	<u>15</u>	<u>1,610,904</u>	<u>12</u>
Total operating revenue	<u>17,196,685</u>	<u>100</u>	<u>13,470,962</u>	<u>100</u>
OPERATING COSTS (Notes 4, 16, 25, 29 and 36)				
Construction costs	14,471,086	84	11,103,643	82
Other operating costs	<u>2,385,713</u>	<u>14</u>	<u>1,421,272</u>	<u>11</u>
Total operating costs	<u>16,856,799</u>	<u>98</u>	<u>12,524,915</u>	<u>93</u>
GROSS PROFIT	<u>339,886</u>	<u>2</u>	<u>946,047</u>	<u>7</u>
OPERATING EXPENSES (Notes 25, 29 and 36)				
Selling and marketing expenses	133,836	1	88,621	1
General and administrative expenses	537,719	3	457,392	3
Research and development expenses	27,113	-	24,849	-
Expected credit loss (gain) (Note 10)	<u>(163)</u>	<u>-</u>	<u>138</u>	<u>-</u>
Total operating expenses	<u>698,505</u>	<u>4</u>	<u>571,000</u>	<u>4</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(358,619)</u>	<u>(2)</u>	<u>375,047</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4, 16, 29 and 36)	71,703	-	106,746	1
Other income (Notes 4, 25, 29, 32 and 36)	76,560	1	104,233	1
Other gains and losses (Notes 15, 20 and 29)	2,842,626	17	509,376	4
Finance costs (Notes 4, 13, 29 and 36)	(150,282)	(1)	(170,908)	(2)
Share of loss of associates (Notes 4 and 15)	<u>(3,519)</u>	<u>-</u>	<u>(131,262)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>2,837,088</u>	<u>17</u>	<u>418,185</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	2,478,469	15	793,232	6
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 30)	<u>(183,707)</u>	<u>(1)</u>	<u>194,385</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>2,662,176</u>	<u>16</u>	<u>598,847</u>	<u>4</u>

(Continued)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 4, 25, 27 and 30)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (241)	-	\$ (4,815)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	257,778	1	68,130	1
Share of the other comprehensive income (loss) of associates accounted for using the equity method	14,095	-	16,599	-
Income tax related to items that will not be reclassified subsequently to profit or loss	48	-	964	-
	<u>271,680</u>	<u>1</u>	<u>80,878</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(12,698)	-	12,674	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	(19,945)	-	6,762	-
	<u>(32,643)</u>	<u>-</u>	<u>19,436</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>239,037</u>	<u>1</u>	<u>100,314</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,901,213</u>	<u>17</u>	<u>\$ 699,161</u>	<u>5</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 2,676,758	15	\$ 618,959	4
Non-controlling interests	<u>(14,582)</u>	<u>-</u>	<u>(20,112)</u>	<u>-</u>
	<u>\$ 2,662,176</u>	<u>15</u>	<u>\$ 598,847</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 2,915,641	17	\$ 718,327	5
Non-controlling interests	<u>(14,428)</u>	<u>-</u>	<u>(19,166)</u>	<u>-</u>
	<u>\$ 2,901,213</u>	<u>17</u>	<u>\$ 699,161</u>	<u>5</u>

(Continued)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 31)				
Basic	<u>\$1.75</u>		<u>\$0.40</u>	
Diluted	<u>\$1.74</u>		<u>\$0.40</u>	

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

(Concluded)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Corporation (Note 27)												
	Share Capital Issued and Outstanding		Capital Surplus	Retained Earnings				Exchange Differences on Translation of Foreign Operations	Other Equity Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		Non-controlling Interests (Notes 27 and 33)	Total Equity	
	Number of Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Total	Total			
BALANCE, JANUARY 1, 2020	1,530,899	\$ 15,308,998	\$ 73,782	\$ 728,425	\$ 2,788,570	\$ 1,563,695	\$ 5,080,690	\$ (322,536)	\$ (243,747)	\$ (566,283)	\$ 19,897,187	\$ 127,371	\$ 20,024,558
Appropriation of the 2019 earnings													
Legal reserve	-	-	-	31,289	-	(31,289)	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(307,711)	(307,711)	-	-	-	(307,711)	-	(307,711)
	-	-	-	31,289	-	(339,000)	(307,711)	-	-	-	(307,711)	-	(307,711)
Net profit (loss) for the year ended December 31, 2020	-	-	-	-	-	618,959	618,959	-	-	-	618,959	(20,112)	598,847
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(4,009)	(4,009)	18,967	84,410	103,377	99,368	946	100,314
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	614,950	614,950	18,967	84,410	103,377	718,327	(19,166)	699,161
Actual acquisition of interests in subsidiaries	-	-	-	-	-	(30)	(30)	-	-	-	(30)	(487)	(517)
Donations from shareholders	-	-	51	-	-	-	-	-	-	-	51	-	51
BALANCE, DECEMBER 31, 2020	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
Special reserve under Rule No. 1030006415 issued by the FSC	-	-	-	-	(312,612)	312,612	-	-	-	-	-	-	-
Appropriation of the 2020 earnings													
Legal reserve	-	-	-	61,492	-	(61,492)	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(356,700)	(356,700)	-	-	-	(356,700)	-	(356,700)
	-	-	-	61,492	-	(418,192)	(356,700)	-	-	-	(356,700)	-	(356,700)
Net profit (loss) for the year ended December 31, 2021	-	-	-	-	-	2,676,758	2,676,758	-	-	-	2,676,758	(14,582)	2,662,176
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(232)	(232)	(32,483)	271,598	239,115	238,883	154	239,037
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	2,676,526	2,676,526	(32,483)	271,598	239,115	2,915,641	(14,428)	2,901,213
Actual acquisition of interests in subsidiaries	-	-	13	-	-	-	-	-	-	-	13	(67)	(54)
Changes from investments in associates accounted for using the equity method	-	-	-	-	-	(31,293)	(31,293)	-	-	-	(31,293)	-	(31,293)
Donations from shareholders	-	-	38	-	-	-	-	-	-	-	38	-	38
BALANCE, DECEMBER 31, 2021	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

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

BES ENGINEERING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 2,478,469	\$ 793,232
Adjustments for:		
Depreciation expense	160,707	164,116
Expected credit loss recognized (reversed) on trade receivables	(163)	138
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	8,350	(8,820)
Finance costs	150,282	170,908
Interest income	(71,703)	(106,746)
Dividend income	(12,533)	(38,741)
Share of loss of associates	3,519	131,262
(Gain) loss on disposal of property, plant and equipment	458	(314,064)
Gain on disposal of associates	(2,849,350)	-
Impairment loss on goodwill	-	43,997
Reversal of impairment losses on financial assets	(775,507)	-
Reversal of write-down of buildings and land held for sale	-	(10,648)
Gain on lease modification	(2,903)	-
Compensation loss (reversal)	665,623	(310,860)
Changes in operating assets and liabilities		
Notes receivable and trade receivables	(12,863)	(530)
Contract assets	814,847	(237,596)
Construction receivables	(1,031,921)	280,518
Accounts receivable on the development of industrial districts	917,839	871,618
Inventories	(174,425)	(1,370)
Construction in progress	(1,398,319)	(891,567)
Buildings and land held for sale	951,654	42,317
Other current assets	(248,058)	(84,918)
Notes payable	6,066	(494)
Contract liabilities	515,331	162,819
Trade payables	265,346	127,624
Accrued expenses	74,941	(1,478)
Accounts payable for the development of industrial districts	38,656	7,103
Provisions	(54,133)	(114,001)
Net defined benefit liabilities	(36,865)	(20,232)
Other current liabilities	(36,467)	(12,293)
Cash generated from operations	346,878	641,294
Interest received	70,781	106,739
Interest paid	(174,594)	(196,082)
Income tax paid	(46,055)	(4,717)
Net cash generated from operating activities	<u>197,010</u>	<u>547,234</u>

(Continued)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through profit and loss	\$ (582,172)	\$ (277,808)
Proceeds from disposal of financial assets at fair value through profit and loss	592,909	676,565
Cash returns from capital reduction of investments in financial assets at fair value through profit and loss	1,532,692	-
Purchase of financial assets at fair value through other comprehensive income	(868,218)	(206,184)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,937	27,596
Purchase of financial assets at amortized cost	(1,700,634)	(639,421)
Proceeds from disposal of financial assets at amortized cost	640,477	1,167,658
Payments for property, plant and equipment	(63,104)	(57,773)
Proceeds from disposal of property, plant and equipment	204	387,237
(Increase) decrease in refundable deposits	(44,517)	27,167
Increase in other assets	(30,571)	(187,580)
Decrease in prepayments for equipment	3,133	-
Increase in prepayments for investments	(770,870)	-
Dividends received	<u>12,533</u>	<u>38,741</u>
Net cash generated from (used in) investing activities	<u>(1,276,201)</u>	<u>956,198</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment of) proceeds from short-term borrowings	214,930	(871,046)
Proceeds from short-term bills payable	200,726	897,020
(Repayment of) proceeds from long-term borrowings	1,322,061	(1,431,854)
Increase in guarantee deposits received	36,303	46,460
Repayment of the principal portion of lease liabilities	(69,882)	(74,948)
Decrease in other non-current liabilities	-	(450)
Acquisition of additional interests in subsidiaries	(54)	(517)
Cash dividends distributed	(356,700)	(307,711)
Donations from shareholders	<u>38</u>	<u>51</u>
Net cash generated from (used in) financing activities	<u>1,347,422</u>	<u>(1,742,995)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(10,539)</u>	<u>11,773</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	257,692	(227,790)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,447,681</u>	<u>2,675,471</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,705,373</u>	<u>\$ 2,447,681</u>

(Continued)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of December 31, 2021 and 2020:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Cash and cash equivalents in the consolidated balance sheets	\$ 2,995,422	\$ 2,447,681
Bank overdrafts	<u>(290,049)</u>	<u>-</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 2,705,373</u>	<u>\$ 2,447,681</u>

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

(Concluded)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Otherwise)

1. GENERAL INFORMATION

BES Engineering Corporation (the “Corporation”), which was a state-owned enterprise until June 22, 1994, engages mainly in civil engineering, building construction, real estate transaction and the development of industrial districts for the government.

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

The consolidated financial statements of the Corporation and its subsidiaries, collectively referred to as the “Group”, are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on March 15, 2022.

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

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

- 1) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”

The Group elected to apply the practical expedient provided in the amendments to deal with the changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities resulting from the interest rate benchmark reform. The changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

- 2) Amendments to IFRS 16 “Covid-19-Related Rent Concessions” and “Covid-19-Related Rent Concessions beyond 30 June 2021”

The Group elected to apply the practical expedient provided in the amendments to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Group shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

There was no significant effect when the Group applies the amendments.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”

The amendments specify that when assessing whether a contract is onerous, the “cost of fulfilling a contract” includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

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

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

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

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

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

3) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can 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 that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

4) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

5) 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 taxable and deductible temporary differences arise on initial recognition. The Group will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and recognize the cumulative effect of initial application in retained earnings at that date. The Group will apply the amendments

prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of presentation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

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

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

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

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

d. Basis of consolidation

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

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

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

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

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

See Note 14, Tables 7 and 9 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

Non-monetary items denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the currency.

For the purpose of presenting the consolidated financial statements, the Corporation's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries) that are prepared using functional currencies which are different from the current of the Corporation are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Corporation and non-controlling interests as appropriate)

f. Inventories

Inventories consist of raw materials and are stated at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

For a contract where a land owner provides land for construction of buildings by a property developer in exchange for a certain percentage of the buildings, no exchange gain or loss is recognized if the buildings acquired are classified as properties held for sale. Revenue is recognized when the properties held for sale are sold to third parties.

g. Investments in associates

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

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

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

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

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

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized

only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

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

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

h. Joint operations

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

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

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

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

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

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

i. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the declining balance method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the declining balance method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

l. Impairment of property, plant and equipment, right-of-use assets, investment properties, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation. Otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 35.

ii. Financial assets at amortized cost

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

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

The Group's financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

n. Provisions

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

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

1) Onerous contracts

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

2) Warranties

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

o. Revenue recognition

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

1) Revenue from the sale of goods

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

2) Revenue from the rendering of services

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

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

3) Construction contract revenue

The Group recognizes revenue from real estate construction contracts which are in the progress of construction over time. The Group measures the progress of completion of the construction contracts based on the satisfaction of performance obligations as stated in the contracts. Contract assets are recognized during the construction and are reclassified to trade receivable at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Group recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligations.

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

4) Business on the development of industrial districts

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

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

p. Buildings and land held for sale, net

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

q. Construction contracts

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

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

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

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

r. Leases

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

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

1) The Group as lessor

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

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessor, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

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

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the

right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions for lease contracts and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

s. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

t. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

u. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

v. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Construction contracts

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The degree of completion of a contract is measured based on the satisfaction of performance obligations stated in the contract.

The estimated total contract costs and contractual items are assessed and determined by management, based on the nature of the work, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profit and loss from the construction contracts.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2021	2020
Cash on hand	\$ 9,214	\$ 6,478
Checking accounts and demand deposits	2,919,696	2,424,069
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>66,512</u>	<u>17,134</u>
	<u>\$ 2,995,422</u>	<u>\$ 2,447,681</u>

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

	<u>December 31</u>	
	2021	2020
Bank deposits	0.005%-0.200%	0.005%-0.350%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2021	2020
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	\$ 6,060	\$ 8,960
Domestic unlisted shares	2,369,559	14,722
Mutual funds	<u>4,587</u>	<u>-</u>
	<u>\$ 2,380,206</u>	<u>\$ 23,682</u>

In 2020, the Group held a 23.76% interest in Core Pacific City Co., Ltd. (Core Pacific City) and accounted for its investment in associate by using the equity method. On October 22, 2021, Core Pacific City's preference shares were converted to ordinary shares, the Group held less than 20% of its voting rights and consequently ceased to have significant influence over Core Pacific City. The Group accounted for the remaining equity as financial assets at FVTPL, which is described in Note 15.

In order to activate shareholders' funds and adjust the capital structure, Core Pacific City resolved to apply for capital reduction to offset deficit and capital reduction by cash to return investments in the extraordinary general meeting on November 8, 2021. The record date for capital reduction was also on November 8, 2021. Following the resolution of the meeting, shares of Core Pacific City held by the Group and Core Pacific World Co., Ltd. were converted into ordinary shares, and \$1,532,692 thousand of cash returns from capital reduction of investments had been fully collected on November 11, 2021.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Domestic investments		
Listed shares	\$ <u>1,081,055</u>	\$ <u>964,350</u>
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 1,635,700	\$ 627,050
Unlisted shares	99,015	100,311
The investment case of movie - The M Riders	<u>-</u>	<u>-</u>
	<u>\$ 1,734,715</u>	<u>\$ 727,361</u>

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

The Group participated in cash capital increase of China Petrochemical Development by subscribing for the shares as specific person on December 17, 2021, prepayment for the investments was \$770,870 thousand in December 2021, and the related registration was completed on January 26, 2022.

Refer to Note 37 for information relating to investments in equity instruments at FVTOCI pledged as security.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months (a)	\$ 2,721,243	\$1,329,560
Others (b)	<u>1,971,497</u>	<u>1,662,546</u>
	<u>\$ 4,692,740</u>	<u>\$ 2,992,106</u>
<u>Non-current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months (a)	\$ 2,301	\$ 642,553
Others (b)	<u>1,990</u>	<u>2,215</u>
	<u>\$ 4,291</u>	<u>\$ 644,768</u>

- a. The range of interest rates for time deposits with original maturities of more than 3 months was approximately 0.002%-2.800% per annum as of December 31, 2021 and 2020.
- b. Restricted deposits and reserve account for trusts.

Refer to Note 37 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND CONSTRUCTION RECEIVABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes receivable</u>		
Notes receivable	\$ 1,154	\$ 801
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	109,173	96,663
Less: Allowance for impairment loss	<u>(12,666)</u>	<u>(12,829)</u>
	<u>96,507</u>	<u>83,834</u>
Notes receivable and trade receivables	<u>\$ 97,661</u>	<u>\$ 84,635</u>
Construction receivables	<u>\$ 2,286,738</u>	<u>\$ 1,254,817</u>

Trade Receivables and Construction Receivables

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

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

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

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

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

The aging of receivables, net was as follows:

	December 31	
	2021	2020
Not past due	\$ 2,382,255	\$ 1,323,403
Less than 60 days	870	13,740
61-90 days	-	707
90-120 days	-	83
Past due over 120 days	<u>120</u>	<u>718</u>
	<u>\$ 2,383,245</u>	<u>\$ 1,338,651</u>

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

	December 31	
	2021	2020
Balance at January 1	\$ 12,829	\$ 12,691
Add: Net remeasurement of loss allowance	-	138
Less: Net remeasurement of loss allowance	<u>(163)</u>	<u>-</u>
Balance at December 31	<u>\$ 12,666</u>	<u>\$ 12,829</u>

11. ACCOUNTS RECEIVABLE ON THE DEVELOPMENT OF INDUSTRIAL DISTRICTS

	December 31	
	2021	2020
Chung Hua Coastal Industrial Park	\$ 4,130,336	\$ 5,028,791
Other industrial districts	<u>1,946,867</u>	<u>1,966,251</u>
	<u>\$ 6,077,203</u>	<u>\$ 6,995,042</u>

The Corporation's development costs (including interest) amounted to \$899,934 thousand in 2021 and \$924,064 thousand in 2020, and the amounts collected were \$1,817,773 thousand in 2021 and \$1,795,682 thousand in 2020.

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

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

- b. As industrial zone development contracts are civil law appointment contracts, all the authorized development units are not subject to the risk of profit and loss. This is because the fees paid by the appointed firms are legally required and reimbursed from the appointing party which is a government agency and such an agent's credit is unquestionable.
- c. Development contracts only stipulate that development units may use advanced prepayments to process the development costs of the land sale price. Additionally, rental income from the land is not required to be the only repayment source. Industrial zone development is the government's method of promoting the industrial development policy. Thus, the government shall adopt countermeasures to solve problems such as sluggish sale of land in industrial zones or higher than market rental or selling prices leading to unsaleable land in industrial zones. The recovery funds that are entrusted to development units do not necessarily directly correlate with whether the land can be sold successfully.
- d. The Group's receivables on the development of industrial districts have no bad debt history. Also, the Industrial Bureau of the Ministry of Economic Affairs has not stated or shown that it will not repay the development costs to the Group. Moreover, the funds will be recovered successively, and some of the cases have been fully recovered.

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

Accounts receivable on the development of industrial districts as collateral for borrowings are set out in Note 37.

12. BUILDINGS AND LAND HELD FOR SALE, NET

	December 31	
	2021	2020
3 rd Subsection, Xinyi Section, Xinyi District, Taipei City	\$ 10,923,432	\$ 10,923,432
No.57-2, 1 st Subsection, Baoqing Section	447,611	-
Litzer Industrial District	267,436	267,436
Building and land in Danshui Township	72,519	72,519
3 rd Subsection, Linyi Section, Zhongzheng District, Taipei City	67,655	67,655
Zhongkeng Section and Niushan Section, Hualian County	40,622	40,622
Land in Beitun District, Taichung City	21,355	21,355
Puwei Section, Yunlin County	6,117	6,117
Jing-Xin Garden	2,013	2,013
Clayton County in the U.S. State of Georgia	831	855
Henry County in the U.S. State of Georgia	<u>830</u>	<u>854</u>
	<u>\$ 11,850,421</u>	<u>\$ 11,402,858</u>

The Group's investments in the above buildings and land are specifically held for sales purposes, and the loss allowance amounted to \$39,245 thousand as of December 31, 2021 and 2020. The operating costs for 2020 included reversal of write-downs of buildings and land held for sale which amounted to \$10,648 thousand. Reversal of write-downs of buildings and land held for sale was due to market value recovery.

In September 2021, the construction on the land at No.57-2, 1st Subsection, Baoqing Section was completed and recognized as buildings and land held for sale, net. Refer to Note 13 for more information.

The land development plan of Peibo Section in Tucheng District was approved by the Corporation's board of directors on May 13, 2020, and the land was reclassified under construction in progress.

Refer to Note 37 for information about buildings and land held for sale, net pledged as security.

13. CONSTRUCTION IN PROGRESS

	Construction in Progress		
	Cost of Land	Cost of Construction	Total
<u>December 31, 2021</u>			
Peibo Section in Tucheng District	\$ 1,244,634	\$ 598,625	\$ 1,843,259
Land in Baoqing Sec., Taipei City	79,481	1,155,239	1,234,720
Land in Zhengyi Sec., Taipei City	25,236	-	25,236
Land in Nangang Sec., Taipei City	-	9,911	9,911
No.290, Dongsheng Section, Shulin District, New Taipei City	-	592	592
	<u>\$ 1,349,351</u>	<u>\$ 1,764,367</u>	<u>\$ 3,113,718</u>
<u>December 31, 2020</u>			
Peibo Section in Tucheng District	\$ 1,244,634	\$ 128,258	\$ 1,372,892
Land in Baoqing Sec., Taipei City	79,481	1,605,295	1,684,776
Land in Zhengyi Sec., Taipei City	25,236	-	25,236
Land in Nangang Sec., Taipei City	-	5,850	5,850
	<u>\$ 1,349,351</u>	<u>\$ 1,739,403</u>	<u>\$ 3,088,754</u>

In November 2009, the Group acquired lots in the Zhengyi Section, Taipei City, and are in the process of contacting the landlords to discuss a new integrated development plan after the completion of the cooperative housing or urban renewal procedures.

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

The Group has acquired the joint-construction agreements for land number 57-2 from the majority of the landlords. Application of the urban renewal business plan was completed in May 2012 with the approval received in April 2014; the transfer of ownership rights was approved in August 2016; the construction registration was completed in October 2017. The Group obtained the land use permit on March 19, 2021. The Group completed an urban renewal plan in accordance with the laws and regulations, and applied for registration of property rights in September 2021. Construction for this land was reclassified as buildings and land held for sale. Refer to Note 12 for the information.

In addition, the Group has acquired the joint-construction agreements for land number 57-13 from the majority of the landlords. Application of the urban renewal business plan was completed in October 2013 with the approval received in December 2015; the transfer of ownership rights was approved in December 2018; the approval letter was received on January 23, 2019; the construction license was approved on June 13, 2019; the first public coordination meeting was held on September 26, 2019; and the demolition review meeting was passed on December 10, 2019; the relocation was completed in March 2020; the demolition of the buildings was completed in July 2020. As of the end of 2021, the underground structural engineering was in progress.

Moreover, the urban renewal business plan for land number 57 of Baoqing Section, Taipei City was completed in December 2014; application of the urban renewal business plan was completed in June 2017; the transfer of ownership rights was submitted for approval in October 2018; the public hearing was held in February 2019; the hearing meeting was convened on December 23, 2019; the approval letter was received on April 22, 2020; the construction license was approved on June 21, 2021; the first public coordination

meeting was held on August 31, 2021. As of the end of 2021, the Group completed an agreement with residents.

In 2015, the Group started to process three urban renewal plans located on the land, plot number 316, in the Nangang Section, Taipei City. The urban renewal business plans were submitted to the authorities for approval in December 2015. The second hearing meeting was in December 2017 and the plan review meeting was held on December 9, 2019; the public hearing of the transfer of ownership rights was held on November 28, 2020; the house selection was completed on January 2021; the public hearing was held on October 22, 2021. As of the end of 2021, the transfer of ownership rights was still under review.

The land development plan of Peibo Section in Tucheng District was approved by the Corporation's board of directors and authorized for issue on May 13, 2020, and the demolition of the buildings was completed in June 2020; the public hearing was held on April 27, 2021. As of the end of 2021, the second review meeting of urban design was held.

The Group was awarded a tender for urban renewal of public and private land in No. 290, Dongsheng Section, Shulin District, New Taipei City on October 13, 2021. As of the end of 2021, the Group signed a contract with New Taipei City Government.

As of December 31, 2021 and 2020, the interest expense before capitalization was \$176,192 thousand and \$190,246 thousand, respectively; the capitalized construction interest was \$25,910 thousand and \$19,338 thousand, respectively; the capitalization rates per annum were 1.745%-2.347% and 1.956%-2.028%, respectively.

14. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	% of Ownership		Remark
			December 31, 2021	December 31, 2020	
BES Engineering Corporation	Core Pacific World Co., Ltd.	Makes investments	99.95	99.95	Notes 1 and 2
	BES Machinery Co., Ltd.	Leases engineering machinery and equipment, and wholesale construction materials and provides consulting service for designing and planning projects, except for certain architectural matters	99.35	99.35	Notes 1, 2 and 5
	BES Investment Company Ltd.	Overseas construction and equipment sale	100.00	100.00	Notes 1 and 4
	BES Logistics International Co., Ltd.	Makes investments	100.00	100.00	Note 1
	Core Asia Human Resources Management Co., Ltd.	Consultancy on business administration and investments	100.00	100.00	Note 1
	Chung Kung Safeguarding & Security Corp.	Security and related services	64.67	64.67	Note 1
	Cinemark-Core Pacific, Ltd.	Movie broadcasting and related businesses	15.38	15.38	Note 1
	BES Construction Corporation (U.S.A.)	Develops lands for investments	91.79	91.79	Note 1
Core Pacific World Co., Ltd.	BES Global Investment Co.	Overseas construction and equipment sale	100.00	100.00	Note 1
	Zhong Hua Cheng Development Co., Ltd.	Consulting	100.00	100.00	Note 1
	Chinese City International Investment Co., Ltd.	Consulting	100.00	100.00	Note 1
BES Machinery Co., Ltd.	BESM Holding Co., Ltd.	Holds investments	100.00	100.00	Note 1
	Cinemark-Core Pacific, Ltd.	Movie broadcasting and related businesses	62.76	62.76	Note 1
Cinemark-Core Pacific, Ltd.	Cinema 7 Theater Co., Ltd.	Movie broadcasting and retail sale of food products and groceries	100.00	100.00	Note 1
Core Asia Human Resources Management Co., Ltd.	Elite Human Resources Management Co., Ltd.	Human resource consulting	100.00	100.00	Note 1
Chung Kung Safeguarding & Security Corp.	Chung Kung Management Consultant Co., Ltd.	Business management consulting and running parking lots	100.00	100.00	Note 1
	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Manages apartment maintenance and renders related services	37.00	37.00	Note 1
Chung Kung Management Consultant Co., Ltd.	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Manages apartment maintenance and renders related services	63.00	63.00	Note 1

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			2021	2020	
BES Investment Company Ltd.	BES Construction Corporation (U.S.A.)	Develops lands for investments	8.21	8.21	Note 1
	Global BES Engineering (Myanmar) Co., Ltd.	Engineering and construction	100.00	100.00	Note 1
	BES Engineering Vietnam Co., Ltd.	Engineering and construction	100.00	100.00	Notes 1, 3 and 4
Chinese City International Investment Co., Ltd.	Hua Cheng Consulting (Changshu) Co., Ltd.	Provides engineering consulting services.	100.00	100.00	Note 1
Zhong Hua Cheng Development Co., Ltd.	Core Pacific Consulting (Changshu) Co., Ltd.	Provides engineering consulting services	100.00	100.00	Note 1

(Concluded)

Remark:

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

Note 2: The Group acquired 0.06% of the shares of BES Machinery Co., Ltd. and 0.005% of the shares of Core Pacific World Co., Ltd. in October 2020 and April 2021, respectively. Refer to Note 33 for the related information.

Note 3: The registration of establishment was completed on November 5, 2019, and the Group investment on February 6, 2020, holding 100% of the equity with control, and include in the consolidated financial report.

Note 4: The board of directors of the Corporation resolved to increase its capital investment of BES Investment Company Ltd. by US\$27 million on June 10, 2021, and then invested US\$25 million in BES Engineering Vietnam Co., Ltd. As of the end of 2021, the related procedures were completed.

Note 5: On December 29, 2021, the board of directors resolved to merge with BES Machinery Co., Ltd. in view of the Group's organizational adjustment. The record date of merger is March 25, 2022. After the merger, the Corporation is the surviving company and BES Machinery Co., Ltd. is the dissolved company.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
Associates that are not individually material	<u>\$ 1,638,812</u>	<u>\$ 1,962,920</u>
Aggregate information of joint ventures that are not individually material		
	For the Year Ended December 31	
	2021	2020
The Group's share of:		
Loss for the year	\$ (3,519)	\$ (131,262)
Other comprehensive income (loss)	<u>(5,850)</u>	<u>23,361</u>
Total comprehensive income (loss) for the year	<u>\$ (9,369)</u>	<u>\$ (107,901)</u>

The Core Pacific City's board of directors resolved on August 13, 2021 to repurchase 10,591 thousand ordinary shares. The above transactions resulted in the changes in percentage of ownership interests since the Corporation increased its continuing interest from 23.51% to 23.76%. In addition, Core Pacific City's preference shares were converted into ordinary shares on October 22, 2021, the changes in percentage of ownership interests resulted in a decrease of the Corporation's continuing interest from 23.76% to 15.34% and consequently ceased to have significant influence over it. The Group retained the remaining 15.34% interest as financial assets at FVTPL whose fair value at the date of disposal was \$3,908,303 thousand. Refer to Note 37 for the information. This transaction resulted in the recognition of a gain in profit or loss, calculated as follows:

Proceeds from disposal	\$ -
Plus: Fair value of retained investment (15.34%)	3,908,303
Less: Carrying amount of investment on the date of loss of significant influence	<u>(1,058,953)</u>
Gain recognized	<u>\$ 2,849,350</u>

16. JOINT OPERATIONS

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

a. Yulon Town Joint Venture

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 91,651	\$ 47,748
Construction receivables	14,421	71,182
Contract assets - current	81,043	44,588
Other current assets	192	658
Refundable deposits	<u>599</u>	<u>629</u>
	<u>\$ 187,906</u>	<u>\$ 164,805</u>
<u>Liabilities</u>		
Trade payables	\$ 1,084	\$ 4,710
Accrued expenses	1,308	2,438
Contract liabilities-current	104,100	118,952
Other current liabilities	<u>3,496</u>	<u>3,570</u>
	<u>\$ 109,988</u>	<u>\$ 129,670</u>

For the Year Ended December 31

	2021	2020
Construction revenue	\$ 364,550	\$ 491,372
Construction cost	\$ 330,089	\$ 490,358
Interest revenue	\$ 15	\$ 15

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

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

The agreement expired in July 2017, and the Group's capital contribution reached 22.5%. The principal and expected interest amounted to \$576,384 thousand and was paid in August 2017. Meanwhile, an asset valuation was performed and completed on September 30, 2017. As of December 31, 2021, the actual profit sharing settlement is still underway due to calculation of the land value increment tax. The expected interest recognized in other liabilities - current is estimated at \$70,182 thousand.

17. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Property under Construction	Total
<u>Cost</u>						
Balance at January 1, 2020	\$ 2,766,404	\$ 646,514	\$ 1,183,510	\$ 342,938	\$ 1,457	\$ 4,940,823
Additions	-	1,119	43,443	4,677	8,534	57,773
Disposals	-	(695)	(413,046)	(1,337)	-	(415,078)
Transferred from prepayments for equipment	-	-	225	-	-	225
Transferred to investment properties	-	(4,190)	-	-	-	(4,190)
Effect of foreign currency exchange differences	-	-	34	-	-	34
Reclassification	-	-	255	1,202	(1,457)	-
Balance at December 31, 2020	<u>\$ 2,766,404</u>	<u>\$ 642,748</u>	<u>\$ 814,421</u>	<u>\$ 347,480</u>	<u>\$ 8,534</u>	<u>\$ 4,579,587</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2020	\$ 3,004	\$ 375,446	\$ 957,410	\$ 292,651	\$ -	\$ 1,628,511
Depreciation expense	-	17,041	54,971	5,097	-	77,109
Disposals	-	(451)	(340,245)	(1,209)	-	(341,905)
Transferred to investment properties	-	(1,731)	-	-	-	(1,731)
Transferred to other assets	-	-	(2,513)	-	-	(2,513)
Effect of foreign currency exchange differences	-	-	34	-	-	34
Reclassification	-	-	(1,072)	1,072	-	-
Balance at December 31, 2020	<u>\$ 3,004</u>	<u>\$ 390,305</u>	<u>\$ 668,585</u>	<u>\$ 297,611</u>	<u>\$ -</u>	<u>\$ 1,359,505</u>
Balance at December 31, 2020, net	<u>\$ 2,763,400</u>	<u>\$ 252,443</u>	<u>\$ 145,836</u>	<u>\$ 49,869</u>	<u>\$ 8,534</u>	<u>\$ 3,220,082</u>

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Property under Construction	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 2,766,404	\$ 642,748	\$ 814,421	\$ 347,480	\$ 8,534	\$ 4,579,587
Additions	1,680	-	54,182	6,395	847	63,104
Disposals	(3,276)	-	(4,912)	(460)	-	(8,648)
Transferred to inventories	-	-	(13,596)	-	-	(13,596)
Effect of foreign currency exchange differences	-	-	(16)	-	-	(16)
Reclassification	-	-	1,800	-	(1,800)	-
Balance at December 31, 2021	<u>\$ 2,764,808</u>	<u>\$ 642,748</u>	<u>\$ 851,879</u>	<u>\$ 353,415</u>	<u>\$ 7,581</u>	<u>\$ 4,620,431</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2021	\$ 3,004	\$ 390,305	\$ 668,585	\$ 297,611	\$ -	\$ 1,359,505
Depreciation expense	231	15,611	49,004	5,679	-	70,525
Disposals	(2,948)	-	(4,625)	(413)	-	(7,986)
Transferred to inventories	-	-	(11,670)	-	-	(11,670)
Effect of foreign currency exchange differences	-	-	(15)	-	-	(15)
Balance at December 31, 2021	<u>\$ 287</u>	<u>\$ 405,916</u>	<u>\$ 701,279</u>	<u>\$ 302,877</u>	<u>\$ -</u>	<u>\$ 1,410,359</u>
Balance at December 31, 2021, net	<u>\$ 2,764,521</u>	<u>\$ 236,832</u>	<u>\$ 150,600</u>	<u>\$ 50,538</u>	<u>\$ 7,581</u>	<u>\$ 3,210,072</u>

(Concluded)

No impairment assessment was performed for the years ended December 31, 2021 and 2020 as there was no indication of impairment.

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

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

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 37.

18. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Carrying amount</u>		
Land	\$ 44,184	\$ 53,410
Buildings	157,203	187,094
Machinery	34	448
Transportation equipment	<u>26,504</u>	<u>29,417</u>
	<u>\$ 227,925</u>	<u>\$ 270,369</u>

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	\$ <u>34,081</u>	\$ <u>75,984</u>
Decrease in right-of-use assets	\$ <u>952</u>	\$ <u>560</u>
Depreciation charge for right-of-use assets		
Land	\$ 9,225	\$ 11,287
Buildings	48,805	50,247
Machinery	414	1,051
Transportation equipment	17,129	16,227
Other equipment	<u>-</u>	<u>16</u>
	<u>\$ 75,573</u>	<u>\$ 78,828</u>

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Current	\$ <u>66,025</u>	\$ <u>70,179</u>
Non-current	\$ <u>172,469</u>	\$ <u>207,971</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Land	2.40%-2.80%	2.40%-2.80%
Buildings	2.00%-4.75%	2.00%-4.75%
Machinery	2.80%	2.80%
Transportation Equipment	2.00%-2.90%	2.00%-2.90%

c. Material leasing activities and terms

Because of the market conditions severely affected by COVID-19 in 2021 and 2020, the Group negotiated with the lessor for rent concessions for its lease of land. The lessor agreed to provide unconditional rent reductions. The Group recognized in profit or loss the impact of rent concessions of \$3,336 thousand and \$2,125 thousand in 2021 and 2020, respectively.

d. Subleases

The Group subleases its right-of-use assets for buildings under operating leases with lease terms of 1 to 3 years.

The maturity analysis of lease payments receivable under operating subleases was as follows:

	December 31	
	2021	2020
Year 1	\$ 1,470	\$ 1,688
Year 2	360	1,178
Year 3	<u>-</u>	<u>360</u>
	<u>\$ 1,830</u>	<u>\$ 3,226</u>

e. Other lease information

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

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	<u>\$ 7,089</u>	<u>\$ 6,078</u>
Expenses relating to low-value asset leases	<u>\$ 572</u>	<u>\$ 1,559</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 187,246</u>	<u>\$ 201,327</u>
Total cash outflow for leases	<u><u>\$ (271,492)</u></u>	<u><u>\$ (291,317)</u></u>

19. INVESTMENT PROPERTIES

	Completed Investment Properties
<u>Cost</u>	
Balance at January 1, 2020	\$ 1,031,418
Transferred from property, plant and equipment	4,190
Effect of foreign currency exchange differences	<u>1,634</u>
Balance at December 31, 2020	<u>\$ 1,037,242</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2020	\$ 198,052
Depreciation expense	8,179
Transferred from property, plant and equipment	1,731
Effect of foreign currency exchange differences	<u>643</u>
Balance at December 31, 2020	<u>\$ 208,605</u>
Balance at December 31, 2020, net	<u>\$ 828,637</u>

(Continued)

**Completed
Investment
Properties**

Cost

Balance at January 1, 2021	\$ 1,037,242
Transferred from advance real estate payment	217,111
Effect of foreign currency exchange differences	<u>(2,386)</u>
Balance at December 31, 2021	<u>\$ 1,251,967</u>

Accumulated depreciation and impairment

Balance at January 1, 2021	\$ 208,605
Depreciation expense	14,609
Effect of foreign currency exchange differences	<u>(276)</u>
Balance at December 31, 2021	<u>\$ 222,938</u>
Balance at December 31, 2021, net	<u>\$ 1,029,029</u> (Concluded)

No impairment assessment was performed for the years ended December 31, 2021 and 2020 as there was no indication of impairment.

Investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

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

The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2021 and 2020, respectively, was as follows:

	<u>December 31</u>	
	2021	2020
Not later than 1 year	\$ 88,464	\$ 77,498
Later than 1 year and not later than 5 years	<u>143,388</u>	<u>44,002</u>
	<u>\$ 231,852</u>	<u>\$ 121,500</u>

The fair values of investment properties were arrived at on the basis of valuations carried out as of December 2021 and 2020 by independent and qualified professional appraiser. The fair values are shown below:

	<u>December 31</u>	
	2021	2020
Fair value	<u>\$ 5,645,456</u>	<u>\$ 3,031,590</u>

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

The Group held freehold interests in all of its investment properties. The carrying amounts of investment properties pledged by the Group to secure its borrowings are shown in Note 37.

20. GOODWILL

	For the Year Ended December 31, 2020
<u>Cost</u>	
Balance at January 1	\$ 43,997
Impairment losses recognized	<u>(43,997)</u>
Balance at December 31	<u>\$ -</u>

The Group assessed the recoverable amount of goodwill in 2020, and recognized impairment losses related to Cinema 7 Theater Co., Ltd. of \$43,997 thousand for the year ended December 31, 2020. The impairment loss mainly resulted from the lower-than-expected number of customers.

21. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2021	2020
<u>Secured borrowings</u>		
Bank loans	\$ 2,255,064	\$ 2,001,964
Bank overdrafts	<u>290,049</u>	<u>-</u>
	2,545,113	2,001,964
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>500,000</u>	<u>538,170</u>
	<u>\$ 3,045,113</u>	<u>\$ 2,540,134</u>

The short-term borrowings were pledged by some of the Group's bank deposits, shares, buildings and land held for sale, freehold land, buildings and time deposits (refer to Note 37).

The range of weighted average effective interest rate on bank loans was 1.350%-2.750% and 1.745%-2.600% per annum at December 31, 2021 and 2020, respectively.

b. Short-term bills payable

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Commercial paper	\$ 2,540,000	\$ 2,335,000
Less: Unamortized discounts on bills payable	<u>(8,029)</u>	<u>(3,755)</u>
	<u>\$ 2,531,971</u>	<u>\$ 2,331,245</u>

Outstanding short-term bills payable were as follows:

December 31, 2021

Promissory Institution	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	Carrying Value of Collateral
<u>Commercial paper</u>						
International Bills Finance Corporation	\$ 800,000	\$ 1,342	\$ 798,658	2.230%	Note 1	Note 1
Mega Bills Finance	450,000	1,835	448,165	1.800%	Land and building	\$ 499,746
Shanghai Commercial & Savings Bank, Ltd. - Tien Mou Branch	450,000	2,666	447,334	1.910%	Land and building	815,731
Taiwan Finance Corporation	390,000	597	389,403	2.112%	Note 2	Note 2
Shanghai Commercial & Savings Bank, Ltd. - Tien Mou Branch	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 bills payable to International Bills Finance Corporation and Taiwan Finance Corporation were part of the same loan limit of the \$2 billion syndicated loan under Entie Commercial Bank, which were collateralized by receivables from the Xianxi and Lunwei Districts in Chung Hua Coastal Industrial Park with a total book value of \$4,130,366 thousand.

Note 2: The loan is collateralized by land and buildings in Xinyi Section 3, Xinyi District, Taipei City and a total of 5,207 thousand shares of Taipei Business Bank with a total book value of \$913,013 thousand.

Note 3: A total of 38,775 thousand shares of China Petrochemical Development Corporation with book value of \$509,891 thousand have been pledged as collateral.

December 31, 2020

Promissory Institution	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	Carrying Value of Collateral
<u>Commercial paper</u>						
International Bills Finance Corporation	\$ 707,200	\$ 1,230	\$ 705,970	2.230%	Note 1	Note 1
Shanghai Commercial & Savings Bank, Ltd. - Tien Mou Branch	450,000	576	449,424	1.830%	Land and building	\$ 815,731
Mega Bills Finance	450,000	1,246	448,754	1.800%	Land and building	500,396
Taiwan Finance Corporation	415,000	275	414,725	2.162%	Note 2	Note 2
Taiwan Finance Corporation	176,800	308	176,492	2.230%	Note 1	Note 1
Shanghai Commercial & Savings Bank, Ltd. - Tien Mou Branch	100,000	120	99,880	1.530%	Note 3	Note 3
Ta Ching Bills Finance Corporation	<u>36,000</u>	<u>-</u>	<u>36,000</u>	1.988%	Note 4	Note 4
	<u>\$ 2,335,000</u>	<u>\$ 3,755</u>	<u>\$ 2,331,245</u>			

Note 1: The bills payable to International Bills Finance Corporation and Taiwan Finance Corporation were part of the same loan limit of the \$1.9 billion syndicated loan under Entie Commercial Bank, which were collateralized by receivables from the Xianxi and Lunwei Districts in Chung Hua Coastal Industrial Park with a total book value of \$5,028,791 thousand.

Note 2: The loan is collateralized by land and buildings in Xinyi Section 3, Xinyi District, Taipei City and a total of 5,207 thousand shares of Taipei Business Bank with a total book value of \$912,128 thousand.

Note 3: A total of 38,775 thousand shares of China Petrochemical Development Corporation with book value of \$451,729 thousand have been pledged as collateral.

Note 4: A total of 2,000 thousand shares of China Petrochemical Development Corporation and repurchase agreements collateralized by bonds with a total book value of \$52,300 thousand have been pledged as collateral.

The short-term bills payable were pledged by listed stocks, repurchase agreements collateralized by bonds, receivables (recognized as accounts receivable on the development of industrial districts), buildings and land held for sale, freehold land and buildings. (Refer to Note 37)

c. Long-term borrowings

	<u>December 31</u>	
	2021	2020
<u>Secured borrowings</u>		
Bank loans	\$ 5,462,555	\$ 4,188,187
<u>Unsecured borrowings</u>		
Bank loans	<u>597,315</u>	<u>549,622</u>
	6,059,870	4,737,809
Less: Current portion	<u>(746,870)</u>	<u>(1,130,591)</u>
Long-term borrowings	<u>\$ 5,313,000</u>	<u>\$ 3,607,218</u>

The long-term borrowings were pledged by some of the Group's bank deposits, freehold land and buildings, buildings and land held for sale, receivables (recognized as accounts receivable on the development of industrial districts), and time deposits (refer to Note 37). As of December 31, 2021 and 2020, the effective annual interest rate ranges were 1.490%-4.000% and 1.490%-2.950%, respectively.

22. TRADE PAYABLES

	<u>December 31</u>	
	2021	2020
<u>Trade payables</u>		
Operating	<u>\$ 4,613,161</u>	<u>\$ 4,347,815</u>

Accounts payable classified as construction retainage received was \$1,769,279 thousand as of December 31, 2021 and \$1,529,087 thousand as of December 31, 2020. Construction retainage received, which is interest free, will be paid for each construction contract at the end of the construction retainage period. The warranty period is the Group's normal operating cycle, which normally exceeds one year. Related information on construction contracts is shown in Table 1 following the notes to consolidated financial statements.

23. ACCOUNTS PAYABLE FOR THE DEVELOPMENT OF INDUSTRIAL DISTRICTS

	<u>December 31</u>	
	2021	2020
Litzer Industrial District	\$ 1,088,001	\$ 1,069,047
Yunlin Technology-based Industrial Park	877,719	858,017
Other Industrial Districts	<u>15,963</u>	<u>15,963</u>
	<u>\$ 1,981,683</u>	<u>\$ 1,943,027</u>

Accounts payable (receivable) for the development of industrial districts amounted to \$53,810 thousand in 2021 and \$54,914 thousand in 2020. The input costs were \$15,154 thousand in 2021 and \$47,811 thousand in 2020.

24. PROVISIONS

	<u>December 31</u>	
	2021	2020
<u>Current</u>		
Warranties	\$ 461,341	\$ 445,573
Onerous contracts	<u>-</u>	<u>22,604</u>
	<u>\$ 461,341</u>	<u>\$ 468,177</u>
<u>Non-current</u>		
Long-term provision for the judgment of legal procedures	<u>\$ 984,074</u>	<u>\$ 365,748</u>

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under contracts for the sale of goods. The estimate has been made on the basis of historical warranty trends.

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

The long-term provision for the judgment of legal procedures was based on the litigation of the recognition of construction overdue between the management of the Group and the owner. To make provisions for contingent losses due to lawsuits which are likely to occur in the future.

25. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

For 2021 and 2020, two of the Corporation's subsidiaries - Core Pacific Consulting (Changshu) Co., Ltd., Hua Cheng Consulting (Changshu) Co., Ltd. - have defined contribution plans. In accordance with the pension which were contributed from employees' salaries, the Group contributed some of the relative proportion of pension funds which was deposited in a special account. The pension accounts are managed by the local statutory insurance institutions. Upon retirement, employees will receive funds and relative yield from the special account. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

BES Investment Company Ltd., BES Global Investment Co., Global BES Engineering (Myanmar) Co., Ltd., Global BES Engineering (Vietnam) Co., Ltd., BESM Holding Co., Ltd., BES Logistics International Co., Ltd., Core Pacific World Co., Ltd., Zhong Hua Cheng Development Co., Ltd., Chinese City International Investment Co., Ltd. and BES Construction Corporation (U.S.A.) do not have pension plans.

b. Defined benefit plans

The defined benefit plans adopted by the Corporation and subsidiaries (BES Machinery Co., Ltd., Core Asia Human Resources Management Co., Ltd., Chung Kung Safeguarding & Security Corp., Chung Kung Management Consultant Co., Ltd., and Chung Kung Management and Maintenance of Apartment Co., Ltd.) in accordance with the Labor Standards Act. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributed at specific rate of salaries (the rates of the Corporation and other subsidiaries were 7% and 2% for 2021 and 2020, respectively) and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 301,691	\$ 352,692
Fair value of plan assets	<u>(227,869)</u>	<u>(242,246)</u>
Net defined benefit liabilities	<u>\$ 73,822</u>	<u>\$ 110,446</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2020	\$ 358,472	\$ (232,609)	\$ 125,863
Service cost			
Current service cost	7,406	-	7,406
Net interest expense (income)	2,410	(1,572)	838
Recognized in profit or loss	<u>9,816</u>	<u>(1,572)</u>	<u>8,244</u>
Remeasurement			
Returns on plan assets (excluding the amounts included in net interest)	-	(8,313)	(8,313)
Actuarial (gain) loss			
Changes in demographic assumptions	10,370	-	10,370
Changes in financial assumptions	181	-	181
Experience adjustments	<u>2,577</u>	<u>-</u>	<u>2,577</u>
Recognized in other comprehensive income	<u>13,128</u>	<u>(8,313)</u>	<u>4,815</u>
Contributions from the employer	-	(23,789)	(23,789)
Benefits paid	<u>(28,724)</u>	<u>24,037</u>	<u>(4,687)</u>
Balance at December 31, 2020	<u>\$ 352,692</u>	<u>\$ (242,246)</u>	<u>\$ 110,446</u>
Balance at January 1, 2021	\$ 352,692	\$ (242,246)	\$ 110,446
Service cost			
Current service cost	6,941	-	6,941
Net interest expense (income)	991	(677)	314
Recognized in profit or loss	<u>7,932</u>	<u>(677)</u>	<u>7,255</u>
Remeasurement			
Returns on plan assets (excluding the amounts included in net interest)	-	(3,749)	(3,749)
Actuarial (gain) loss			
Changes in demographic assumptions	340	-	340
Changes in financial assumptions	(9,346)	-	(9,346)
Experience adjustments	<u>12,996</u>	<u>-</u>	<u>12,996</u>
Recognized in other comprehensive income	<u>3,990</u>	<u>(3,749)</u>	<u>241</u>
Contributions from the employer	-	(43,631)	(43,631)
Benefits paid	<u>(62,923)</u>	<u>62,434</u>	<u>(489)</u>
Balance at December 31, 2021	<u>\$ 301,691</u>	<u>\$ (227,869)</u>	<u>\$ 73,822</u>

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

	<u>For the Year Ended December 31</u>	
	2021	2020
Operating costs	\$ 5,015	\$ 2,915
Selling and market expenses	-	8
General and administrative expenses	2,241	5,379
Research and development expenses	35	19
Other income	<u>(36)</u>	<u>(77)</u>
	<u>\$ 7,255</u>	<u>\$ 8,244</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31</u>	
	2021	2020
Discount rate(s)	0.55%-0.70%	0.19%-0.30%
Expected rate(s) of salary increase	0.50%-2.00%	0.50%-2.00%

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

	<u>December 31</u>	
	2021	2020
Discount rate(s)		
0.25% increase	<u>\$ (5,709)</u>	<u>\$ (6,956)</u>
0.25% decrease	<u>\$ 5,883</u>	<u>\$ 7,174</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 5,796</u>	<u>\$ 7,041</u>
0.25% decrease	<u>\$ (5,654)</u>	<u>\$ (6,862)</u>

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

	<u>December 31</u>	
	2021	2020
Expected contributions to the plans for the next year	<u>\$ 7,124</u>	<u>\$ 8,677</u>
Average duration of the defined benefit obligation	4-9 years	4-10 years

26. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The Corporation classified the assets and liabilities of its construction operations and industrial district development projects as current and noncurrent in accordance with the length of the operating cycle of these constructions and projects. The amounts expected to be recovered or settled within 1 year after the reporting period and more than 1 year after the reporting period for related assets and liabilities were as follows:

	December 31, 2021		
	Due Within One Year	Due After One Year	Total
<u>Assets</u>			
Financial assets at amortized cost - current	\$ 1,635,470	\$ 512,795	\$ 2,148,265
Construction receivables	2,013,497	273,241	2,286,738
Contract assets - current	965,714	1,493,329	2,459,043
Accounts receivable on the development of industrial districts	-	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
Refundable deposits on construction contracts	<u>85,490</u>	<u>73,311</u>	<u>158,801</u>
	<u>\$ 7,211,188</u>	<u>\$ 21,058,180</u>	<u>\$ 28,269,368</u>
<u>Liabilities</u>			
Notes payable	\$ 7,167	\$ -	\$ 7,167
Trade payables	3,285,721	1,201,711	4,487,432
Contract liabilities - current	1,531,304	1,203,074	2,734,378
Accounts payable for the development of industrial districts	-	1,981,683	1,981,683
Provisions - current	28,654	432,687	461,341
Guarantee deposits on construction contracts - current	<u>152,822</u>	<u>324,747</u>	<u>477,569</u>
	<u>\$ 5,005,668</u>	<u>\$ 5,143,902</u>	<u>\$ 10,149,570</u>
<u>Assets</u>			
Financial assets at amortized cost - current	\$ 1,123,041	\$ 221,840	\$ 1,344,881
Construction receivables	1,160,725	94,092	1,254,817
Contract assets - current	993,576	2,280,314	3,273,890
Accounts receivable on the development of industrial districts	-	6,995,042	6,995,042
Buildings and land held for sale, net	977,941	10,424,917	11,402,858
Construction in progress	1,073,691	2,015,063	3,088,754
Refundable deposits on construction contracts	<u>6,146</u>	<u>117,929</u>	<u>124,075</u>
	<u>\$ 5,335,120</u>	<u>\$ 22,149,197</u>	<u>\$ 27,484,317</u>

(Continued)

	December 31, 2021		
	Due Within One Year	Due After One Year	Total
<u>Liabilities</u>			
Trade payables	\$ 3,899,505	\$ 398,759	\$ 4,298,264
Contract liabilities - current	1,090,623	1,134,589	2,225,212
Accounts payable for the development of industrial districts	-	1,943,027	1,943,027
Provisions - current	88,398	379,779	468,177
Guarantee deposits on construction contracts - current	<u>311,897</u>	<u>109,585</u>	<u>421,482</u>
	<u>\$ 5,390,423</u>	<u>\$ 3,965,739</u>	<u>\$ 9,356,162</u>
			(Concluded)

27. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2021	2020
Shares authorized (in thousands of shares)	<u>3,000,000</u>	<u>3,000,000</u>
Shares authorized	<u>\$ 30,000,000</u>	<u>\$ 30,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>1,530,899</u>	<u>1,530,899</u>
Shares issued	<u>\$ 15,308,998</u>	<u>\$ 15,308,998</u>

b. Capital surplus

	December 31	
	2021	2020
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 11,501	\$ 11,501
Treasury share transactions	1,757	1,757
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	13	-
Changes in net equity of associates accounted for using the equity method	4,094	4,094
Donations	89	51
<u>May only be used to offset a deficit (2)</u>		
Other	<u>56,430</u>	<u>56,430</u>
	<u>\$ 73,884</u>	<u>\$ 73,833</u>

- 1) Capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends, or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).
 - 2) Capital surplus may be used to offset a deficit only.
- c. Retained earnings and dividend policy

According to the Corporation's Articles of Incorporation, the Corporation distributes share dividends and cash dividends after taking into account its future business needs, capital demand and long-term financial plan. Under the Corporation's Articles of Incorporation, the Corporation should make appropriations from its net income (less any deficit) in the following order:

- 1) Paying for taxes in accordance with the laws and regulations
- 2) Offsetting losses of previous years
- 3) 10% as legal reserve; unless legal reserve equals to the Corporation's paid-in capital.
- 4) Setting aside or reversing a special reserve equivalent to the net debit balance of the other components of stockholders equity.
- 5) Of the remainder, together with any unappropriated earnings of prior years, over 20% should be appropriated as dividends
- 6) The appropriation of earnings to be allocated for distribution shall depend on the actual earnings and fund level. The board of directors shall propose a plan for the distribution of the remaining undistributed earnings and the shareholders shall resolve such plan in the shareholders' meeting for distribution of dividends and bonus to shareholders. Cash dividends shall not be lower than 10% of total dividends. If the amount of dividend is less than \$0.10 per share, it shall not be distributed as cash dividend but may be distributed as share dividends.

For policies on distribution of remuneration of employees, directors and supervisors before and after the amendment of the Articles, refer to Note 29 (h) employee benefits expense.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2020 and 2019, which had been approved in the Corporation's shareholders' meetings on August 4, 2021 and June 23, 2020, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2020	2019
Legal reserve	<u>\$ 61,492</u>	<u>\$ 31,289</u>
Cash dividends	<u>\$ 356,700</u>	<u>\$ 307,711</u>
Cash dividends per share (NT\$)	\$ 0.233	\$ 0.201

The appropriations of earnings for 2021, which had been proposed by the Corporation's board of directors on March 15, 2022, were as follows:

	For the Year Ended December 31, 2021
Legal reserve	<u>\$ 295,784</u>
Cash dividends	<u>\$ 817,500</u>
Cash dividends per share (NT\$)	<u>\$ 0.534</u>

The appropriations of earnings for 2021 is subject to the resolution of the shareholders in the shareholders' meeting to be held on May 31, 2022.

d. Special reserve

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	\$ 2,788,570	\$ 2,788,570
Reversal:		
Disposal of associates	<u>(312,612)</u>	<u>-</u>
Balance at December 31	<u>\$ 2,475,958</u>	<u>\$ 2,788,570</u>

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

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

e. Other equity items

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

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	\$ (303,569)	\$ (322,536)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(12,538)	12,205
Share from associates accounted for using the equity method	<u>(19,945)</u>	<u>6,762</u>
Balance at December 31	<u>\$ (336,052)</u>	<u>\$ (303,569)</u>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (159,337)	\$ (243,747)
Recognized for the year		
Unrealized gain (loss) - equity instruments	257,503	67,822
Share from associates accounted for using the equity method	<u>14,095</u>	<u>16,588</u>
Balance at December 31	<u>\$ 112,261</u>	<u>\$ (159,337)</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 107,718	\$ 127,371
Share in profit for the year	(14,582)	(20,112)
Attributable to non-controlling interests:		
Exchange differences on translating the financial statements of foreign entities	(160)	469
Remeasurement of defined benefit plans	49	211
Income tax related to actuarial gains (losses)	(10)	(42)
Unrealized gain (loss) on financial assets at FVTOCI	275	308
Acquisition of non-controlling interests in subsidiaries (Note 33)	<u>(67)</u>	<u>(487)</u>
Balance at December 31	<u>\$ 93,223</u>	<u>\$ 107,718</u>

28. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Construction contract revenue	\$ 14,560,049	\$ 11,860,058
Revenue from the rendering of services	1,246,391	1,340,327
Revenue from sell of properties	1,237,815	35,091
Other operating revenue	<u>152,430</u>	<u>235,486</u>
	<u>\$ 17,196,685</u>	<u>\$ 13,470,962</u>

Contract Balances

	December 31, 2021	December 31, 2020	January 1, 2020
Trade receivables (Note 10)	<u>\$ 96,507</u>	<u>\$ 83,834</u>	<u>\$ 83,682</u>
Construction receivables (Note 10)	<u>\$ 2,286,738</u>	<u>\$ 1,254,817</u>	<u>\$ 1,535,335</u>

(Continued)

	December 31, 2021	December 31, 2020	January 1, 2020
Contract assets			
Deposits under construction contracts for construction receivables	\$ 1,666,471	\$ 1,944,868	\$ 1,673,802
Amounts due from customers for construction contracts	<u>792,572</u>	<u>1,329,022</u>	<u>1,362,492</u>
	<u>\$ 2,459,043</u>	<u>\$ 3,273,890</u>	<u>\$ 3,036,294</u>
Contract liabilities			
Amounts due to customers for construction contracts	\$ 2,627,413	\$ 1,874,194	\$ 1,821,670
Pre-construction sale	106,965	351,018	244,741
Advance payment for the rendering of services	<u>29,874</u>	<u>23,709</u>	<u>19,691</u>
	<u>\$ 2,764,252</u>	<u>\$ 2,248,921</u>	<u>\$ 2,086,102</u> (Concluded)

The credit risk management of contract assets is the same as trade receivables, related information is shown in Note 10.

29. NET PROFIT

a. Interest income

	<u>For the Year Ended December 31</u>	
	2021	2020
Bank deposits	\$ 3,638	\$ 11,537
Financial assets at amortized cost	21,817	19,805
Others	<u>46,248</u>	<u>75,404</u>
	<u>\$ 71,703</u>	<u>\$ 106,746</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2021	2020
Rental income	\$ 60,328	\$ 55,787
Dividends	12,533	38,741
Others	<u>3,699</u>	<u>9,705</u>
	<u>\$ 76,560</u>	<u>\$ 104,233</u>

c. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2021	2020
Loan application fee	\$ (144,062)	\$ (108,272)
Gain on disposal of associates	2,849,350	-
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	(8,350)	8,820
Impairment loss on goodwill	-	(43,997)
Reversal of impairment losses on financial assets	775,507	-
Gain on lease modification	2,903	-
Gain (loss) on disposal of property, plant and equipment	(458)	314,064
Compensation reversal (loss)	(665,623)	310,860
Others	<u>33,359</u>	<u>27,901</u>
	<u>\$ 2,842,626</u>	<u>\$ 509,376</u>

d. Finance costs

	<u>For the Year Ended December 31</u>	
	2021	2020
Interest on bank overdrafts and loans	\$ 143,579	\$ 164,801
Interest on lease liabilities	6,703	5,943
Interest expense incurred on contracts with customers	<u>-</u>	<u>164</u>
	<u>\$ 150,282</u>	<u>\$ 170,908</u>

Refer to Note 13 for information about capitalized interest.

e. Depreciation

	<u>For the Year Ended December 31</u>	
	2021	2020
An analysis of amortization by function		
Operating costs	\$ 61,795	\$ 73,343
Operating expenses	<u>84,303</u>	<u>82,594</u>
	<u>\$ 146,098</u>	<u>\$ 155,937</u>

The depreciation of investment properties, which was recognized in other income - rental income, was \$14,609 and \$8,179 thousand in 2021 and 2020, respectively.

f. Operating expenses directly related to investment properties

	<u>For the Year Ended December 31</u>	
	2021	2020
Direct operating expenses of investment properties generating rental income	<u>\$ 2,344</u>	<u>\$ 3,176</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits	<u>\$ 1,906,617</u>	<u>\$ 1,796,372</u>
Post-employment benefits		
Defined contribution plan	84,208	82,954
Defined benefit plans	<u>7,291</u>	<u>8,321</u>
	91,499	91,275
Other employee benefits	<u>203,106</u>	<u>143,610</u>
Total employee benefits expense	<u>\$ 2,201,222</u>	<u>\$ 2,031,257</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,890,654	\$ 1,761,592
Operating expenses	<u>310,568</u>	<u>269,665</u>
	<u>\$ 2,201,222</u>	<u>\$ 2,031,257</u>

h. Compensation of employees and remuneration of directors and supervisors

According to the Corporation's Articles, the Corporation accrues compensation of employees and remuneration of directors and supervisors at the rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, compensation of employees and remuneration of directors and supervisors. The compensation of employees and the remuneration of directors and supervisors for the years ended December 31, 2021 and 2020, which were approved by the Corporation's board of directors on March 15, 2022 and March 17, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Compensation of employees	2%	2%
Remuneration of directors and supervisors	2%	2%

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	<u>\$ 51,605</u>	<u>\$ 16,302</u>
Remuneration of directors and supervisors	<u>\$ 51,605</u>	<u>\$ 16,302</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Corporation's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

30. INCOME TAXES

a. Income tax recognized in profit or loss

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

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 19,782	\$ 17,794
Income tax on unappropriated earnings	10,033	4,084
Land value increment tax	14,090	118
Adjustments for prior year	<u>(351)</u>	<u>(3,988)</u>
	<u>43,554</u>	<u>18,008</u>
Deferred tax		
In respect of the current year	(227,908)	173,698
Adjustments for prior year	<u>647</u>	<u>2,679</u>
	<u>(227,261)</u>	<u>176,377</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ (183,707)</u>	<u>\$ 194,385</u>

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

	For the Year Ended December 31	
	2021	2020
Income tax expense calculated at the statutory rate	\$ 493,714	\$ 145,740
Nondeductible expenses in determining taxable income	(432,788)	68,465
Tax-exempt income	(33,272)	(9,608)
Unrecognized loss on impairment of assets	(252,141)	(2,130)
Unrealized valuation gain on financial assets at FVTPL	(1,940)	-
Income tax on unappropriated earnings	10,033	4,084
Land value increment tax	14,090	118
Unrecognized deductible temporary differences	18,775	(10,975)
Unrecognized loss carryforwards	(474)	-
Adjustments for prior years' tax	<u>296</u>	<u>(1,309)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ (183,707)</u>	<u>\$ 194,385</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year - remeasurement of defined benefit plans	<u>\$ 48</u>	<u>\$ 964</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized loss on construction	\$ 66,548	\$ 139,530	\$ -	\$ 206,078
Provision for warranties	57,114	2,921	-	60,035
Defined benefit plans	28,923	(7,427)	48	21,544
Others	49,489	4,943	-	54,432
Loss carryforwards	<u>162,802</u>	<u>92,388</u>	<u>-</u>	<u>255,190</u>
	<u>\$ 364,876</u>	<u>\$ 232,355</u>	<u>\$ 48</u>	<u>\$ 597,279</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Provision for land value increment tax	\$ 991,342	\$ -	\$ -	\$ 991,342
Foreign investments accounted for using the equity method	105,074	1,351	-	106,425
Others	<u>13,639</u>	<u>3,743</u>	<u>-</u>	<u>17,382</u>
	<u>\$ 1,110,055</u>	<u>\$ 5,094</u>	<u>\$ -</u>	<u>\$ 1,115,149</u>

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Unrealized loss on construction	\$ 115,348	\$ (48,800)	\$ -	\$ 66,548
Provision for warranties	103,287	(46,173)	-	57,114
Defined benefit plans	30,694	(2,735)	964	28,923
Others	40,945	8,544	-	49,489
Loss carryforwards	<u>248,806</u>	<u>(86,004)</u>	<u>-</u>	<u>162,802</u>
	<u>\$ 539,080</u>	<u>\$ (175,168)</u>	<u>\$ 964</u>	<u>\$ 364,876</u>

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Temporary differences				
Provision for land value increment tax	\$ 991,342	\$ -	\$ -	\$ 991,342
Foreign investments accounted for using the equity method	99,949	5,125	-	105,074
Others	<u>17,555</u>	<u>(3,916)</u>	<u>-</u>	<u>13,639</u>
	<u>\$ 1,108,846</u>	<u>\$ 1,209</u>	<u>\$ -</u>	<u>\$ 1,110,055</u>

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

	December 31	
	2021	2020
Deductible temporary differences		
Impairment of financial assets	\$ 38,979	\$ 38,979
Unrealized loss on lawsuits	83,310	83,310
Impairment of assets	<u>58,118</u>	<u>58,118</u>
	<u>\$ 180,407</u>	<u>\$ 180,407</u>

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

Loss carryforwards as of December 31, 2021 comprised:

Unused Amount	Expiry Year
\$ 341,404	2025 (approved)
450,782	2028 (approved)
4,690	2029 (approved)
11,836	2030 (unapproved)
<u>467,238</u>	2031 (unapproved)
<u>\$ 1,275,950</u>	

- f. Income tax assessments

	Last Income Tax Approval Year
BES Engineering Corporation	2019
Core Pacific World Co., Ltd.	2019
BES Machinery Co., Ltd.	2019
Cinemark-Core Pacific, Ltd.	2019
Chung Kung Safeguarding & Security Corp.	2019
Chung Kung Management Consultant Co., Ltd.	2020
Chung Kung Management and Maintenance of Apartment Co., Ltd.	2020
Core Asia Human Resources Management Co., Ltd.	2019
Elite Human Resources Management Co., Ltd.	2020
Cinema 7 Theater Co., Ltd.	2019

31. EARNINGS PER SHARE

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

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Earnings used in the computation of basic earnings per share	<u>\$ 2,676,758</u>	<u>\$ 618,959</u>

Weighted Average Number of Ordinary Shares Outstanding

(In Thousands of Shares)

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Weighted average number of ordinary shares outstanding used in the computation of basic earnings per share	1,530,899	1,530,899
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>6,069</u>	<u>1,980</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,536,968</u>	<u>1,532,879</u>

If the Group offered to settle the compensation of employees by cash or shares, the Group assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees is resolved in the following year.

32. GOVERNMENT GRANTS

In 2021 and 2020, the Group's application for a government grant of \$3,699 thousand and \$9,705 thousand, respectively, in accordance with the Ministry of Culture's "Regulations Governing Relief and Revitalization for Industries and Businesses Experiencing Operational Difficulties due to the Impact of Covid-19 Pandemic" were approved, and the proceeds from the government grant was used to compensate for the expenses incurred and for working capital subsidies. As of December 31, 2021, the government grant revenue was recognized as other revenue. In addition, the Group applied for relief measures for outsourcing parking lot operators with operational difficulties due to the impact of the Covid-19 pandemic, and the royalties were reduced based on monthly revenue. As of December 31, 2021 and 2020, the amounts of the reduction in royalties were \$1,908 thousand and \$1,384 thousand, respectively.

33. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In October 2020, the Group acquired 0.06% of the shares of its subsidiary, BES Machinery Co., Ltd., which increased the Group's continuing interest from 99.29% to 99.35%.

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

	BES Machinery Co., Ltd.
Consideration paid	\$ (517)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>487</u>
	<u>\$ (30)</u>
 <u>Line items adjusted for equity transactions</u>	
Retained earnings	<u>\$ (30)</u>

In April 2021, the Group acquired 0.005% of the shares of its subsidiary, Core Pacific World Co., Ltd., and the Group's continuing interest was 99.95%.

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

	Core Pacific World Co., Ltd.
Consideration paid	\$ (54)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>67</u>
	<u>\$ 13</u>
 <u>Line items adjusted for equity transactions</u>	
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>\$ 13</u>

34. CAPITAL MANAGEMENT

The Group's capital management strategies, the Group plans for future working capital needs, research and development expenses and shareholder expenses based on the current overall economic environment, industry characteristics and future development, to ensure that the Group would be able to continue as going concerns with long-term shareholders' equity and stable operating performance as goal, and to maximizing shareholders' equity.

Management regularly reviews the capital structure and considers the costs and risks involved in different capital structures. The Group adopts the conservative risk management strategy by consideration of the industry scale, industry growth and future product roadmaps.

35. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 6,060	\$ -	\$ -	\$ 6,060
Unlisted shares	-	-	2,369,559	2,369,559
Mutual funds	<u>4,587</u>	<u>-</u>	<u>-</u>	<u>4,587</u>
	<u>\$ 10,647</u>	<u>\$ -</u>	<u>\$ 2,369,559</u>	<u>\$ 2,380,206</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares	\$ 2,716,755	\$ -	\$ -	\$ 2,716,755
Unlisted shares	<u>-</u>	<u>99,015</u>	<u>-</u>	<u>99,015</u>
	<u>\$ 2,716,755</u>	<u>\$ 99,015</u>	<u>\$ -</u>	<u>\$ 2,815,770</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 8,960	\$ -	\$ -	\$ 8,960
Unlisted shares	<u>-</u>	<u>14,722</u>	<u>-</u>	<u>14,722</u>
	<u>\$ 8,960</u>	<u>\$ 14,722</u>	<u>\$ -</u>	<u>\$ 23,682</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares	\$ 1,591,400	\$ -	\$ -	\$ 1,591,400
Unlisted shares	<u>-</u>	<u>100,311</u>	<u>-</u>	<u>100,311</u>
	<u>\$ 1,591,400</u>	<u>\$ 100,311</u>	<u>\$ -</u>	<u>\$ 1,691,711</u>

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

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTPL Equity Instruments
Balance at January 1, 2021	\$ 14,722
Recognized in profit or loss (included in other gains and losses)	(20,774)
Purchases	3,908,303
Cash returns from capital reduction of investments	<u>(1,532,692)</u>
Balance at December 31, 2021	<u>\$ 2,369,559</u>

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Unlisted shares	Transaction method of market approach. The approach is a valuation strategy that looks at market ratios of companies with similar profitability at the end of the reporting periods, while taking the liquidity premium into consideration.
Others	Discounted cash flow. Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the year.

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

The unlisted equity investment is evaluated using asset-based approach to calculate the present value of expected gain on investment.

b. Categories of financial instruments

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 2,380,206	\$ 23,682
Financial assets at amortized cost (Note 1)	10,442,388	7,683,814
Financial assets at FVTOCI		
Equity instruments	2,815,770	1,691,711
<u>Financial liabilities</u>		
Amortized cost (Note 2)	18,210,270	15,263,299

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

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, trade payables, guarantee deposits on construction contracts - current, long-term borrowings (expired in one year), provisions and guarantee deposits received.

c. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, notes receivable, trade receivables, construction receivables, accounts receivable on the development of industrial districts, notes payable, trade payables, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through the analysis of exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

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

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 39.

Sensitivity analysis

The Group was mainly exposed to the RMB and HKD.

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

	RMB Impact		HKD Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2021	2020	2021	2020
Equity	\$ 57,490	\$ 59,128	\$ 24,451	\$ 24,552

b) Interest rate risk

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

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 2,714,616	\$ 1,861,915
Financial liabilities	2,780,597	2,609,395
Cash flow interest rate risk		
Financial assets	4,898,101	4,158,825
Financial liabilities	9,094,851	7,277,943

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

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

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A sensitivity rate of 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would decrease by \$41,968 thousand and \$31,191 thousand, respectively. The Group's sensitivity to interest rates increased during the current period mainly due to the increase in variable rate borrowings.

c) Other price risk

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

Sensitivity analysis

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

If the equity prices had been 5% higher, the Group's pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have been increase by \$140,789 thousand and \$84,586 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure about the discharge an obligation by the counterparties or the financial guarantees provided by the Group, could be equal to the total of the following:

- a) The carrying amount of the respective recognized financial assets as stated in the condensed balance sheets.
- b) The amount of contingent liabilities generated from financial guarantees that the Group provided.

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Group had available unutilized short-term bank loan facilities as shown below:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 1,097,315	\$ 1,087,792
Amount unused	<u>5,286,884</u>	<u>6,688,106</u>
	<u>\$ 6,384,199</u>	<u>\$ 7,775,898</u>
Secured bank overdraft facilities:		
Amount used	\$ 10,539,639	\$ 8,521,396
Amount unused	<u>14,824,712</u>	<u>19,246,592</u>
	<u>\$ 25,364,351</u>	<u>\$ 27,767,988</u>

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

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

To the extent that interest flows are at floating rate, the undiscounted amount was derived from the interest rate curve at the end of the year.

December 31, 2021

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities		\$ 1,372,818	\$ 1,700,115	\$ 338,500	\$ 1,133,460	\$ 76,611
Lease liabilities	2.000-4.750	5,993	11,899	48,345	145,263	46,024
Variable interest rate liabilities	1.350-2.750	311,896	855,936	2,765,484	5,558,492	98,362
Fixed interest rate liabilities	1.610-4.000	<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>

December 31, 2020

<u>Non-derivative financial liabilities</u>	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities		\$ 1,023,943	\$ 1,171,110	\$ 1,746,573	\$ 377,271	\$ 31,195
Lease liabilities	2.000-4.750	6,823	13,031	50,465	156,705	76,262
Variable interest rate liabilities	1.490-2.950	212,300	735,211	2,827,614	3,573,706	99,881
Fixed interest rate liabilities	1.530-2.223	<u>1,849,000</u>	<u>450,000</u>	<u>36,000</u>	<u>-</u>	<u>-</u>
		<u>\$ 3,092,066</u>	<u>\$ 2,369,352</u>	<u>\$ 4,660,652</u>	<u>\$ 4,107,682</u>	<u>\$ 207,338</u>

36. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and categories

<u>Related Party Name</u>	<u>Related Party Categories</u>
China Petrochemical Development Corporation	Legal director of the Corporation and its subsidiaries
Sheen Chuen-Chi Cultural & Educational Foundation	Related party in substance
Yunheyue Agriculture Co., Ltd.	Related party in substance
Core Pacific City Co., Ltd.	Associate
HROO Logistics Co., Ltd.	Associate
Agora Garden Co., Ltd.	Related party of the Corporation
Glory Construction Co., Ltd.	Related party of the Corporation
Cheng Yao Enterprise Co., Ltd.	Related party of the Corporation
Jen Huei Enterprise Co., Ltd.	Related party of the Corporation
Tsou Seen Chemical Industries Corporation	Subsidiary of legal directors of the Corporation
BES Twin Towers Development Co., Ltd.	Subsidiary of legal directors of the Corporation
Core Pacific Pioneer (Myanmar) Co., Ltd.	Subsidiary of legal directors of the Corporation
CPDC Engineering Corp.	Subsidiary of legal directors of the Corporation
Ding Yue Development Co., Ltd.	Subsidiary of legal directors of the Corporation
Hui-Lan Chu	Corporation's chairman
Tony C. J. Sheen	Related party in substance
Yu-Kun Chen	Associate of the Corporation's chairman and legal director of its subsidiaries

b. Trading transactions and other transactions with related parties

Line Items	Related Party Categories	December 31	
		2021	2020
Operating revenue	Legal directors of the Corporation	\$ 187,449	\$ 316,993
	Subsidiaries of legal directors of the Corporation	9,699	9,063
	Associates	2,057	858
	Related parties of the Corporation	106	220
	Related parties in substance	<u>188</u>	<u>139</u>
		<u>\$ 199,499</u>	<u>\$ 327,273</u>
Operating costs	Related parties of the Corporation	\$ 8,156	\$ 9,375
	Associates	<u>-</u>	<u>200</u>
		<u>\$ 8,156</u>	<u>\$ 9,575</u>
Operating expenses	Related parties in substance	\$ 24,000	\$ -
	Related parties of the Corporation	<u>10,041</u>	<u>9,567</u>
		<u>\$ 34,041</u>	<u>\$ 9,567</u>

For transactions with related parties, the prices and collection terms are similar to those transactions with third parties.

c. Receivables from related parties

Line Items	Related Party Categories	December 31	
		2021	2020
Construction receivables	Legal directors of the Corporation	<u>\$ 16,475</u>	<u>\$ 32,554</u>
Trade receivables	Legal directors of the Corporation	\$ 3,809	\$ 4,110
	Associates	163	-
	Subsidiaries of legal directors of the Corporation	<u>-</u>	<u>3,173</u>
		<u>\$ 3,972</u>	<u>\$ 7,283</u>
Other receivables (included in other current assets)	Related parties of the Corporation	\$ 505	\$ 521
	Related parties in substance	<u>616</u>	<u>-</u>
		<u>\$ 1,121</u>	<u>\$ 521</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment losses were recognized for trade receivables from related parties.

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

Line Items	Related Party Categories	December 31	
		2021	2020
Accrued expenses	Related parties of the Corporation	<u>\$ 508</u>	<u>\$ 1,659</u>

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

- e. Prepayments (included in other current assets)

Related Party Categories	December 31	
	2021	2020
Related parties of the Corporation	\$ <u>-</u>	\$ <u>1,151</u>

- f. Contract liabilities

The contract liabilities as of December 31, 2021 and 2020, respectively, were as follows:

December 31, 2021

Related Party Names	Engineering Code	Total Amount of Construction	Contract Liabilities
China Petrochemical Development Corporation	A6E	\$ <u>1,532,800</u>	\$ <u>45,096</u>

December 31, 2020

Related Party Names	Engineering Code	Total Amount of Construction	Contract Liabilities
China Petrochemical Development Corporation	A6E	\$ <u>1,532,800</u>	\$ <u>239,038</u>

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

- g. Lease arrangements

Related Party Categories	For the Year Ended December 31	
	2021	2020
<u>Acquisition of right-of-use assets</u>		
Related parties in substance	\$ 10,660	\$ 12,545
Related parties of the Corporation	<u>-</u>	<u>22,646</u>
	<u>\$ 10,660</u>	<u>\$ 35,191</u>

Line Items	Related Party Categories	December 31	
		2021	2020
Lease liabilities	Related parties in substance	\$ 21,450	\$ 22,350
	Related parties of the Corporation	<u>9,639</u>	<u>16,447</u>
		<u>\$ 31,089</u>	<u>\$ 38,797</u>

Line Items	Related Party Categories	For the Year Ended December 31	
		2021	2020
Interest expenses	Related parties in substance	\$ 527	\$ 180
	Related parties of the Corporation	<u>448</u>	<u>727</u>
		<u>\$ 975</u>	<u>\$ 907</u>

h. Acquisition of financial assets

For the year ended December 31, 2021

Related Party Names	Line Item	Number of Shares	Underlying Assets	Purchase Price
China Petrochemical Development Corporation	Financial assets at FVTOCI - current	3,327,095	<u>Stock</u> China Petrochemical Development	<u>\$ 39,094</u>
	Financial assets at FVTOCI - non-current	70,563,760	<u>Stock</u> China Petrochemical Development	<u>\$ 829,124</u>

Note: The abovementioned investments were held individually by the Corporation and Core Pacific World Co., Ltd. that participated in China Petrochemical Development's seasoned equity offering.

i. Loans to related parties

Line Items	Related Party Categories	December 31	
		2021	2020
Other receivables (included in other current assets)	Associates	<u>\$ 21,550</u>	<u>\$ 21,345</u>

As of December 31, 2021, the interest receivable of the Group from associates amounted to \$366 thousand.

Interest income

Related Party Categories	For the Year Ended December 31	
	2021	2020
Associates	<u>\$ 1,054</u>	<u>\$ 304</u>

The Group provided with short-term loan at rates comparable to market interest rates. As of December 31, 2021, the annual interest rate was 5.00%.

j. Other transactions with related parties

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

Related Party Categories	For the Year Ended December 31	
	2021	2020
Related parties in substance	\$ 7,046	\$ 3,523
Related parties of the Corporation	5,780	5,785
Legal directors of the Corporation	4,814	4,814
Associates	<u>201</u>	<u>205</u>
	<u>\$ 17,841</u>	<u>\$ 14,327</u>

The transactions with related parties were made at prices and terms comparable to those for similar transactions with unrelated parties. That is, the prices and terms for sales and purchases as well as conditions for warranties, loans and other transactions with related parties were similar to those for transactions with unrelated parties. Other receivables from related parties were rent receivables.

Endorsements and guarantees are as follows:

Refundable deposits by related parties

Related Party Categories	December 31	
	2021	2020
Related parties of the Corporation	\$ 1,292	\$ 1,412
Associates	<u>1</u>	<u>1</u>
	<u>\$ 1,293</u>	<u>\$ 1,413</u>

Guarantee deposits received by related parties

Related Party Categories	December 31	
	2021	2020
Subsidiaries of legal directors of the Corporation	\$ 7,584	\$ 7,584
Legal directors of the Corporation	<u>9,553</u>	<u>7,405</u>
	<u>\$ 17,137</u>	<u>\$ 14,989</u>

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

Related Party Categories	December 31	
	2021	2020
Subsidiaries of legal directors of the Corporation	<u>\$ 28,571</u>	<u>\$ 28,571</u>

k. Remuneration of key management personnel

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

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 76,516	\$ 38,164
Post-employment benefits	<u>-</u>	<u>-</u>
	<u>\$ 76,516</u>	<u>\$ 38,164</u>

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

l. Guarantees

As of 2020, the Corporation's proportion of bank loan contract was jointly guaranteed by Hui-Lan Chu, Tony C.J. Sheen and Yu-Kun Chen.

37. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been mortgaged as collateral for long- and short-term bank loans, short-term bills payable, performance guarantees, construction warranties and lawsuits:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Financial assets at FVTOCI - current	\$ 611,889	\$ 601,382
Financial assets at amortized cost - current	4,452,169	2,909,939
Accounts receivable on the development of industrial districts	4,130,336	5,028,791
Buildings and land held for sale, net	4,787,356	11,371,664
Construction in Progress	1,244,634	1,244,634
Financial assets at FVTOCI - non-current	536,191	475,029
Financial assets at amortized cost - non-current	4,291	590,971
Property, plant and equipment, net	1,621,078	1,527,011
Investment properties, net	<u>709,053</u>	<u>710,913</u>
	<u>\$ 18,096,997</u>	<u>\$ 24,460,334</u>

38. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

The appropriations of earnings for 2021 were approved by Core Pacific City's shareholders in their meeting on February 23, 2022, and the Corporation and Core Pacific World Co., Ltd. received cash dividends of \$2,350,388 thousand. Initially, Core Pacific World Co., Ltd. had 30,000 thousand shares of Core Pacific City Co., Ltd. Class A preference shares and 1,472 thousand shares of Core Pacific City Co., Ltd. Class H preference shares, with dividend rates of 8% and 9.5%, respectively. Based on the issue price, dividends on preference shares amounted to \$374,807 thousand. The above appropriations from retained earnings and preference share dividends had been fully collected on February 25, 2022.

39. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than function currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Non-monetary items			
Investments accounted for using the equity method			
RMB	\$ 264,687	4.344 (RMB:NTD)	\$ 1,149,799
HKD	137,789	3.549 (HKD:NTD)	489,013

December 31, 2020

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Non-monetary items			
Investments accounted for using the equity method			
RMB	\$ 270,175	4.377 (RMB:NTD)	\$ 1,182,555
HKD	133,688	3.673 (HKD:NTD)	491,037

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange gains (losses) were \$8,860 thousand and \$403 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

40. OTHER ITEMS

Regarding the investigation result of “the renovation turnkey project of Gongguan military installations and camps” which is contracted by the Corporation, Taiwan New Taipei District Court Prosecutors Office prosecuted against the former chairman of the Corporation, Shen Jun, and the other two individuals in accordance with the Securities and Exchange Act and Anti -Corruption Act. For this reason, the Ministry of National Defense sent a letter to recover the bid bond of \$50,000 thousand for the “the renovation turnkey project of Gongguan military installations and camps” on September 30, 2021, and the amount of compensation was recognized in other losses (included in other gains and losses) and paid on October 18, 2021. In order to ensure that the rights and interests were not infringed, the Corporation filed a lawsuit for damages and other remedies in the Taipei District Court of Taiwan on October 21, 2021 against the former chairman of the Corporation, Shen Jun, and the other two individuals. However, the financial and business operations have not been significantly affected by the aforementioned events. As of March 15, 2022, the case is still pending in the court.

41. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 2)
- 2) Endorsements/guarantees provided. (Table 3)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 4)
- 4) Marketable securities acquired or disposed of at costs or prices at least \$300 million or 20% of the paid-in capital. (Table 5)
- 5) Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital. (Non-applicable)
- 6) Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital. (Non-applicable)

- 7) Total purchases from or sales to related parties amounting to at least \$100 million or 20% of the paid-in capital. (Table 6)
- 8) Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital. (Non-applicable)
- 9) Trading in derivative instruments. (Non-applicable)
- 10) Information on investees. (Table 7)
- 11) Intercompany relationships and significant intercompany transactions. (Table 8)
- b. Information on investments in mainland China
- Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 9)
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater, showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 10)

42. SEGMENT INFORMATION

- a. Operating segment information:
Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The reportable segments were as follows:
- Construction segment - engage in civil engineering projects.
 - Construction development segment - make investment in construction of buildings and development of industrial districts for the government.
 - Other segments - human resources consulting, security management, theater entertainment.
- b. Segment revenues and results:

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Segment Revenue		Segment Profit (Loss)	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Construction segment	\$ 13,944,110	\$ 11,314,777	\$ (369,499)	\$ 506,122
Construction development segment	1,875,193	665,597	58,147	(122,237)
Other segments	<u>1,377,382</u>	<u>1,490,588</u>	<u>(47,267)</u>	<u>(8,838)</u>
	<u>\$ 17,196,685</u>	<u>\$ 13,470,962</u>	(358,619)	375,047

(Continued)

	Segment Revenue		Segment Profit (Loss)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2021	2020	2021	2020
Interest income			\$ 71,703	\$ 106,746
Other income			76,560	104,233
Other gains and losses			2,842,626	509,376
Finance costs			(150,282)	(170,908)
Share of profit or loss of associates			<u>(3,519)</u>	<u>(131,262)</u>
Profit before income tax			<u>\$ 2,478,469</u>	<u>\$ 793,232</u>

(Concluded)

Segment revenues were all generated by external customers. No inter-segment sales occurred during 2021 and 2020.

Segment profit represents the profit earned from each segment, and does not include the share of the profit or loss of associates, leasing revenue, interest income, dividends revenue, gain or loss on foreign exchange, net, compensation loss, financial assets at fair value through profit (loss), gain or loss on disposal of property, plant and equipment, general administrative expenses, finance costs, miscellaneous expenses and income tax expense. This was measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

c. Segment total assets and liabilities

	December 31	
	2021	2020
<u>Segment assets</u>		
Construction segment	\$ 5,699,711	\$ 5,111,489
Construction development segment	19,966,357	18,677,300
Other segments	<u>21,168,553</u>	<u>17,025,015</u>
Total segment assets	46,834,621	40,813,804
Unallocated assets	<u>1,253,542</u>	<u>1,294,913</u>
Consolidated total assets	<u>\$ 48,088,163</u>	<u>\$ 42,108,717</u>
<u>Segment liabilities</u>		
Construction segment	\$ 4,666,318	\$ 3,254,973
Construction development segment	2,998,837	3,048,806
Other segments	<u>16,333,943</u>	<u>14,202,201</u>
Total segment assets	23,999,098	20,505,980
Unallocated assets	<u>1,160,319</u>	<u>1,187,735</u>
Consolidated total liabilities	<u>\$ 25,159,417</u>	<u>\$ 21,693,715</u>

BES ENGINEERING CORPORATION AND SUBSIDIARIES

CONTRACT ASSETS, CONTRACT LIABILITIES AND AMOUNTS DUE TO CUSTOMERS FOR CONSTRUCTION CONTRACTS
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
 (In Thousands of New Taiwan Dollars)

Contract assets - amounts due from customers for construction contracts

December 31, 2021

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Contract Assets	% of Completion	Accumulated Construction Profit (Loss)	Contract Liabilities	Net Amount of Contract Assets
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
A6C	2022	3,376,474	3,309,500	2,932,806	83.50	55,925	2,848,237	84,569
A8B	2031	10,814,726	10,208,733	1,841,076	15.47	93,729	1,722,972	118,104
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	5,657,143	5,487,429	13,197	-	-	-	13,197
		<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>

December 31, 2020

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Contract Assets	% of Completion	Accumulated Construction Profit (Loss)	Contract Liabilities	Net Amount of Contract Assets
A0B	2020	\$ 13,807,331	\$ 15,241,994	\$ 14,529,879	98.44	\$ (1,434,663)	\$ 13,592,843	\$ 937,036
A7B	2031	13,830,943	12,978,455	610,553	5.92, 2.68	24,466	381,714	228,839
A6B-1	2023	3,004,035	2,902,961	1,501,230	46.66	47,162	1,426,753	74,477
A6D	2021	2,885,074	2,753,598	1,681,897	56.60	74,410	1,651,975	29,922
A6C	2021	3,273,507	3,063,242	1,944,503	56.66	119,134	1,885,770	58,733
A8B	2029	10,755,238	10,136,110	557,824	5.19	32,108	557,809	15
		<u>\$ 47,556,128</u>	<u>\$ 47,076,360</u>	<u>\$ 20,825,886</u>		<u>\$ (1,137,383)</u>	<u>\$ 19,496,864</u>	<u>\$ 1,329,022</u>

(Continued)

Contract liabilities - amounts due to customers for construction contracts

December 31, 2021

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Contract Assets	% of Completion	Accumulated Construction Profit (Loss)	Contract Liabilities	Net Amount of Contract Liabilities
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	-	-
		<u>71,193,166</u>	<u>70,927,710</u>	<u>42,329,135</u>		<u>(873,421)</u>	<u>44,956,548</u>	<u>2,627,413</u>
750		<u>-</u>	<u>-</u>	<u>19,679,673</u>		<u>-</u>	<u>19,679,673</u>	<u>-</u>
		<u>\$ 71,193,166</u>	<u>\$ 70,927,710</u>	<u>\$ 62,008,808</u>		<u>\$ (873,421)</u>	<u>\$ 64,636,221</u>	<u>\$ 2,627,413</u>

(Continued)

December 31, 2020

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Contract Assets	% of Completion	Accumulated Construction Profit (Loss)	Contract Liabilities	Net Amount of Contract Liabilities
A6E	2021	\$ 1,532,800	\$ 1,483,204	\$ 1,128,822	94.59, 85.41	\$ 42,514	\$ 1,367,860	\$ 239,038
A8C	2023	7,701,884	7,260,637	1,418,487	21.15	93,306	1,628,632	210,145
A7A	2023	1,941,228	1,828,620	610,704	33.93	38,210	816,969	206,265
A6F	2021	1,822,971	1,690,362	1,073,856	69.71	92,442	1,275,029	201,173
A9A	2027	11,921,115	11,105,947	146,716	1.28	10,426	342,964	196,248
A6B-2	2022	3,515,847	3,501,636	2,091,123	63.92	9,083	2,283,307	192,184
A5D	2021	4,102,613	3,987,386	3,891,788	99.06	114,146	4,065,056	173,268
A7E	2021	1,036,503	986,668	539,359	58.34	29,072	658,311	118,952
A7D	2021	2,345,252	2,212,342	1,148,005	52.90	70,308	1,241,327	93,322
A8F	2024	3,638,095	3,429,127	219,492	7.97	16,661	290,050	70,558
A7C	2021	2,100,747	1,977,028	894,645	45.84	56,713	962,980	68,335
A7F	2022	3,348,571	3,159,210	1,558,203	48.19	91,251	1,613,658	55,455
98C-1	2020	3,677,852	3,619,026	3,658,638	100.00	58,826	3,677,852	19,214
A8A	2020	816,396	689,347	795,688	100.00, 97.55	126,413	812,131	16,443
A5A	2020	169,566	176,150	161,534	100.00	(6,584)	169,566	8,032
83C	2020	9,043,607	8,681,058	847,523	100.00	362,549	850,523	3,000
A5C	2022	3,754,698	3,757,571	1,582,396	100.00	(2,873)	1,584,958	2,562
93C	2020	690,775	830,149	673,300	97.47	(139,374)	673,300	-
A5B	2020	562,934	540,585	562,934	100.00	22,349	562,934	-
A4C	2020	756,968	772,029	756,723	100.00	(15,061)	756,723	-
A5F	2020	302,311	313,634	302,311	100.00	(11,323)	302,311	-
A6G	2020	973,996	816,282	-	100.00	157,714	-	-
		<u>65,756,729</u>	<u>62,817,998</u>	<u>24,062,247</u>		<u>1,216,768</u>	<u>25,936,441</u>	<u>1,874,194</u>
750		<u>-</u>	<u>-</u>	<u>19,063,733</u>		<u>-</u>	<u>19,063,733</u>	<u>-</u>
		<u>\$ 65,756,729</u>	<u>\$ 62,817,998</u>	<u>\$ 43,125,980</u>		<u>\$ 1,216,768</u>	<u>\$ 45,000,174</u>	<u>\$ 1,874,194</u>

(Continued)

Amounts due to customers for construction contracts

December 31, 2021

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Amounts Due from Customers for Construction Contracts	% of Completion	Accumulated Construction Profit (Loss)	Amounts Due to Customers for Construction Contracts	Net Amount of Amounts Due to Customers for Construction Contracts
A4B	2021	\$ 117,221	\$ 106,399	\$ -	100.00	\$ 10,822	\$ -	\$ -
A0A	2021	<u>934,228</u>	<u>1,229,528</u>	<u>-</u>	100.00	<u>(11,323)</u>	<u>-</u>	<u>-</u>
		<u>\$ 1,051,449</u>	<u>\$ 1,335,927</u>	<u>\$ -</u>		<u>\$ (284,478)</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2020

Engineering Station Code	Estimated Year of Completion	Total Amount of Construction	Estimated Cost of Construction	Amounts Due from Customers for Construction Contracts	% of Completion	Accumulated Construction Profit (Loss)	Amounts Due to Customers for Construction Contracts	Net Amount of Amounts Due to Customers for Construction Contracts
97H	2020	\$ 2,871,276	\$ 2,590,724	\$ -	100.00	\$ 280,552	\$ -	\$ -
A4B	2020	117,221	106,399	117,221	100.00	10,822	117,221	-
A0A	2020	<u>934,228</u>	<u>1,229,528</u>	<u>934,228</u>	100.00	<u>(295,300)</u>	<u>934,228</u>	<u>-</u>
		<u>\$ 3,922,725</u>	<u>\$ 3,926,651</u>	<u>\$ 1,051,449</u>		<u>\$ (3,926)</u>	<u>\$ 1,051,449</u>	<u>\$ -</u>

Note 1: For the amount of amounts due from customers for construction contracts, refer to Note 28.

Note 2: For the amount of amounts due to customers for construction contracts, refer to Note 22.

Note 3: The Corporation recognized construction revenue of \$14,560,049 thousand in 2021 and \$11,860,058 thousand in 2021 and 2020, respectively.

(Concluded)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counter party	Financial Statement Account	Related Party	Financing Limit for Each Borrowing Company (Note 1)	Ending Balance (Note 1)	Actual Used	Interest Rate	Financing Properties (Note 3)	Financing Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Maximum Limit for Each Counter party	Financing Company's Financing Amount Limits	Note
													Item	Value			
0	BES Engineering Corporation	Bes Engineering Vietnam Co., Ltd.	Other receivable	Y	\$ 29,291	\$ 29,291	\$ 29,291	5	b.	\$ -	Business revolving fund	\$ -	-	\$ -	\$913,421 for each counter party is equal to 4% of the Corporation's net equity as shown in the Corporation's latest financial statements.	\$9,134,209 for each counter party is equal to 40% of the Corporation's net equity as shown in Corporation's latest financial statements.	Note 2
1	Chung Kung Safeguarding & Security Corp.	Chung Kung Management Consultant Co., Ltd.	Accounts receivable - related party	Y	16,000	15,000	-	-	b.	-	Business revolving fund	-	-	-	\$31,193 for each counter party is equal to 40% of the Corporation's net equity as shown in the Corporation's latest financial statements.	\$31,193 for each counter party is equal to 40% of the Corporation's net equity as shown in the Corporation's latest financial statements.	
		Chung Kung Management and Maintenance of Apartment Co., Ltd.	Accounts receivable - related party	Y	16,000	15,000	-	-	b.	-	Business revolving fund	-	-	-	\$31,193 for each counter party is equal to 40% of the Corporation's net equity as shown in the Corporation's latest financial statements.	\$31,193 for each counter party is equal to 40% of the Corporation's net equity as shown in the Corporation's latest financial statements.	
2	Core Asia Human Resources Management Co., Ltd.	Elite Human Resources Management Co., Ltd.	Accounts receivable - related party	Y	10,000	-	-	-	b.	-	Business revolving fund	-	-	-	\$18,633 for each counter party is equal to 20% of the Corporation's net equity as shown in the Corporation's latest financial statements.	\$37,267 for each counter party is equal to 40% of the Corporation's net equity as shown in Corporation's latest financial statements.	
3	BES Machinery Co., Ltd.	HRDD Logistics Co., Ltd.	Accounts receivable - related party	Y	21,550	21,550	21,550	5	b.	-	Business revolving fund	-	-	-	\$35,101 for each counter party is equal to 4% of the Corporation's net equity as shown in the Corporation's latest financial statements.	\$351,005 for each counter party is equal to 40% of the Corporation's net equity as shown in the Corporation's latest financial statements.	Note 2
4	Cinemark-Core Pacific, Ltd.	Cinema 7 Theater Co., Ltd.	Accounts receivable - related party	Y	20,000	20,000	-	4	b.	-	Business revolving fund	-	-	-	\$108,423 for each counter party is equal to 40% of the Corporation's net equity as shown in the Corporation's latest financial statements.	\$108,423 for each counter party is equal to 40% of the Corporation's net equity as shown in the Corporation's latest financial statements.	

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

Note 2: Except for the accounts receivable - related party of BES Machinery Co., Ltd. from GRDD Logistics Co., Ltd., all receivables have been eliminated in the consolidated financial statements.

Note 3: Reasons for financing are as follows:

- a. Business relationship.
- b. The need for short-term financing.

BES ENGINEERING CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 13)											
0	BES Engineering Corporation	Agora Garden Co., Ltd.	a.	\$ 57,088,807 (Note 1)	\$ 8,200,000	\$ -	\$ -	\$ -	-	\$ 68,506,569 (Note 2)	-	-	-	
1	Cinemark-Core Pacific, Ltd.	Cinema 7 Theater Co., Ltd.	b.	271,057 (Note 4)	74,300	74,300	56,018	43,530	27.41	813,171 (Note 9)	Y	-	-	
		Cinemark-Core (Xi-an) Pacific Ltd.	c.	132,353 (Note 5)	59,813	-	-	-	-	132,353	-	-	Y	Note 3
2	Hua Cheng Consulting (Changshu) Co., Ltd.	BES Engineering Corporation	d.	474,120 (Note 6)	289,118	289,118	260,000	289,118	60.98	948,240 (Note 10)	-	Y	-	
3	Core Pacific Consulting (Changshu) Co., Ltd.	BES Engineering Corporation	d.	469,566 (Note 7)	289,118	289,118	260,000	289,118	61.57	939,132 (Note 11)	-	Y	-	
4	Chung Kung Safeguarding & Security Corp.	Chung Kung Management Consultant Co., Ltd.	b.	194,956 (Note 8)	25,000	25,000	3,409	-	32.06	233,946 (Note 12)	Y	-	-	
		Chung Kung Management and Maintenance of Apartment Co., Ltd.	b.	194,956 (Note 8)	25,000	25,000	1,500	-	32.06	233,946 (Note 12)	Y	-	-	

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

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

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

Note 4: The limit on the for each counterparty is equal to 100% of Cinemark-Core Pacific, Ltd.'s net equity as shown in its latest financial statements.

Note 5: The limit on the endorsement depends on the financing contract with Cinemark-Core Pacific, Ltd.

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

Note 7: The limit on the endorsement for each counterparty is equal to 100% of Core Pacific Consulting (Changshu) Co., Ltd.'s net equity as shown in its latest financial statements.

Note 8: The limit on the endorsement for each counterparty is equal to 250% of Chung Kung Safeguarding & Security Corp.'s net equity as shown in its latest financial statements.

Note 9: The limit on the for each counterparty is equal to 300% of Cinemark-Core Pacific, Ltd.'s net equity as shown in its latest financial statements.

Note 10: The limit on the endorsement for each counterparty is equal to 200% of Hua Cheng Consulting (Changshu) Co., Ltd.'s net equity as shown in its latest financial statements.

Note 11: The limit on the endorsement for each counterparty is equal to 200% of Core Pacific Consulting (Changshu) Co., Ltd.'s net equity as shown in its latest financial statements.

Note 12: The limit on the endorsement for each counterparty is equal to 300% of Chung Kung Safeguarding & Security Corp.'s net equity as shown in its latest financial statements.

(Continued)

Note 13: Relationships between endorser/guarantor and endorsee/guarantee are as follows:

- a. Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry for the purposes of undertaking a construction project.
- b. A subsidiary in which parent company holds directly and indirectly over 50% of an equity interest.
- c. Business relationship.
- d. An investee in which parent company and its subsidiaries hold directly and indirectly over 50% of an equity interest.

(Concluded)

BES ENGINEERING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

No.	Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
					Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
0	BES Engineering Corporation	Taishin ESG Emerging Markets Bond Fund	-	Financial assets at FVTPL - current	500,000	\$ 4,587	-	\$ 4,587	Note 1
		Core Pacific City Co., Ltd.	-	Financial assets at FVTPL - current	1,538,484	2,354,728	15.34	2,354,728	Note 1
		Taiwan Business Bank	-	Financial assets at FVTOCI - current	67,104,077	664,330	0.87	664,330	Note 1
		China Petrochemical Development Corporation	Legal directors of the Corporation	Financial assets at FVTOCI - non-current	111,277,510	1,463,299	2.94	1,463,299	Note 1
		Century Development Corporation	-	Financial assets at FVTOCI - non-current	10,633,492	80,815	3.03	80,815	Note 1
		Overseas Investment & Development Corporation	-	Financial assets at FVTOCI - non-current	2,600,000	18,200	2.89	18,200	Note 1
		Zowie Technology Corporation	-	Financial assets at FVTOCI - non-current	6,611	-	0.02	-	
		Fortemedia	-	Financial assets at FVTOCI - non-current	4,137	-	-	-	
		Fortemedia	-	Financial assets at FVTOCI - non-current	62,282	-	-	-	Note 2
1	Core Pacific World Co., Limited	China Petrochemical Development Corporation	Legal directors of the Corporation	Financial assets at FVTOCI - current	30,649,620	403,042	0.81	403,042	Note 1
		Taiwan Business Bank	-	Financial assets at FVTOCI - current	1,382,075	13,683	0.02	13,683	Note 1
		Core Pacific City Co., Ltd.	-	Financial assets at FVTPL - current	9,690	14,831	0.10	14,831	Note 1
2	BES Machinery Co., Ltd.	China Petrochemical Development Corporation	Legal directors of the Corporation	Financial assets at FVTOCI - non-current	13,110,345	172,401	0.35	172,401	Note 1
		Formosa Chemicals & Fibre Corporation	-	Financial assets at FVTPL - current	75,000	6,060	-	6,060	Note 1
3	Cinemark-Core Pacific, Ltd.	The investment case of movie - The M Riders	-	Financial assets at FVTOCI - non-current	-	-	-	-	

Note 1: Market values of listed quoted shares and mutual funds were based on the closing prices and net asset values, respectively, as of December 31, 2021; values of unlisted shares were determined by using the fair value measurement as of December 31, 2021.

Note 2: Preferred shares.

BES ENGINEERING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
BES Engineering Corporation	Stock China Petrochemical Development	Financial assets at FVTOCI - non-current	-	-	40,713,750	\$ 1,023,592	70,563,760	\$ 829,124	-	\$ -	\$ -	\$ -	111,277,510	\$ 1,852,716
Core Pacific World Co., Limited	Stock China Petrochemical Development	Financial assets at FVTOCI - current	-	-	27,322,525	198,980	3,327,095	39,094	-	-	-	-	30,649,620	238,074
BES Engineering Vietnam Co., Ltd.	Stock Phu An Real Estate Co., Ltd.	Investments accounted for using the equity method	Phu An Real Estate Co., Ltd.	Subsidiaries	-	-	-	-	-	-	-	-	-	-

Note: BES Engineering Vietnam Co., Ltd. acquired the shareholdings in the investment in Phu An Real Estate Co., Ltd., which was approved by the board of directors on December 13, 2021 and signed an agreement on December 15, 2021. As of the reporting date, equity transfer procedure is in progress.

BES ENGINEERING CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
BES Engineering Corporation	China Petrochemical Development Corporation	Legal directors of the Corporation	Sales	\$ (162,000)	(1.02)	-	\$ -	-	Construction receivables \$ 16,475	0.72	

BES ENGINEERING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Investment Gain (Loss) Recognized (Note 1)	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
BES Engineering Corporation	Core Pacific World Co., Limited BES Machinery Corporation	Taipei, Taiwan	Makes investments	\$ 1,530,094	\$ 1,530,040	115,942,000	99.95	\$ 1,430,852	\$ 16,022	\$ 16,014	Investee is a subsidiary
		Kaohsiung, Taiwan	Leases engineering machinery and equipment, and wholesale construction materials and provides consulting service for designing and planning projects, except for certain architectural matters	867,733	867,733	77,364,999	99.35	871,809	19,573	19,446	Investee is a subsidiary
	Core Pacific City Co., Ltd. BES Investment Company Ltd.	Taipei, Taiwan	Department store	-	2,254,760	-	-	-	-	25,412	(Note 3)
		Hong Kong	Overseas construction and equipment sale	1,485,277	733,975	49,600,000	100.00	1,285,528	895	895	Investee is a subsidiary
	BES Logistics International Co., Ltd. Core Asia Human Resources Management Co., Ltd.	Republic of Mauritius	Makes investments	348,278	348,278	13,995,389	100.00	723,939	16,057	16,057	Investee is a subsidiary
		Taipei, Taiwan	Consultancy on business administration and investments	60,000	60,000	6,000,000	100.00	93,167	5,313	5,313	Investee is a subsidiary
	Chung Kung Safeguarding & Security Corp. Cinemark-Core Pacific, Ltd.	Taipei, Taiwan	Security and related services	38,127	38,127	3,880,000	64.67	50,432	1,235	799	Investee is a subsidiary
		Taipei, Taiwan	Movie broadcasting and related businesses	23,450	23,450	1,861,500	15.38	41,688	(69,322)	(10,622)	Investee is a subsidiary (Note 2)
	BES Construction Corporation (U.S.A.) BES Global Investment Co. BA & BES Contracting (L.L.C.)	Georgia, U.S.A.	Develops lands for investments	259,562	259,562	8,509	91.79	24,583	(384)	(353)	Investee is a subsidiary
		B.V.I. P.O. Box 92237, Dubai-UAE	Overseas construction and equipment sale Engineering and construction	51,313 10,696	51,313 10,696	1,510,100 1,200,000	100.00 40.00	16,939 -	161 -	161 -	Investee is a subsidiary
Core Pacific World Co., Limited	Chinese City International Investment Co., Ltd. Zhong Hua Cheng Development Co., Ltd.	Republic of Mauritius	Consulting	330,714	330,714	9,500,000	100.00	482,800	6,064	6,064	Investee is a subsidiary
		Republic of Mauritius	Consulting	330,714	330,714	9,500,000	100.00	478,172	5,855	5,855	Investee is a subsidiary
BES Machinery Co., Ltd.	BESM Holding Co., Ltd. Cinemark-Core Pacific, Ltd.	B.V.I.	Holds investments	162,163	162,163	5,075,000	100.00	251,620	4,055	4,055	Investee is a subsidiary
		Taipei, Taiwan	Movie broadcasting and related businesses	91,930	91,930	7,593,680	62.76	170,115	(69,322)	(43,506)	Investee is a subsidiary (Note 2)
BES Investment Company Ltd.	Wei-Jing Holdings Ltd. BES Construction Corporation (U.S.A.) Global BES Engineering (Myanmar) Co., Ltd. BES Engineering Vietnam Co., Ltd.	B.V.I.	Holds investments	463,104	463,104	14,400,000	44.67	489,013	(11,168)	(4,989)	
		Georgia, U.S.A.	Develops lands for investments	25,724	25,724	761	8.21	2,199	(384)	(31)	Investee is a subsidiary
		Yangon, Myanmar	Engineering and construction	15,478	15,478	500,000	100.00	13,556	2,489	2,489	Investee is a subsidiary
		Ho Chi Minh, Vietnam	Engineering and construction	726,220	30,570	2,600,000	100.00	721,071	3,615	3,615	Investee is a subsidiary
Core Asia Human Resources Management Co., Ltd.	Elite Human Resources Management Co., Ltd.	Taipei, Taiwan	Human resource consulting	5,000	5,000	500,000	100.00	11,987	3,472	3,472	Investee is a subsidiary
Chung Kung Safeguarding & Security Corp.	Chung Kung Management Consultant Co., Ltd. Chung Kung Management and Maintenance of Apartment Co., Ltd.	Taipei, Taiwan	Business management consulting and running parking lots	10,000	10,000	-	100.00	12,843	(1,208)	(1,208)	Investee is a subsidiary
		Taipei, Taiwan	Manages apartment maintenance and renders related services	3,700	3,700	-	37.00	4,710	1,076	398	Investee is a subsidiary
Cinemark-Core Pacific, Ltd.	Cinemark-Core (Hong Kong) Pacific Ltd. Cinema 7 Theater Co., Ltd.	Hong Kong	Hold investment	246,729	246,729	61,503,000	49.60	118,953	(37,655)	(18,677)	
		Taipei, Taiwan	Movie broadcasting and retail sale of food products and groceries	150,183	150,183	25,000	100.00	(15,296)	(26,411)	(26,411)	Investee is a subsidiary
Chung Kung Management Consultant Co., Ltd.	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Taipei, Taiwan	Manages apartment maintenance and renders related services	6,300	6,300	-	63.00	8,020	1,076	678	Investee is a subsidiary

Note 1: Except BA & BES Contracting (L.L.C.), the investees' financial statements as of and for the year ended December 31, 2021 had all been audited, management believed that if these investments accounted for using the equity method financial statements were audited by auditors, material adjustments may not arise.

Note 2: The Corporation and its subsidiary, BES Machinery Co., Ltd., had a 77.73% interest in Cinemark-Core Pacific, Ltd.; thus, this investment was accounted for by the equity method.

Note 3: The Corporation ceased to have significant influence over Core Pacific City Co., Ltd. on October 22, 2021, and reclassified the remaining shareholding as financial assets at FVTPL.

Note 4: Except BA & BES Contracting (L.L.C.), Wei-Jing Holding Ltd., Cinemark - Core (Hong Kong) Pacific Ltd. and Core Pacific City Co., Ltd., the investment gains and losses between reinvestments, long-term equity investment of investors, and the equity between investees have been eliminated in the consolidated financial statements.

BES ENGINEERING CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

No.	Investee Company	Counterparty	Relationship	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets
0	BES Engineering Corporation	BES Machinery Co., Ltd. BES Machinery Co., Ltd.	Note 1 Note 1	Construction cost Trade payables	\$ 178,773 35,417	As agreed by both parties As agreed by both parties	1.04 0.07

Note 1: Representing the Corporation to subsidiaries.

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

BES ENGINEERING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Engages in the logistics, warehousing and international trade	\$ 1,100,438 (RMB 250,000 thousand)	b. (Note 3)	\$ 341,921 (US\$ 10,703 thousand)	\$ -	\$ -	\$ 341,921 (US\$ 10,703 thousand)	\$ 42,131 (RMB 9,705 thousand)	39.20	\$ 16,515 (RMB 3,804 thousand) b, 2)	\$ 770,253 (RMB 177,314 thousand)	\$ 153,108 (US\$ 5,038 thousand)
Core Pacific Consulting (Changshu) Co., Ltd.	Provides engineering consulting services	305,982 (US\$ 9,000 thousand)	b. (Note 4)	305,982 (US\$ 9,000 thousand)	-	-	305,982 (US\$ 9,000 thousand)	6,622 (RMB 1,526 thousand)	100.00	6,622 (RMB 1,526 thousand) b, 2)	469,566 (RMB 108,095 thousand)	-
Hua Cheng Consulting (Changshu) Co., Ltd.	Provides engineering consulting services	305,982 (US\$ 9,000 thousand)	b. (Note 5)	305,982 (US\$ 9,000 thousand)	-	-	305,982 (US\$ 9,000 thousand)	6,833 (RMB 1,574 thousand)	100.00	6,833 (RMB 1,574 thousand) b, 2)	474,120 (RMB 109,144 thousand)	-
Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Engages in the logistics, warehousing and international trade	1,100,438 (RMB 250,000 thousand)	b. (Note 6)	167,565 (RMB 40,900 thousand)	-	-	167,565 (RMB 40,900 thousand)	42,131 (RMB 9,705 thousand)	9.80	4,129 (RMB 951 thousand) b, 2)	192,563 (RMB 44,328 thousand)	38,277 (US\$ 1,260 thousand)
Cinemark-Core (Shanghai) Pacific Management and Consulting	Theater management, purchasing, and consulting	27,602 (US\$ 900 thousand)	b. (Note 7)	27,577 (US\$ 900 thousand)	-	-	27,577 (US\$ 900 thousand)	(4) (RMB (1) thousand)	49.60	(2) (RMB - thousand) b, 2)	(476) (RMB (110) thousand)	-
Yunnan Core Pacific City	Theater management, purchasing, and consulting	120,676 (US\$ 4,031 thousand)	b. (Note 7)	59,131 (US\$ 1,975 thousand)	-	-	59,131 (US\$ 1,975 thousand)	(5,375) (RMB (1,238) thousand)	24.30	(1,306) (RMB (301) thousand) b, 2)	33,224 (RMB 7,647 thousand)	-
HRDD Logistics Co., Ltd.	Provides warehousing and freight forwarders	653,328 (RMB 144,000 thousand)	a. (Note 8)	166,730 (RMB 34,000 thousand)	-	-	166,730 (RMB 34,000 thousand)	(109,737) (RMB (25,278) thousand)	23.61	(25,909) (RMB (5,968) thousand) b, 2)	68,030 (RMB 15,661 thousand)	-
Cinemark-Core (Suzhou) Pacific Ltd.	Theater management, purchasing, and consulting	343,172 (US\$ 11,000 thousand)	b. (Note 7)	161,597 (US\$ 5,000 thousand)	-	-	161,597 (US\$ 5,000 thousand)	(35,668) (RMB (8,217) thousand)	49.60	(17,691) (RMB (4,076) thousand) b, 2)	58,548 (RMB 13,478 thousand)	-

(Continued)

Investor Company Name	Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investment
BES Engineering Corporation	US\$ 12,103 thousand	US\$ 15,184 thousand	NT\$ 13,701,314
Core Pacific World Co., Limited	US\$ 18,000 thousand	US\$ 19,000 thousand	NT\$ 858,941
BES Machinery Co., Ltd.	RMB 74,900 thousand (US\$ 16,241 thousand)	RMB 79,800 thousand (US\$ 17,038 thousand)	NT\$ 526,508
Cinemark-Core Pacific, Ltd.	US\$ 7,875 thousand	US\$ 7,875 thousand	NT\$ 162,634

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

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

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

- a. Gain or loss not recognized during the current period.
- b. Three bases to recognize gain or loss:
 - 1) Financial statements are audited through the cooperation between international accounting firm and ROC accounting firm.
 - 2) Financial statements are audited by licensed CPA of the parent company.
 - 3) Others

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

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

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

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

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

Note 8: BES Machinery Co., Ltd. is third party investor.

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

(Concluded)

BES ENGINEERING CORPORATION**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
China Petrochemical Development Corporation	164,348,449	10.73

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.