

**BES Engineering Corporation and Its
Subsidiaries**

**Consolidated Financial Statements and
Independent Auditors' Review Report
For the Three Months Ended March 31, 2023 and
2022**

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Independent Auditors' Review Report

To BES Engineering Corporation,

Introduction

We have reviewed the consolidated statement of financial position of BES Engineering Corporation and its subsidiaries (collectively, the "Group") for the three months ended March 31, 2023 and 2022 and the relevant consolidated statements of comprehensive income, changes in equity, and cash flows for the three months then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). It is the management's responsibility to prepare financial statements that fairly present the Group's consolidated financial position in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard (IAS) 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC). Our responsibility is to draw conclusions on the consolidated financial statements as per the review results.

Scope

Except as stated in the Basis for Qualified Conclusion paragraph, we conducted the review in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The procedures to be carried out in reviewing the consolidated financial statements include inquiry (mainly with the person in charge of financial and accounting affairs), analytical procedures, and other review procedures. The scope of a review is substantially smaller than that of an audit and therefore does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As mentioned in Note 13 to the consolidated financial statements, we did not review the financial statements of the same period non-material subsidiaries included in the above consolidated financial statements, and their total assets by March 31, 2023 and 2022 were NT\$5,146,548 thousand and NT\$5,182,404 thousand, respectively, accounting for 10.90% and 10.92% of the total consolidated assets, respectively; total liabilities were NT\$560,766 thousand and NT\$579,000 thousand, respectively, representing 2.29% and 2.42% of the total consolidated liabilities, respectively; total consolidated comprehensive income for the three months ended March 31, 2023 and 2022 were (NT\$10,686 thousand)

and NT\$332,217 thousand respectively, accounting for (12.10)% and 55.11% of the total consolidated comprehensive income, respectively. As mentioned in Note 14 to the consolidated financial statements, the balance of investments accounted for using equity method by March 31, 2023 and 2022 were NT\$1,588,169 thousand and NT\$1,684,391 thousand, respectively; and the consolidated comprehensive income of affiliates accounted for using equity method for the three months ended March 31, 2023 and 2022 were (NT\$3,416 thousand) and NT\$45,579 thousand, respectively, which were recognized based on the financial statements of the investees for the same period and not reviewed by CPAs. In addition, the relevant information on the investees and the information on the aforesaid subsidiaries and investees disclosed in Note 37 to the consolidated financial statements discloses was not reviewed by the CPAs.

Qualified Conclusion

According to our review results, except that the financial statements of non-material subsidiaries described in the Basis for Qualified Conclusion paragraph may result in adjustment to the consolidated financial statements if reviewed by us, we have determined that the foregoing consolidated financial statements have been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC, with a fair presentation of the Group’s consolidated financial position by March 31, 2023 and 2022 as well as the consolidated financial performance and consolidated cash flows for the three months ended March 31, 2023 and 2022.

Deloitte Taiwan

CPA Huang, Yao-Lin

CPA Shih-Chieh Chou

Financial Supervisory Commission Approval
Document No.
Jin-Guan-Zheng-Shen-Zi No. 1060004806

Financial Supervisory Commission Approval
Document No.
Jin-Guan-Zheng-Shen-Zi No. 1110348898

May 10, 2023

BES Engineering Corporation and Subsidiaries
Consolidated Statement of Financial Position
BY March 31, 2023 and December 31, 2022

Unit: NTD in thousands

Code	Assets	March 31, 2023 (reviewed)		December 31, 2022 (audited)		March 31, 2022 (reviewed)	
		Amount	%	Amount	%	Amount	%
Current assets							
1100	Cash and cash equivalents (Notes 6 and 15)	\$ 3,261,490	7	\$ 4,189,543	9	\$ 3,253,791	7
1110	Financial assets at fair value through profit or loss - current (Note 7)	4,152	-	4,142	-	25,833	-
1120	Financial assets at fair value through other comprehensive income - current (Notes 8 and 34)	1,248,751	3	1,214,472	3	1,252,440	3
1136	Financial assets at amortized cost - current (Notes 9, 24, and 34)	3,849,737	8	3,941,197	9	4,801,843	10
1140	Contract asset Current (Notes 15, 24, and 26)	3,009,044	7	2,498,541	6	2,926,972	6
1150	Notes and trade receivables, net (Notes 10, 26, and 33)	135,388	-	95,484	-	116,300	-
1180	Construction receivable (Notes 10, 15, 24, 26, and 33)	3,826,283	8	2,603,165	6	2,856,628	6
1200	Accounts receivable on the development of industrial districts (Notes 11, 24, and 34)	3,002,751	6	2,898,047	6	6,058,631	13
1310	Inventories (Note 24)	272,903	1	255,222	1	127,138	-
1321	Buildings and land held for sale, net (Notes 12, 24, and 34)	11,871,300	25	11,831,311	26	11,850,477	25
1324	Construction in progress (Notes 12, 24, and 34)	6,024,858	13	4,962,958	11	3,518,002	8
1478	Refundable deposits on construction contracts (Note 24)	147,578	-	142,162	-	186,640	-
1479	Other current assets (Notes 15 and 33)	1,476,162	3	1,353,584	3	1,348,550	3
11XX	Total current assets	<u>38,130,397</u>	<u>81</u>	<u>35,989,828</u>	<u>80</u>	<u>38,323,245</u>	<u>81</u>
Non-current assets							
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8, 33, and 34)	1,915,554	4	1,913,173	4	2,325,263	5
1535	Financial assets at amortized cost - non-current (Notes 9 and 34)	633,072	1	631,962	1	2,443	-
1550	Investments accounted for using equity method (Note 14)	1,588,169	3	1,591,585	4	1,684,391	4
1600	Property, plant and equipment, net (Notes 16 and 34)	3,083,345	7	3,089,497	7	3,141,175	7
1755	Right-of-use assets (Notes 17 and 33)	227,876	1	234,288	1	218,073	-
1760	Investment properties, net (Notes 18 and 34)	1,110,325	2	1,113,221	2	1,094,137	2
1840	Deferred tax assets (Note 4)	442,951	1	470,398	1	582,550	1
1920	Refundable deposits (Notes 15 and 33)	53,271	-	42,984	-	46,520	-
1975	Defined benefit asset, net (Notes 4 and 23)	8,266	-	5,260	-	-	-
1990	Other Non-Current Assets	33,699	-	57,700	-	47,197	-
15XX	Total non-current assets	<u>9,096,528</u>	<u>19</u>	<u>9,150,068</u>	<u>20</u>	<u>9,141,749</u>	<u>19</u>
1XXX	Total assets	<u>\$ 47,226,925</u>	<u>100</u>	<u>\$ 45,139,896</u>	<u>100</u>	<u>\$ 47,464,994</u>	<u>100</u>
Liabilities and Equity							
Current liabilities							
2100	Short-term borrowings (Notes 19 and 34)	\$ 4,983,400	11	\$ 4,714,000	11	\$ 1,820,400	4
2110	Short-term notes and bills payable (Notes 19 and 34)	1,497,021	3	1,050,051	2	3,036,493	6
2130	Contract liabilities-current (Notes 15, 24, 26, and 33)	2,618,506	5	2,181,474	5	3,019,925	6
2150	Notes payable (Note 24)	18,814	-	3,354	-	6,998	-
2170	Accounts payable (Notes 15, 20, and 24)	4,987,133	11	4,292,669	10	3,901,518	8
2209	Accrued expenses (Notes 15 and 33)	491,939	1	631,633	1	480,776	1
2219	Accounts payable for the development of industrial districts (Notes 21 and 24)	18,051	-	18,363	-	1,992,070	4
2230	Current tax liabilities (Note 4)	73,617	-	80,492	-	28,302	-
2250	Provisions - current (Notes 22 and 24)	492,533	1	492,541	1	461,013	1
2280	Lease liabilities - current (Notes 17 and 33)	77,816	-	71,090	-	64,778	-
2322	Long-term borrowings - current portion (Notes 19 and 34)	77,173	-	57,057	-	729,113	2
2330	Guarantee deposits on construction contracts (Note 24)	604,687	1	575,472	1	498,187	1
2399	Other current liabilities (Notes 15 and 33)	303,002	1	283,519	1	413,426	1
21XX	Total current liabilities	<u>16,243,692</u>	<u>34</u>	<u>14,451,715</u>	<u>32</u>	<u>16,452,999</u>	<u>34</u>
Non-current liabilities							
2540	Long-term borrowings (Notes 19 and 34)	5,961,297	13	5,744,160	13	5,165,785	11
2550	Provisions - non-current (Note 22)	971,846	2	971,846	2	984,074	2
2570	Deferred tax liabilities (Note 4)	1,090,150	2	1,090,365	3	1,114,175	3
2580	Lease liabilities - non-current (Notes 17 and 33)	160,769	1	174,117	-	164,018	-
2640	Net defined benefit liability - non-current (Notes 4 and 23)	-	-	-	-	25,652	-
2645	Guarantee deposits received (Note 33)	31,971	-	31,469	-	29,334	-
2670	Other non-current liabilities	2,696	-	-	-	2,924	-
25XX	Total non-current liabilities	<u>8,218,729</u>	<u>18</u>	<u>8,011,957</u>	<u>18</u>	<u>7,485,962</u>	<u>16</u>
2XXX	Total liabilities	<u>24,462,421</u>	<u>52</u>	<u>22,463,672</u>	<u>50</u>	<u>23,938,961</u>	<u>50</u>
Equity attributable to owners of the Corporation							
3110	Ordinary share	15,308,998	32	15,308,998	34	15,308,998	33
3200	Capital reserve	84,005	-	74,648	-	74,648	-
Retained earnings							
3310	Legal reserve	1,116,990	3	1,116,990	2	821,206	2
3320	Special reserve	2,475,958	5	2,475,958	6	2,475,958	5
3350	Undistributed earnings	4,210,087	9	4,105,362	9	4,813,771	10
3300	Total retained earnings	7,803,035	17	7,698,310	17	8,110,935	17
3490	Other equity	(493,372)	(1)	(477,143)	(1)	(53,405)	-
31XX	Total equity attributable to owners of the Corporation	<u>22,702,666</u>	<u>48</u>	<u>22,604,813</u>	<u>50</u>	<u>23,441,176</u>	<u>50</u>
36XX	Non-controlling Equity	61,838	-	71,411	-	84,857	-
3XXX	Total equity	<u>22,764,504</u>	<u>48</u>	<u>22,676,224</u>	<u>50</u>	<u>23,526,033</u>	<u>50</u>
Total liabilities and equity							
		<u>\$ 47,226,925</u>	<u>100</u>	<u>\$ 45,139,896</u>	<u>100</u>	<u>\$ 47,464,994</u>	<u>100</u>

The notes attached are part of the consolidated financial statements.
(Please refer to the review report by Deloitte Taiwan dated May 10, 2023)

Chairman: Chou, Chih-Ming

Manager: Chou, Chih-Ming

Chief Accounting Officer: Su, Yu-Min

BES Engineering Corporation and Subsidiaries
Consolidated Statement of Comprehensive Income
For the three months ended March 31, 2023 and 2022

(Reviewed only; not audited as per the Generally Accepted Auditing Standards of the Republic of China)

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

Code		Three months ended March 31,		Three months ended March 31,	
		2023		2022	
		Amount	%	Amount	%
	Operating revenue (Notes 15, 26, and 33)				
4520	Income from construction	\$ 3,594,123	90	\$ 3,315,259	90
4800	Business and other operating revenue	<u>385,927</u>	<u>10</u>	<u>366,672</u>	<u>10</u>
4000	Total operating revenue	<u>3,980,050</u>	<u>100</u>	<u>3,681,931</u>	<u>100</u>
	Operating cost (Notes 15, 27, and 33)				
5520	Construction costs	3,354,298	84	2,972,599	81
5800	Business and other operating costs	<u>350,134</u>	<u>9</u>	<u>453,665</u>	<u>12</u>
5000	Total operating costs	<u>3,704,432</u>	<u>93</u>	<u>3,426,264</u>	<u>93</u>
5950	Gross profit	<u>275,618</u>	<u>7</u>	<u>255,667</u>	<u>7</u>
	Operating expenses (Notes 27 and 33)				
6100	Selling expenses	34,067	1	25,677	1
6200	Management expenses	83,252	2	110,827	3
6300	Research and development expenses	<u>5,363</u>	<u>-</u>	<u>4,658</u>	<u>-</u>
6000	Total operating expenses	<u>122,682</u>	<u>3</u>	<u>141,162</u>	<u>4</u>
6900	Net operating income	<u>152,936</u>	<u>4</u>	<u>114,505</u>	<u>3</u>
	Non-operating income and expenses				
7100	Interest revenue (Notes 27 and 33)	9,804	-	385,931	10
7010	Other income (Notes 27 and 33)	21,670	-	2,367,726	64
7020	Other gains and losses (Notes 27)	(2,255)	-	(2,367,668)	(64)

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Code		Three months ended March 31, 2023		Three months ended March 31, 2022	
		Amount	%	Amount	%
7050	Financial costs (Notes 12, 19, 27, and 33)	(\$ 49,844)	(1)	(\$ 39,461)	(1)
7060	Share of losses on associates using the equity method (Note 14)	(1,715)	-	(7,540)	-
7000	Total non-operating income and expenses	(22,340)	(1)	338,988	9
7900	Net income before tax	130,596	3	453,493	12
7950	Income tax expense (Notes 4 and 28)	27,984	1	21,540	-
8200	Net income in this period	102,612	2	431,953	12
	Other comprehensive income (Notes 14 and 25)				
8310	Items not reclassified to profit or loss:				
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income	36,660	1	72,799	2
8360	Items that may subsequently be reclassified to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations	(49,291)	(1)	44,943	1
8370	Share of other comprehensive income of associates using the equity method	(1,701)	-	53,119	1
		(50,992)	(1)	98,062	2
8300	Other comprehensive income for the current period (net of tax)	(14,332)	-	170,861	4
8500	Total comprehensive income in this period	\$ 88,280	2	\$ 602,814	16
	Net income attributable to:				
8610	Owners of the Corporation	\$ 104,725	3	\$ 434,503	12
8620	Non-controlling Equity	(2,113)	-	(2,550)	-
8600		\$ 102,612	3	\$ 431,953	12

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Code		January 1 to March 31, 2023		January 1, 2022 to March 31, 2022	
		Amount	%	Amount	%
	Total comprehensive income attributable to:				
8710	Owners of the Corporation	\$ 90,390	2	\$ 605,443	16
8720	Non-controlling Equity	(2,110)	-	(2,629)	-
8700		<u>\$ 88,280</u>	<u>2</u>	<u>\$ 602,814</u>	<u>16</u>
	Earnings per share (Note 29)				
9710	Basic	<u>\$ 0.07</u>		<u>\$ 0.28</u>	
9810	Diluted	<u>\$ 0.07</u>		<u>\$ 0.28</u>	

The notes attached are part of the consolidated financial statements.

(Please refer to the review report by Deloitte Taiwan dated May 10, 2023)

Chairman: Chou, Chih-Ming

Manager: Chou, Chih-Ming

Chief Accounting Officer: Su, Yu-Min

BES Engineering Corporation and Subsidiaries
Consolidated Statement of Changes in Equity
For the three months ended March 31, 2023 and 2022
(Reviewed only; not audited as per the Generally Accepted Auditing Standards of the Republic of China)

Unit: NTD in thousands

		Equity attributable to owners of the Corporation (Note 25)						Other equity items						
Code		Share Capital		Capital reserve	Retained earnings			Exchange differences on translation of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income	Total	Total	Non-controlling Equity (Notes 25 and 31)	Total equity	
		Number of shares (in thousands)	Amount		Legal reserve	Special reserve	Undistributed earnings							Total
A1	Balance on January 1, 2022	1,530,899	\$ 15,308,998	\$ 73,884	\$ 821,206	\$ 2,475,958	\$ 4,379,268	\$ 7,676,432	(\$ 336,052)	\$ 112,261	(\$ 223,791)	\$ 22,835,523	\$ 93,223	\$ 22,928,746
M5	Part of the equity of subsidiaries acquired	-	-	745	-	-	-	-	(285)	(269)	(554)	191	(4,754)	(4,563)
M7	Changes in ownership interests in subsidiaries	-	-	19	-	-	-	-	-	-	-	19	(983)	(964)
D1	Net income (loss) for the three months ended March 31, 2022	-	-	-	-	-	434,503	434,503	-	-	-	434,503	(2,550)	431,953
D3	Other comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	-	-	98,044	72,896	170,940	170,940	(79)	170,861
D5	Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	434,503	434,503	98,044	72,896	170,940	605,443	(2,629)	602,814
Z1	Balance on March 31, 2022	1,530,899	\$ 15,308,998	\$ 74,648	\$ 821,206	\$ 2,475,958	\$ 4,813,771	\$ 8,110,935	(\$ 238,293)	\$ 184,888	(\$ 53,405)	\$ 23,441,176	\$ 84,857	\$ 23,526,033
A1	Balance on January 1, 2023	1,530,899	\$ 15,308,998	\$ 74,648	\$ 1,116,990	\$ 2,475,958	\$ 4,105,362	\$ 7,698,310	(\$ 180,793)	(\$ 296,350)	(\$ 477,143)	\$ 22,604,813	\$ 71,411	\$ 22,676,224
M5	Part of the equity of subsidiaries acquired	-	-	9,357	-	-	-	-	(1,205)	(689)	(1,894)	7,463	(7,463)	-
D1	Net income (loss) For the three months ended March 31, 2023	-	-	-	-	-	104,725	104,725	-	-	-	104,725	(2,113)	102,612
D3	Other comprehensive income, net of taxes, for the three months ended March 31, 2023	-	-	-	-	-	-	-	(50,995)	36,660	(14,335)	(14,335)	3	(14,332)
D5	Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	104,725	104,725	(50,995)	36,660	(14,335)	90,390	(2,110)	88,280
Z1	Balance on March 31, 2023	1,530,899	\$ 15,308,998	\$ 84,005	\$ 1,116,990	\$ 2,475,958	\$ 4,210,087	\$ 7,803,035	(\$ 232,993)	(\$ 260,379)	(\$ 493,372)	\$ 22,702,666	\$ 61,838	\$ 22,764,504

The notes attached are part of the consolidated financial statements.
(Please refer to the review report by Deloitte Taiwan dated May 10, 2023)

Chairman: Chou, Chih-Ming

Manager: Chou, Chih-Ming

Chief Accounting Officer: Su, Yu-Min

BES Engineering Corporation and Subsidiaries

Consolidated Statement of Cash Flows

For the three months ended March 31, 2023 and 2022

(Reviewed only; not audited as per the Generally Accepted Auditing Standards of the Republic of China)

Unit: NTD in thousands

Code		Three months ended March 31, 2023	Three months ended March 31, 2022
	Cash flow of operating activities		
A10000	Net income before tax	\$ 130,596	\$ 453,493
A20010	Income and expenses		
A20100	Depreciation expense	38,762	38,803
A20400	Losses on financial assets at fair value through profit or loss	22	2,348,268
A20900	Financial costs	49,844	39,461
A21200	Interest income	(9,804)	(385,931)
A21300	Dividend income	-	(2,350,388)
A22300	Share of profit or loss of associates accounted for using the equity method	1,715	7,540
A22500	Losses on disposal of property, plant and equipment	(10,919)	1,499
A23900	Lease modification loss	-	8
A29900	Gains on reversal of compensation	(248)	(89)
A30000	Net change in operating assets and liabilities		
A31125	Contract assets	(510,503)	(467,929)
A31150	Notes and trade receivables	(39,904)	(18,639)
A31160	Construction receivable	(1,223,118)	(569,890)
A31180	Accounts receivable on the development of industrial districts	(104,704)	18,572
A31200	Inventories	(17,681)	61,358
A31120	Construction in progress	(1,112,570)	(395,884)
A31990	Buildings and land held for sale	34,289	-
A31240	Other current assets	(122,322)	21,134
A32130	Notes payable	15,460	(1,345)
A32125	Contract liabilities	437,032	255,673
A32150	Accounts payable	694,464	(711,643)
A32180	Accounts payable for the development of industrial districts	(312)	10,387
A32190	Accrued expenses	(147,321)	19,040
A32200	Provision	240	(239)
A32240	Net defined benefit liabilities	(3,006)	(48,170)
A32230	Other current liabilities	19,483	119,972

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Code		Three months ended March 31, 2023	Three months ended March 31, 2022
A33000	Cash generated from (used in) operations	(\$ 1,880,505)	(\$ 1,554,939)
A33100	Interest received	9,476	385,298
A33300	Interest paid	(65,841)	(47,640)
A33500	Income tax paid	(7,613)	735
AAAA	Net cash generated from (used in) operating activities	(1,944,483)	(1,216,546)
	Cash flow of investing activities		
B00030	Cash returns from capital reduction of financial assets at fair value through other comprehensive income	-	81,736
B00050	Decrease (increase) in financial assets at amortized cost	90,350	(90,133)
B00100	Purchase of financial assets at fair value through profit or loss	(32)	-
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	-	6,105
B02700	Payments for property, plant and equipment	(8,463)	(5,284)
B02800	Proceeds from the disposal of property, plant and equipment	12,163	59
B03700	Increase in refundable deposits	(15,703)	(21,266)
B06700	Decrease in other assets	24,001	3,117
B07600	Dividends received	-	2,350,388
BBBB	Net cash generated from investing activities	102,316	2,324,722
	Cash flow of financing activities		
C00200	Decrease in short-term borrowings	(25,600)	(1,224,713)
C00600	Increase in short-term notes payable	446,970	504,522
C01600	Proceeds from (repayments of) long-term loans	237,253	(164,972)
C03100	Increase in guarantee deposits received	29,717	21,124
C04300	Increase in other non-current liabilities	2,696	2,924
C05400	Subsidiaries' equity acquired	-	(5,527)
C04020	Repayment of principal portion of lease liabilities	(21,298)	(18,207)
CCCC	Net cash generated from (used in) financing activities	669,738	(884,849)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(50,624)	35,042
EEEE	Net increase (decrease) in cash and cash equivalents	(1,223,053)	258,369
E00100	Opening balance of cash and cash equivalents	4,189,543	2,995,422
E00200	Ending balance of cash and cash equivalents	\$ 2,966,490	\$ 3,253,791

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Reconciliation of ending balance of cash and cash equivalents

<u>Code</u>		<u>March 31, 2023</u>	<u>March 31, 2022</u>
E00210	Cash and cash equivalents in the consolidated balance sheet	\$ 3,261,490	\$ 3,253,791
E00240	Bank overdraft	(<u>295,000</u>)	<u>-</u>
E00200	Balance of cash and cash equivalents	<u>\$ 2,966,490</u>	<u>\$ 3,253,791</u>

The notes attached are part of the consolidated financial statements.
(Please refer to the review report by Deloitte Taiwan dated May 10, 2023)

Chairman: Chou, Chih-Ming

Manager: Chou, Chih-Ming

Chief Accounting Officer: Su, Yu-Min

BES Engineering Corporation and Subsidiaries

Notes to Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

(Reviewed only; not audited as per the Generally Accepted Auditing Standards of the Republic of China)

(In NT\$ thousands, unless specified otherwise)

I. History of the Corporation

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 stock has been listed on the Taiwan Stock Exchange since March 1993.

The consolidated financial statements are presented in New Taiwan dollars, which is the Corporation's functional currency.

II. Date and Procedure for Approval of Financial Statements

These consolidated financial statements were approved by the board of directors on May 10, 2023.

III. Application of New, Amended and Revised Standards and Interpretations

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

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

- (II) IFRSs issued by IASB but not yet endorsed by the FSC

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective date announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless otherwise noted, the above new/revised/amended standards and interpretations take effective in their respective annual reporting period beginning on or after their respective dates.

Note 2: The seller-lessee shall apply the amendments to IFRS 16 retrospectively to the sale and leaseback carried out after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group had continued to evaluate the effect of the amendments to other standards and interpretations on its financial position and financial performance and will disclose the relevant effects after the evaluation is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

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

(II) Basis of preparation

Except for the financial instruments which are measured at fair value and the defined benefit obligations deducting the net defined benefit plan recognized as plan assets at fair value, this consolidated financial statement has been prepared in accordance with the principle of historical cost.

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

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

(III) Basis of consolidation

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

to the non-controlling interests even if this results in a deficit balance for the non-controlling interests

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

Please refer to Note 13 and Tables 4 and 5 for the details, shareholding, and scope of services of subsidiaries.

(IV) Other significant accounting policies

In addition to the information below, please refer to the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2022.

1. Retirement benefits

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

2. Income tax expense

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

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

Please refer to the description of Key Sources of Uncertainty over Critical Accounting Judgments, Assumptions, and Estimation in the 2022 consolidated financial statements.

VI. Cash and cash equivalents

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash on hand	\$ 6,429	\$ 7,361	\$ 7,823
Bank checks and demand deposits	2,855,061	3,764,376	3,077,461
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	<u>400,000</u>	<u>417,806</u>	<u>168,507</u>
	<u>\$ 3,261,490</u>	<u>\$ 4,189,543</u>	<u>\$ 3,253,791</u>

VII. Financial instruments at fair value through profit or loss- current

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial asset</u>			
Mandatorily at fair value through profit or loss			

Non-derivative financial assets			
- Stocks listed overseas	\$ 32	\$ -	\$ -
- Domestic unlisted stocks	-	-	21,520
- Mutual funds	<u>4,120</u>	<u>4,142</u>	<u>4,313</u>
	<u>\$ 4,152</u>	<u>\$ 4,142</u>	<u>\$ 25,833</u>

At the shareholder's meeting on February 23, 2022, investee Core Pacific City Co., Ltd. ("Core Pacific City"), accounted for using equity method, resolved the proposal of earnings distribution for 2021. The Corporation and Core Pacific World Co., Ltd. received cash dividends amounting to NT\$2,350,388 thousand in accordance with the above resolution of the shareholders' meeting, which was fully received on February 25, 2022.

On May 24, 2022, the Group disposed of all shares of Core Pacific City to affiliate Glory Construction Co., Ltd. at NT\$21,455 thousand. As the fair value at the date of disposal was NT\$21,520 thousand, the calculation of the amount of profit or loss recognized in 2022 was as follows:

	<u>2022</u>
Disposal price	\$ 21,455
Add: fair value of the remaining investment (15.34%)	(<u>21,520</u>)
Losses recognized (other gains and losses)	(<u>\$ 65</u>)

VIII. Financial assets at fair value through other comprehensive income

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Current</u>			
Domestic investment			
Listed stocks	<u>\$ 1,248,751</u>	<u>\$ 1,214,472</u>	<u>\$ 1,252,440</u>

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	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Non-current</u>			
Domestic investment			
Listed stocks	\$ 1,802,920	\$ 1,808,411	\$ 2,223,906
Unlisted stocks	112,634	104,762	101,357
Film investment project - The M Riders	-	-	-
	<u>\$ 1,915,554</u>	<u>\$ 1,913,173</u>	<u>\$ 2,325,263</u>

The Group invests in common stocks of Taiwan Business Bank, China Petrochemical Development Corporation (the “China Petrochemical Development”), Century Development Corporation, and Overseas Investment & Development Corporation for the medium- to long-term strategic purposes and expects to earn profits through long-term investments. The Group’s management team believes that if the short-term fair value fluctuations of such investments are included in profit or loss, it would be inconsistent with the above-mentioned long-term investment plan, so it elected to designate these investments in equity instruments as at FVTOCI.

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

Please refer to Note 34 for the information on investments in equity instruments at fair value through other comprehensive income pledged as security.

IX. Financial assets at amortized cost

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Current</u>			
Domestic investment			
Time deposits with original maturities of more than 3 months	\$ 1,889,237	\$ 1,515,466	\$ 2,819,846
Others (Note)	<u>1,960,500</u>	<u>2,425,731</u>	<u>1,981,997</u>
	<u>\$ 3,849,737</u>	<u>\$ 3,941,197</u>	<u>\$ 4,801,843</u>
<u>Non-current</u>			
Domestic investment			
Time deposits with original maturities of more than 3 months	\$ 3,070	\$ 142	\$ 1,442
Others (Note)	<u>630,002</u>	<u>631,820</u>	<u>1,001</u>
	<u>\$ 633,072</u>	<u>\$ 631,962</u>	<u>\$ 2,443</u>

Note: Others are restricted assets, such as reserve accounts for cash in banks and trust accounts. Please refer to Note 34 for information on financial assets measured at amortized cost pledged as security.

X. Notes, Trade, and construction receivable

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Notes receivables</u>	<u>\$ 122</u>	<u>\$ 61</u>	<u>\$ 256</u>
<u>Trade receivables</u>			
Measured at amortized cost			
Total carrying amount	135,666	95,823	128,710
Less: Allowance for impairment losses	(400)	(400)	(12,666)
	<u>135,266</u>	<u>95,423</u>	<u>116,044</u>
Notes and Trade receivables, net	<u>\$ 135,388</u>	<u>\$ 95,484</u>	<u>\$ 116,300</u>
<u>Construction receivables</u>	<u>\$ 3,826,283</u>	<u>\$ 2,603,165</u>	<u>\$ 2,856,628</u>

Trade and construction receivable

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

When determining the collectability of trade receivables, the Group considers the changes of credit quality from the grant date of trade receivables to the balance sheet date. As per the historical experience, unless a transaction counterparty is a government agency due to its excellent credit quality without the need to set aside an allowance for doubtful accounts, an appropriate allowance for doubtful accounts shall be recognized for the amount of trade receivables beyond the credit period that is estimated to be uncollectable in the future.

Expect for individually recognizing appropriate allowance for doubtful accounts, which is based on objective evidence showing that trade receivables of specific trader are uncollectible, recognizing allowance for doubtful accounts is based on past experience of collective evaluation. Clients are divided into different risks groups and recognizes allowance loss by expected loss ratio.

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

Age analysis of trade and construction receivable was as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Not past due	\$ 3,959,593	\$ 2,697,808	\$ 2,967,007
60 days or fewer	1,842	644	5,665
61–90 days	114	-	-
91–120 days	-	3	-
121 days or more	-	133	-
Total	<u>\$ 3,961,549</u>	<u>\$ 2,698,588</u>	<u>\$ 2,972,672</u>

The information on the movement in the allowances for losses on trade receivables was as follows:

	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>
Balance at the beginning of the Period	\$ 400	\$ 12,666
Less: Impairment loss reversed in this period	-	-
Ending balance	<u>\$ 400</u>	<u>\$ 12,666</u>

XI. Accounts receivable on the development of industrial districts

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Chung Hua Coastal Industrial Park	\$ 1,077,397	\$ 971,231	\$ 4,117,211
Yunlin Technology-Based Industrial Park	4,451	147	-
Other industrial districts	<u>1,920,903</u>	<u>1,926,669</u>	<u>1,941,420</u>
	<u>\$ 3,002,751</u>	<u>\$ 2,898,047</u>	<u>\$ 6,058,631</u>

For the three months ended March 31, 2023 and 2022, the Group continued to invest in the development (including interest accrued) in the amounts of NT\$263,629 thousand and NT\$431,644 thousand, respectively; the amounts collected for the three months ended March 31, 2023 and 2022 were NT\$158,925 thousand and NT\$450,216 thousand, respectively.

The Group's accounts receivable on the development of industrial districts are mainly funded by advanced cash and interest from the Industrial Development Bureau of the Ministry of Economic Affairs. After the following factors were evaluated, it is not necessary to set aside an allowance for bad debts for now:

- (I) The price of land in an industrial zone is determined at the estimated total development cost, and there is a monthly adjustment mechanism to add interest accrued to the selling prices to respond to the interest accrued after the record date for the determination of the development cost as the basis for the real prices of the industrial zones in real time. The price paid by the vendors are included in interest incurred after said record date for the determination of the development cost. The development costs borne by the entity entrusted for development of the industrial zones for a land lease project carried out by the Industrial Development Bureau of the Ministry of Economic Affairs are also calculated based on the prices in the month when a business signed a lease agreement. Income from land leases and sales is only one of the prioritized methods for repaying the advance payments for the development, and such

advance payments can also be repaid through budgeting or other relevant alternative measures.

- (II) As an industrial zone development agreement is civil law appointment contract, an entity entrusted for the development does not have to bear the risk of profit or 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.
- (III) The development agreement only stipulates that the sale price of the land is prioritized to repay the advance payments for the development made by the entrusted entity and does not stipulate that the income from land leases and sales is the only source of repayment. The development of the industrial zones is the government's policy tool to promote industrial development. If the land in an industrial zone is unable to be sold out as the rent or the sale price is higher than the market price, the government needs to adopt countermeasures to solve the problem. The collectability of advance payments made by the entrusted entity is not necessarily related to whether the land can be sold out successfully.
- (IV) No bad debt has been incurred for the Group's accounts receivable on the development of industrial districts as per the historical records. In addition, the Industrial Development Bureau of the Ministry of Economic Affairs has not stated or indicated that it will not repay the advance payments for the development made by the Group, and the funds will be collected successively, and some of the cases have been fully collected.

In summary, there is no significant doubt or uncertainty over the collecting of the advance payments made for the industrial zone development, so there is no need to set aside an allowance for bad debts for now.

Please refer to Note 34 for the amount of accounts receivable on the development of industrial districts that the Group pledged to secure borrowings.

XII. Buildings and land held for sale-net amount and construction in progress

Buildings constructed by the Group through investment for sale are as follows:

	Properties available for sale	Construction in progress		
		Land held for construction	Construction costs	Total
<u>March 31, 2023</u>				
Self-construction on self-owned land	\$ 411,889	\$ 1,244,634	\$ 2,339,248	\$ 3,583,882
Joint construction	11,459,411	115,830	2,299,910	2,415,740
Undefined use	-	25,236	-	25,236
	<u>\$ 11,871,300</u>	<u>\$ 1,385,700</u>	<u>\$ 4,639,158</u>	<u>\$ 6,024,858</u>

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	Properties available for sale	Construction in progress		
		Land held for construction	Construction costs	Total
<u>December 31, 2022</u>				
Self-construction on self-owned land	\$ 411,905	\$ 1,244,634	\$ 1,510,060	\$ 2,754,694
Joint construction	11,419,406	115,830	2,067,198	2,183,028
Undefined use	-	25,236	-	25,236
	<u>\$ 11,831,311</u>	<u>\$ 1,385,700</u>	<u>\$ 3,577,258</u>	<u>\$ 4,962,958</u>
<u>March 31, 2022</u>				
Self-construction on self-owned land	\$ 411,779	\$ 1,244,634	\$ 891,350	\$ 2,135,984
Joint construction	11,438,698	79,481	1,277,301	1,356,782
Undefined use	-	25,236	-	25,236
	<u>\$ 11,850,477</u>	<u>\$ 1,349,351</u>	<u>\$ 2,168,651</u>	<u>\$ 3,518,002</u>

The Group's investments in the above buildings and land are specifically held for sales purposes. The allowance for valuation losses were both NT\$39,245 thousand on March 31, 2023, December 31 and March 31, 2022.

In November 2009, the Group acquired lots in the Zhengyi Section, Taipei City, which is still being integrated. The development work will be carried out after the negotiation with the surrounding landlords on joint construction or the urban renewal procedures are completed.

In February 2011, the Group's Yan Shou Public Housing Urban Renewal Project located on land numbers 57-13 and 57, Subsection 1, Baoqing Section, Songshan District, Taipei City:

- (I) Regarding the site at 57-13, Subsection 1, Baoqing Section, the renewal unit planning was completed in October 2013, and was approved in December 2015, the rights transformation plan was approved in December 2018, the letter of approval of the rights transformation plan was received on January 23, 2019, the building permit was approved on June 13, 2019, the first government coordination meeting was held on September 26, 2019, the commissioned demolition review committee was passed on December 10, 2019, relocation was completed in March 2020, demolition of the buildings was completed in July 2020, and the beam erection ceremony was held on September 6, 2022. By March 31, 2023, the structural work was still in progress.
- (II) Regarding the site at 57, Subsection 1, Baoqing Section, the renewal unit zoning was completed in December 2014, and was approved in June 2017, the rights transformation plan was filed in October 2018, the public hearing was held in February 2019, the hearing meeting was convened on December 23, 2019, the letter of approval 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, resident coordination and integration were completed on December 29, 2021, relocation was completed in June 2022. By March 31, 2023, the demolition of the buildings was completed.

At the end of 2015 the Group engaged in three urban renewal projects at Subsection 3, No. 316 Nangang Section, submitted the business plan to the authorities in December 2015, held the second hearing meeting in December 2017, held the business plan review meeting on December 9, 2019, held the rights transformation public hearing on November 28, 2020, completed housing selection in January 2021, and held the public hearing on May 20, 2022. By March 31, 2023, we submitted the rights transformation plan for review after amendment.

On May 13, 2020, the Group's board of directors approved a land development project of Peibo section, Tucheng. The demolition of buildings was completed in June 2020 and a public hearing was held on April 27, 2021. The review on design change was completed on May 27, 2022. By March 31, 2023, the new construction license was obtained.

On October 13, 2021, the Group won the contract for the government-led urban renewal project of public and private land around No. 290, Dongsheng Section, Shulin District, New Taipei City, completed contract with the New Taipei City Government on December 24, 2021, and filed an application for the scope of urban renewal to the Finance Department in December 2022. By March 31, 2023, the business plan (draft) and rights transformation plan (draft) have been submitted for review.

On May 11, 2022, the Group's board of directors approved a land urban renewal project launched by itself at 135-1, Subsection 1, Dunhua Section, Songshan District, Taipei City. By March 31, 2023, the application for the renewal of zoning was submitted.

The Group's interest expenses before capitalization for the three months ended March 31, 2023 and 2022 were NT\$73,468 thousand and NT\$47,861 thousand, respectively, and the capitalized construction interest was NT\$23,624 thousand and NT\$8,400 thousand, respectively; the capitalization annual rates of interest were 2.540%-2.551% and 1.759%-1.760%, respectively.

Please refer to Note 34 for information about buildings and land held for sale, net, pledged as security.

XIII. Subsidiaries

Subsidiaries included in the consolidated financial statements

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

Name of investor	Name of subsidiary	Nature of business	% of equity held			Remarks
			2023 March 31	2022 December 31	2022 March 31	
BES Engineering Corporation	Core Pacific World Co., Ltd.	Investment	99.95	99.95	99.95	1
	BES Machinery Co., Ltd.	Leases engineering machinery and equipment, and wholesale construction materials and provides consulting service for designing and planning projects, except for certain architectural matters	-	-	-	1, 3, and 4
	BES Investment Corporation Ltd.	Overseas construction and equipment sale	100.00	100.00	100.00	1
	BES Logistics International Co., Ltd.	Investment	100.00	100.00	100.00	1
	Core Asia Human Resource Management Corporation	Business management consultancy and investment advices	100.00	100.00	100.00	1
	Chung Kung Safeguarding and Security Corp.	Security business	64.67	64.67	64.67	1
	Cinemark-Core Pacific, Ltd.	Domestic and overseas movie playing	91.76	78.14	78.14	1, 4, and 5
	BES Construction Corporation (U.S.A)	Land development and investment	91.79	91.79	91.79	1 and 2
	BES Global Investment Co.	Overseas construction and equipment sale	100.00	100.00	100.00	1
	BESM Holding Co., Ltd.	Investment Holding	100.00	100.00	100.00	1 and 4
Core Pacific World Co., Ltd.	Zhong Hua Cheng Development Co., Ltd.	Consultancy	100.00	100.00	100.00	1
	Chinese City International Investment Co., Ltd.	Consultancy	100.00	100.00	100.00	1
BES Machinery Co., Ltd.	BESM Holding Co., Ltd.	Investment Holding	-	-	-	1 and 4
	Cinemark-Core Pacific, Ltd.	Domestic and overseas movie playing	-	-	-	1 and 4
Cinemark-Core Pacific, Ltd.	Cinema 7 Theater Co., Ltd.	Movie broadcasting and retail sale of food, grocery, and beverage	100.00	100.00	100.00	1
Core Asia Human Resource Management Corporation	Elite Human Resource Management Co., Ltd.	Human resource consulting	100.00	100.00	100.00	1
Chung Kung Safeguarding and Security Corp.	Chung Kung Management Consultant Corporation	Operation of parking lots and business management consultancy	100.00	100.00	100.00	1
	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Management service of apartment buildings	37.00	37.00	37.00	1 and 2
Chung Kung Management Consultant Corporation	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Management service of apartment buildings	63.00	63.00	63.00	1 and 2
BES Investment Corporation Ltd.	BES Construction Corporation (U.S.A)	Land development and investment	8.21	8.21	8.21	1 and 2
	Global BES Engineering (Myanmar) Co., Ltd.	Contracting Construction	100.00	100.00	100.00	1
	BES Engineering Vietnam Co., Ltd.	Contracting Construction	100.00	100.00	100.00	1
Chinese City International Investment Co., Ltd.	Hua Cheng Consulting (Changshu) Co., Ltd.	Engineering and design consultancy	100.00	100.00	100.00	1
Zhong Hua Cheng Development Co., Ltd.	Core Pacific Consulting (Changshu)Co., Ltd.	Engineering and design consultancy	100.00	100.00	100.00	1

Notes:

1. The financial statements of non-material subsidiaries for the three months ended March 31, 2023 and 2022 were not reviewed by CPAs.
2. The Group's holds more than 50% of the total shares with the control over the subsidiary.

3. BES Machinery Co., Ltd. repurchased 86,850 treasury shares with NT\$964 thousand in March 2022; as such, the Group's shareholding in BES Machinery Co., Ltd. had increased from 99.35% to 99.46%. Due to the restructuring of the Group, the board of directors resolved to merged with BES Machinery Co., Ltd. on December 29, 2021. The record date for the merger was March 25, 2022. After the merger, the Corporation was the surviving Corporation, while BES Machinery Co., Ltd. was eliminated.
In addition, the Corporation acquired 0.54% of the shares of BES Machinery Co., Ltd. in the amount of NT\$4,563 thousand on March 25, 2022, and its shareholding increased from 99.46% to 100.00%. The Corporation also merged with BES Machinery Co., Ltd. in accordance with the Business Mergers and Acquisitions Act. Please refer to Note 31 for equity transactions with the non-controlling shares.
4. After merging with BES Machinery Co., Ltd. on March 25, 2022, the Corporation acquired 62.76% of the shares of Cinemark-Core Pacific, Ltd. and 100% of the shares of BESM Holding Co., Ltd. previously held by BES Machinery Co., Ltd.. After the merger, this Corporation holds 78.14% and 100.00% of the above shares, respectively.
5. On March 21, 2023 the Corporation subscribed the shares of Cinemark-Core Pacific through its seasoned equity offerings of 2023. Due to the percentage different from its existing ownership percentage, the shareholding increased from 78.14% to 91.76%. Please refer to Note 31 for the transaction of non-controlling shares.

XIV. Investments accounted for using the equity method

Investment in associates

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Individually non-material associates	\$ 1,588,169	\$ 1,591,585	\$ 1,684,391

Aggregate information on individually non-material associates

	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>
The Group's share		
Net loss in this period	(\$ 1,715)	(\$ 7,540)
Other comprehensive income (loss)	(1,701)	53,119
Total comprehensive income (loss)	(\$ 3,416)	\$ 45,579

Investments accounted for using equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statement which have not reviewed by CPAs, but management believed there is no material impact from the financial statements above.

XV. Joint venture (JV)

Some of the Group's construction projects are joint construction projects, and the Group signed cooperation agreements with participating contractors to form a single operating unit and adopted the operating model of joint contracting and also independently set up accounting

records. The joint contractor, construction assets and liabilities and details of the amounts the Group made in proportion to its interest in the joint agreements are as follows:

(I) Yulon Town JV project

The Group and Taiwan Kumagai Co., Ltd. (hereinafter referred to as Kumagai) jointly contracted the main construction project of the Yulon Town Development Project in Xindian launched by Yulon Motor Co., Ltd. (hereinafter referred to as the “Yulon Town JV project”). The JV percentages of both parties are 30% for the Group and 70% for Kumagai, and both parties signed an agreement in December 2018 (hereinafter referred to as “Yulon Town JV”). The Group recognized the assets, liabilities, revenue and expenses amount of the JV project as per it percentage in the JV. The details are as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 63,035	\$ 67,162	\$ 98,685
Construction receivable	10,997	10,997	24,412
Contract assets - current	86,109	85,928	85,349
Other current assets	-	2	103
Refundable deposits	-	-	599
Total assets	<u>\$ 160,141</u>	<u>\$ 164,089</u>	<u>\$ 209,148</u>
<u>Liabilities</u>			
Accounts payable	\$ -	\$ 702	\$ 280
Accrued expenses	269	269	635
Contract liabilities - current	74,221	77,110	121,656
Other current liabilities	<u>3,515</u>	<u>3,535</u>	<u>3,524</u>
Total liabilities	<u>\$ 78,005</u>	<u>\$ 81,616</u>	<u>\$ 126,095</u>
	<u>Three months ended</u>	<u>Three months ended</u>	
	<u>March 31, 2023</u>	<u>March 31, 2022</u>	
Income from construction	<u>\$ 1,808</u>	<u>\$ 43,054</u>	
Construction costs	<u>\$ 1,699</u>	<u>\$ 40,472</u>	

(II) The Twin Towers JV project

The Group, Taiwan Kumagai Co., Ltd. (hereinafter referred to as “Kumagai”), and Jeou Nien Construction Co., Ltd. (hereinafter referred to as “Jeou Nien”) jointly contracted the main construction of the Taipei City West District Gateway Project, Taipei Station Specific Dedicated Area C1/D1 (East Half Street Profile) land development project (hereinafter referred to as the “Twin Towers JV project”) Project, which was entrusted by Taipei Twin Towers Co., Ltd.. The JV percentages of the work contracted were 33% for the Group, 35% for Kumagai, and 32% for Jeou Nien; and all parties signed an agreement (hereinafter referred to as “Twin Towers JV”) in May 2022. The Group recognized the assets and liabilities of the JV project as per it percentage in the JV. The details are as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 16,275	\$ 3,179
Construction receivable	527	14,672
Other current assets	2,867	2,747
Refundable deposits	65	65
Total assets	<u>\$ 19,734</u>	<u>\$ 20,663</u>
<u>Liabilities</u>		
Accounts payable	\$ -	\$ 35
Accrued expenses	-	4
Contract liabilities - current	440	3,144
Other current liabilities	701	8
Total liabilities	<u>\$ 1,141</u>	<u>\$ 3,191</u>

	<u>Three months ended March 31, 2023</u>
Income from construction	<u>\$ 12,574</u>
Construction costs	<u>\$ 12,370</u>

(III) Core Pacific Living City Yangzhou CBD business in A6 district

Subsidiaries Core Pacific Consulting (Changshu) Co., Ltd., Hua Cheng Consulting (Changshu) Co., Ltd., and Core Pacific Living City Yangzhou CBD signed a joint operation development of Core Pacific Living City Yangzhou CBD business in A6 district and a residence hotel (referred to as “Core Pacific Living City Yangzhou CBD business in A6 district”) in June 2012. According to the percentages in the agreement, 7.5% was for Core Pacific Consulting (Changshu) Co., Ltd., another 7.5% for Hua Cheng Consulting (Changshu) Co., Ltd., and 85% for Core Pacific Living City Yangzhou CBD, and three parties signed an agreement to adopt a joint control and operation model. This project is expected to run for five years. During the joint development period, if a party raises a request, the principal invested will be settled and paid as per the actual investment percentage with the consent of all parties.

The joint operation agreement between subsidiaries Core Pacific Consulting (Changshu) Co., Ltd., Hua Cheng Consulting (Changshu) Co., Ltd., and Core Pacific Living City Yangzhou CBD ended in July 2017. The Group’s investment percentage was 22.50% and the collecting of the original investment and the estimated profit obtained came to a total of NT\$576,384 thousand in August 2017. The asset appraisal was completed on September 30, 2017. As the March 31, 2023, the settlement of land value increment tax was still in progress, the expected interest recognized in other liabilities - current is estimated at NT\$71,588 thousand.

XVI. Property, Plant and Equipment

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Land and land improvements	\$ 2,723,280	\$ 2,723,339	\$ 2,723,563
Buildings	164,831	168,066	214,974

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Machinery and equipment	137,052	140,454	143,838
Other equipment	49,737	49,251	48,730
Unfinished construction	8,445	8,387	10,070
	<u>\$ 3,083,345</u>	<u>\$ 3,089,497</u>	<u>\$ 3,141,175</u>

For the three months ended March 31, 2023 and 2022, as there was no sign of impairment, the Group did not conduct an impairment assessment.

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

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

Please refer to Note 34 for the amount of property, plant and equipment that the Group pledged to secure borrowings.

XVII. Lease agreements

(I) Right-of-use assets

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Carrying amount of right-of-use assets			
Land	\$ 36,332	\$ 38,498	\$ 42,461
Buildings	160,907	167,769	151,537
Transportation equipment	30,637	28,021	24,075
	<u>\$ 227,876</u>	<u>\$ 234,288</u>	<u>\$ 218,073</u>
		<u>Three months ended</u>	<u>Three months ended</u>
		<u>March 31, 2023</u>	<u>March 31, 2022</u>
Additions of right-of-use assets	<u>\$ 17,566</u>		<u>\$ 13,359</u>
Decrease in right-of-use assets	<u>\$ 2,890</u>		<u>\$ 4,860</u>

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	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>
Depreciation expenses of right-of-use assets		
Land	\$ 1,535	\$ 1,723
Buildings	14,862	11,920
Machinery and equipment	-	34
Transportation equipment	<u>4,691</u>	<u>4,674</u>
	<u>\$ 21,088</u>	<u>\$ 18,351</u>

Except for the additions and depreciation expenses recognized listed above, the Group did not have any significant sublease or impairment of the right-of-use assets for the three months ended March 31, 2023 and 2022.

(II) Lease liabilities

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Carrying amount of lease liabilities			
Current	<u>\$ 77,816</u>	<u>\$ 71,090</u>	<u>\$ 64,778</u>
Non-current	<u>\$ 160,769</u>	<u>\$ 174,117</u>	<u>\$ 164,018</u>

Range of discount rates for lease liabilities is as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Land	2.10%~2.80%	2.10%~2.80%	2.40%~2.80%
Buildings	2.10%~4.75%	2.10%~4.75%	2.10%~4.75%
Transportation equipment	2.10%~2.90%	2.10%~2.90%	2.10%~2.90%

(III) Sublease

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

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
1st year	\$ 1,630	\$ 2,066	\$ 1,936
2nd year	521	646	770
3rd year	<u>200</u>	<u>320</u>	<u>41</u>
	<u>\$ 2,351</u>	<u>\$ 3,032</u>	<u>\$ 2,747</u>

(IV) Other lease information

Please refer to Note 18 for the Group's agreements on the lease-out of its investment properties under operating leases.

	Three months ended March 31, 2023	Three months ended March 31, 2022
Short-term lease expenses	<u>\$ 862</u>	<u>\$ 1,646</u>
Low-value asset lease expenses	<u>\$ 147</u>	<u>\$ 148</u>
Changes in lease payments not included in the measurement of the lease liabilities	<u>\$ 38,219</u>	<u>\$ 69,168</u>
Total cash (outflow) of leases	<u>(\$ 62,061)</u>	<u>(\$ 90,705)</u>

XVIII. Investment property

	March 31, 2023	December 31, 2022	March 31, 2022
Investment property finished	<u>\$ 1,110,325</u>	<u>\$ 1,113,221</u>	<u>\$ 1,094,137</u>

For the three months ended March 31, 2023 and 2022, as there was no sign of impairment, the Group did not conduct an impairment assessment.

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

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

As of March 31, 2023, December 31 and March 31, 2022, the total lease payments to be received in the future for investment properties leased out under operating leases are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Less than 1 year	<u>\$ 75,412</u>	<u>\$ 101,473</u>	<u>\$ 76,642</u>
1–5 years	<u>77,019</u>	<u>77,038</u>	<u>150,894</u>
	<u>\$ 152,431</u>	<u>\$ 178,511</u>	<u>\$ 227,536</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value	<u>\$ 5,955,314</u>	<u>\$ 5,953,397</u>	<u>\$ 5,707,976</u>

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

All the Group's investment properties are owned by itself. Please refer to Note 34 for the amount of investment properties that the Group pledged to secure borrowings.

XIX. Borrowings

(I) Short-term borrowings

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Secured borrowings</u>			
Bank borrowings	\$ 3,988,400	\$ 4,200,000	\$ 1,300,400
Bank overdraft	<u>295,000</u>	<u>-</u>	<u>-</u>
	4,283,400	4,200,000	1,300,400
<u>Unsecured borrowings</u>			
Borrowings with a line of credit	<u>700,000</u>	<u>514,000</u>	<u>520,000</u>
	<u>\$ 4,983,400</u>	<u>\$ 4,714,000</u>	<u>\$ 1,820,400</u>

The bank borrowings were secured by part of cash in banks, stocks, certificates of deposit, property held for sale, and self-owned land and buildings pledged by the Group (refer to Note 34). The interest rates on bank revolving loans as of March 31, 2023, December 31 and March 31, 2022 were 1.660%-3.226%, 1.540%-3.101%, and 1.350%-2.600%, respectively.

(II) Short-term notes payable

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Commercial paper payable	\$ 1,501,000	\$ 1,051,000	\$ 3,040,000
Less: Discount of short-term notes payable	(<u>3,979</u>)	(<u>949</u>)	(<u>3,507</u>)
	<u>\$ 1,497,021</u>	<u>\$ 1,050,051</u>	<u>\$ 3,036,493</u>

The short-term notes payable that are not yet due are as follows:

March 31, 2023

Guarantee institution	Face value	Discount amount	Carrying amount	Interest rate range	Name of collateral	Collateral Carrying amount
<u>Commercial paper payable</u>						
Mega Finance	Bills \$ 737,000	\$ 1,978	\$ 735,022	2.540%	Land and buildings	\$ 1,841,286
Mega Finance	Bills 450,000	1,621	448,379	2.540%	Land and buildings	496,026
Taiwan Finance Corporation	<u>314,000</u>	<u>380</u>	<u>313,620</u>	2.720%	Note	Note
	<u>\$ 1,501,000</u>	<u>\$ 3,979</u>	<u>\$ 1,497,021</u>			

Note: The land and buildings in Subsection 3, Xinyi Section, Taipei City, and 5,207 thousand shares of Taiwan Business Bank are pledged as collateral in a total carrying amount of NT\$951,029 thousand.

December 31, 2022

Guarantee institution		Face value	Discount amount	Carrying amount	Interest rate range	Name of collateral	Collateral Carrying amount
<u>Commercial paper payable</u>							
Mega Finance	Bills	\$ 500,000	\$ 305	\$ 499,695	2.440%	Note 1	Note 1
Mega Finance	Bills	237,000	264	236,736	2.500%	Note 1	Note 1
Taiwan Corporation	Finance	<u>314,000</u>	<u>380</u>	<u>313,620</u>	2.720%	Note 2	Note 2
		<u>\$ 1,051,000</u>	<u>\$ 949</u>	<u>\$ 1,050,051</u>			

Note 1: Collateralized with land in subsection 3, Xinyi District, Taipei City in a total carrying amount of NT\$1,828,647 thousand.

Note 2: The land and buildings in Subsection 3, Xinyi Section, Taipei City, and 5,207 thousand shares of Taiwan Business Bank are pledged as collateral in a total carrying amount of NT\$942,379 thousand.

March 31, 2022

Guarantee institution		Face value	Discount amount	Carrying amount	Interest rate range	Name of collateral	Collateral Carrying amount
<u>Commercial paper payable</u>							
International Finance Corporation	Bills	\$ 800,000	\$ 1,392	\$ 798,608	2.230%	Note 1	Note 1
Mega Finance	Bills	500,000	428	499,572	1.800%	Land and buildings	\$ 1,800,465
Mega Finance	Bills	450,000	-	450,000	1.800%	Land and buildings	498,995
Shanghai Commercial & Savings Bank, Ltd. - Tien Mou Branch		450,000	505	449,495	1.910%	Land and buildings	815,731
Taiwan Corporation	Finance	390,000	348	389,652	2.112%	Note 2	Note 2
Shanghai Commercial & Savings Bank, Ltd. - Tien Mou Branch		250,000	237	249,763	1.610%	Note 3	Note 3
Taiwan Corporation	Finance	<u>200,000</u>	<u>597</u>	<u>199,403</u>	2.230%	Note 1	Note 1
		<u>\$ 3,040,000</u>	<u>\$ 3,507</u>	<u>\$ 3,036,493</u>			

Note 1: The amounts for International Bills Finance Corporation and Taiwan Finance Corporation belong to the facility of the syndicated loan project led by Entie Commercial Bank, Ltd. in the NT\$2 billion. The collateral is the receivables from the Xianxi and Lunwei Districts in the Chang Hua Coastal Industrial Park, in a total carrying amount of NT\$4,117,211 thousand.

Note 2: The land and buildings in Subsection 3, Xinyi Section, Taipei City, and 5,207 thousand shares of Taiwan Business Bank are pledged as collateral in a total carrying amount of NT\$928,374 thousand.

Note 3: The 38,775 thousand shares of China Petrochemical Development Corporation are pledged as collateral, in a total carrying amount of NT\$471,116 thousand.

The short-term notes payables were secured by the listed stocks held by the Group, receivables (under accounts receivable on the development of industrial districts), buildings and land held for sale, freehold land, and buildings (refer to Note 34).

(III) Long-term borrowings

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Secured borrowings</u>			
Bank borrowings	\$ 4,634,865	\$ 4,397,569	\$ 5,422,151
<u>Unsecured borrowings</u>			
Bank borrowings	<u>1,403,605</u>	<u>1,403,648</u>	<u>472,747</u>
Subtotal	6,038,470	5,801,217	5,894,898
Less: Current portion	(77,173)	(57,057)	(729,113)
Long-term borrowings	<u>\$ 5,961,297</u>	<u>\$ 5,744,160</u>	<u>\$ 5,165,785</u>

The bank borrowings were secured by the cash in banks, receivables (under accounts receivable on the development of industrial districts), construction in progress, buildings and land held for sale, freehold self-owned land and buildings, and certificates of deposit (refer to Note 34). As of March 31, 2023, December 31 and March 31, 2022, the effective interest rates per annum were 2.115%-4.000%, 2.115%-4.000%, and 1.500%-4.000%, respectively.

XX. Accounts payable

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Due to operations	<u>\$ 4,987,133</u>	<u>\$ 4,292,669</u>	<u>\$ 3,901,518</u>

In the accounts payable, the amounts of construction retention payable under construction contracts as of March 31, 2023, December 31 and March 31, 2022, were NT\$1,943,824 thousand, NT\$1,979,280 thousand, and NT\$1,840,208 thousand, respectively. Construction retentions payable are non-interest bearing and will be paid at the end of the retention period of each construction contract. The warranty period is the Group's normal operating cycle, which is usually more than one year.

XXI. Account payable for the development of industrial districts

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Litzer Industrial District	\$ 2,088	\$ 2,400	\$ 1,094,432
Yunlin Technology-Based Industrial Park	-	-	881,675
Other Industrial District	<u>15,963</u>	<u>15,963</u>	<u>15,963</u>
	<u>\$ 18,051</u>	<u>\$ 18,363</u>	<u>\$ 1,992,070</u>

For the three months ended March 31, 2022, the amounts of the accounts payable (receivable) for the development of industrial districts were NT\$12 thousand and NT\$13,403 thousand, respectively; the costs invested for the three months ended March 31, 2022 were NT\$324 thousand and NT\$3,016 thousand, respectively.

XXII. Provision

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Current</u>			
Warranty	\$ <u>492,533</u>	\$ <u>492,541</u>	\$ <u>461,013</u>
<u>Non-current</u>			
Provision for long-term liabilities pending a final decision in the legal proceedings	\$ <u>971,846</u>	\$ <u>971,846</u>	\$ <u>984,074</u>

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

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

XXIII. Retirement Benefit Plans

The pension expenses related to defined benefit plans recognized for three months ended March 31, 2023 and 2022 were calculated at the pension cost rate actuarially determined on December 31, 2022 and 2021, respectively, and the amounts were NT\$1,576 thousand and NT\$1,520 thousand, respectively.

XXIV. Maturity analysis of assets and liabilities

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

	<u>March 31, 2023</u>		
	<u>Less than 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
<u>Assets</u>			
Financial assets at amortized cost - current	\$ 1,311,718	\$ 422,452	\$ 1,734,170
Construction receivable	3,596,135	230,148	3,826,283
Contract assets - current	789,236	2,219,808	3,009,044
Accounts receivable on the development of industrial districts	-	3,002,751	3,002,751
Inventories	272,589	-	272,589

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	March 31, 2023		
	Less than 1 year	Over 1 year	Total
Buildings and land held for sale, net	\$ 2,156,582	\$ 9,714,718	\$ 11,871,300
Construction in progress	-	6,024,858	6,024,858
Refundable deposits on construction contracts	125,213	22,365	147,578
	<u>\$ 8,251,473</u>	<u>\$ 21,637,100</u>	<u>\$ 29,888,573</u>
<u>Liabilities</u>			
Notes payable	\$ 18,455	\$ -	\$ 18,455
Accounts payable	4,585,310	381,621	4,966,931
Contract liabilities - current	1,298,312	1,301,636	2,599,948
Accounts payable for the development of industrial districts	-	18,051	18,051
Provision - current	74,520	418,013	492,533
Guarantee deposits on construction contracts	489,796	114,891	604,687
	<u>\$ 6,466,393</u>	<u>\$ 2,234,212</u>	<u>\$ 8,700,605</u>
	December 31, 2022		
	Less than 1 year	Over 1 year	Total
<u>Assets</u>			
Financial assets at amortized cost - current	\$ 855,766	\$ 609,302	\$ 1,465,068
Construction receivable	2,459,401	143,764	2,603,165
Contract assets - current	457,875	2,040,666	2,498,541
Accounts receivable on the development of industrial districts	-	2,898,047	2,898,047
Inventories	254,843	-	254,843
Buildings and land held for sale, net	2,178,489	9,652,822	11,831,311
Construction in progress	-	4,962,958	4,962,958
Refundable deposits on construction contracts	117,939	24,223	142,162
	<u>\$ 6,324,313</u>	<u>\$ 20,331,782</u>	<u>\$ 26,656,095</u>
<u>Liabilities</u>			
Notes payable	\$ 3,008	\$ -	\$ 3,008
Accounts payable	3,541,392	738,052	4,279,444
Contract liabilities - current	1,337,986	822,276	2,160,262
Accounts payable for the development of industrial districts	-	18,363	18,363
Provision - current	68,431	424,110	492,541
Guarantee deposits on construction contracts	362,547	212,925	575,472
	<u>\$ 5,313,364</u>	<u>\$ 2,215,726</u>	<u>\$ 7,529,090</u>

	March 31, 2022		
	Less than 1 year	Over 1 year	Total
<u>Assets</u>			
Financial assets at amortized cost - current	\$ 1,257,095	\$ 536,983	\$ 1,794,078
Construction receivable	2,608,888	247,740	2,856,628
Contract assets - current	715,401	2,211,571	2,926,972
Accounts receivable on the development of industrial districts	-	6,058,631	6,058,631
Inventories	126,486	-	126,486
Buildings and land held for sale, net	2,335,837	9,514,640	11,850,477
Construction in progress	-	3,518,002	3,518,002
Refundable deposits on construction contracts	96,970	89,670	186,640
	<u>\$ 7,140,677</u>	<u>\$ 22,177,237</u>	<u>\$ 29,317,914</u>
<u>Liabilities</u>			
Accounts payable	\$ 2,557,659	\$ 1,311,745	\$ 3,869,404
Contract liabilities - current	1,669,899	1,325,966	2,995,865
Accounts payable for the development of industrial districts	-	1,992,070	1,992,070
Provision - current	28,350	432,663	461,013
Guarantee deposits on construction contracts	144,474	353,713	498,187
	<u>\$ 4,400,382</u>	<u>\$ 5,416,157</u>	<u>\$ 9,816,539</u>

XXV. Equity

(I) Share capital

	March 31, 2023	December 31, 2022	March 31, 2022
Authorized shares (in thousands)	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
Authorized share capital	<u>\$ 30,000,000</u>	<u>\$ 30,000,000</u>	<u>\$ 30,000,000</u>
Issued and fully paid shares (in thousands)	<u>1,530,899</u>	<u>1,530,899</u>	<u>1,530,899</u>
Issued shares	<u>\$ 15,308,998</u>	<u>\$ 15,308,998</u>	<u>\$ 15,308,998</u>

(II) Capital reserve

	March 31, 2023	December 31, 2022	March 31, 2022
<u>May be used to compensate deficit, distributed as cash dividends or transferred to share capital (1)</u>			
Share premium	\$ 11,501	\$ 11,501	\$ 11,501
Treasury shares traded	1,757	1,757	1,757

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	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
The difference between the price of subsidiary's equity acquired or disposed of and the book value	\$ 10,115	\$ 758	\$ 758
Changes in net amount of equity of associates recognized using the equity method	4,094	4,094	4,094
Donated assets received	89	89	89
<u>May only be used to compensate deficit (2)</u>			
Changes in ownership interests in subsidiaries recognized	19	19	19
Others	<u>56,430</u>	<u>56,430</u>	<u>56,430</u>
	<u>\$ 84,005</u>	<u>\$ 74,648</u>	<u>\$ 74,648</u>

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

(III) Retained earnings and dividend policy

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

1. Paying for taxes in accordance with the laws and regulations.
2. Compensating the cumulative deficit over the years.
3. Setting aside 10% as the legal reserve unless it has reached the amount of the Corporation's paid-in capital.
4. Setting aside a special reserve for the amount of the deduction of shareholders' equity that occurs during the year.
5. Adding the cumulative undistributed earnings in the prior year, if there are still earnings, allocating at least 20% as shareholders' dividends.
6. The percentage of the aforementioned earnings to distribution and the percentage of cash to be distributed may depend on the profit and capital for the year. The board of directors shall formulate a proposal and submit it to the shareholders' meeting for a resolution. The cash dividends to be paid out shall not be less than 10% of the total dividends to be distributed. If the cash dividend per share is lower than NT\$0.1, the dividends will be paid in stock.

Please refer to Note 27 (7) employee benefits expense for the policy on the distribution of employees, directors and supervisors of the Articles.

An amount shall be set aside for the legal reserve until its balance reaches the amount of the Corporation's total paid-in capital. The legal reserve may be used to compensate the deficit. When the Corporation has no deficit and the legal reserve has exceeded 25% of the total paid-in capital, the excess may be used to transfer to the capital and distribute in.

The Corporation held the board meetings on March 13, 2023 and the shareholders' meetings on May 31, 2022 to propose and approve the 2022 and 2021 annual earnings distribution proposals, respectively, with details as follows:

	<u>2022</u>	<u>2021</u>
Legal reserve	\$ <u>83,937</u>	\$ <u>295,784</u>
Cash dividends	\$ <u>805,254</u>	\$ <u>817,500</u>
Cash dividend per share (NTD)	\$ 0.526	\$ 0.534

The appropriations of earnings for 2022 is pending a resolution at the shareholders' meetings expected to be held on June 7, 2023.

(IV) Special reserve

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

When IFRSs are first adopted, the special reserve for investment properties other than land may be reversed continuously over the period of use. The special reserve for land may be reversed upon disposal or reclassification.

(V) Other equity items

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

	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>
Balance at the beginning of the Period	(\$ 180,793)	(\$ 336,052)
Incurring in the current period		
Exchange differences on translation of the financial statements of foreign operations	(49,294)	44,925
Share of associates using the equity method	(<u>1,701</u>)	<u>53,119</u>
Other Comprehensive Income of the Period	(50,995)	98,044
Part of the equity of subsidiaries acquired (Note 31)	(<u>1,205</u>)	(<u>285</u>)
Ending balance	(<u>\$ 232,993</u>)	(<u>\$ 238,293</u>)

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

<u>Three months ended</u>	<u>Three months ended</u>
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	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Balance at the beginning of the Period	(\$ 296,350)	\$ 112,261
Included in the current period		
Unrealized gain or loss on Equity instruments	36,660	72,896
Part of the equity of subsidiaries acquired (Note 31)	(<u>689</u>)	(<u>269</u>)
Ending balance	(<u>\$ 260,379</u>)	<u>\$ 184,888</u>

(VI) Non-controlling Equity

	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>
Balance at the beginning of the Period	\$ 71,411	\$ 93,223
Net loss in this period	(2,113)	(2,550)
Other comprehensive income of the period		
Exchange differences on translation of the financial statements of foreign operations	3	18
Unrealized gains or losses on financial assets at fair value through other comprehensive income	-	(97)
Non-controlling interests of subsidiaries acquired (Note 31)	(<u>7,463</u>)	(<u>5,737</u>)
Ending balance	<u>\$ 61,838</u>	<u>\$ 84,857</u>

XXVI. Revenue

	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>
Revenue from customer contracts		
Income from construction	\$ 3,594,123	\$ 3,315,259
Service income	296,614	327,901
Income from property sales	47,571	-
Other operating income	<u>41,742</u>	<u>38,771</u>
	<u>\$ 3,980,050</u>	<u>\$ 3,681,931</u>

Balance of contracts

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>	<u>January 1, 2022</u>
Trade receivables (Note 10)	\$ <u>135,266</u>	\$ <u>95,423</u>	\$ <u>116,044</u>	\$ <u>96,507</u>
Construction receivable (Note 10)	\$ <u>3,826,283</u>	\$ <u>2,603,165</u>	\$ <u>2,856,628</u>	\$ <u>2,286,738</u>
Contract assets				
Construction retention receivable	\$ 1,872,949	\$ 1,765,201	\$ 1,803,573	\$ 1,666,471
Construction contracts receivable	<u>1,136,095</u>	<u>733,340</u>	<u>1,123,399</u>	<u>792,572</u>
	<u>\$ 3,009,044</u>	<u>\$ 2,498,541</u>	<u>\$ 2,926,972</u>	<u>\$ 2,459,043</u>
Contract liabilities				
Construction contracts payable	\$ 2,485,635	\$ 2,065,899	\$ 2,875,469	\$ 2,627,413
Property sales	114,314	94,363	120,396	106,965
Sales of service	<u>18,557</u>	<u>21,212</u>	<u>24,060</u>	<u>29,874</u>
	<u>\$ 2,618,506</u>	<u>\$ 2,181,474</u>	<u>\$ 3,019,925</u>	<u>\$ 2,764,252</u>

The credit risk management of contract assets adopted by the Group is the same as trade receivables. Please refer to Note 10.

XXVII. Net profit

(I) Interest income

	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>
Cash in banks	\$ 2,406	\$ 1,369
Financial assets at amortized cost	1,716	1,189
Interest income from bond-type preferred stocks	-	374,807
Others	<u>5,682</u>	<u>8,566</u>
	<u>\$ 9,804</u>	<u>\$ 385,931</u>

(II) Other income

	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>
Rent income	\$ 21,670	\$ 17,320
Dividend income	-	2,350,388
Other income	<u>-</u>	<u>18</u>
	<u>\$ 21,670</u>	<u>\$ 2,367,726</u>

(III) Other gains and losses

	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>
Processing fee expenses	(\$ 22,288)	(\$ 26,449)
Gains (losses) on disposal of property, plant and equipment	10,919	(1,499)
Gains on reversal of compensation	248	89
Gains (losses) on financial assets and financial liabilities - financial assets mandatorily classified as at fair value through profit or loss	(22)	(2,348,268)
Others	<u>8,888</u>	<u>8,459</u>
	<u>(\$ 2,255)</u>	<u>(\$ 2,367,668)</u>

(IV) Financial costs

	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>
Bank overdraft and interest on bank borrowings	\$ 48,632	\$ 38,255
Interest on lease liabilities	1,176	1,206
Interest expense of customer contracts	<u>36</u>	<u>-</u>
	<u>\$ 49,844</u>	<u>\$ 39,461</u>

Please refer to Note 12 for information on interest capitalization.

(V) Depreciation

	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>
Depreciation expenses by function		
Operating costs	\$ 16,943	\$ 15,318
Operating expenses	<u>17,737</u>	<u>19,750</u>
	<u>\$ 34,680</u>	<u>\$ 35,068</u>

The depreciation expenses of investment for the three months ended March 31, 2023 and 2022 amounting to NT\$4,082 thousand and NT\$3,735 thousand were recognized in other income – rental income.

(VI) Employee benefit expenses

	From January 1, 2023 through March 31, 2023	From January 1, 2022 through March 31, 2022
Short-term employee benefit expenses	<u>\$ 523,051</u>	<u>\$ 500,068</u>
Post-employment benefits		
Defined contribution plan	22,903	21,587
Defined benefit plan	<u>1,576</u>	<u>1,520</u>
	24,479	23,107
Other employee benefits	<u>54,122</u>	<u>49,899</u>
Total employee benefit expenses	<u>\$ 601,652</u>	<u>\$ 573,074</u>
By function		
Operating costs	\$ 538,888	\$ 504,423
Operating expenses	<u>62,764</u>	<u>68,651</u>
	<u>\$ 601,652</u>	<u>\$ 573,074</u>

(VII) Remuneration to employees, directors and supervisors

As per the Articles of Corporation, the Corporation shall allocate no less than 2% of the net income before tax before the remuneration to employees, directors, and supervisors is deducted for the year as remuneration to employees and no more than 2% as the remuneration to directors and supervisors, respectively.

The estimated remuneration to employees, directors and supervisors for the three months ended March 31, 2023 and 2022 as follows:

Percentage for estimation

	Three months ended March 31, 2023	Three months ended March 31, 2022
Employee remuneration	2%	2%
Remuneration to directors and supervisors	2%	2%

Amount

	Three months ended March 31, 2023	Three months ended March 31, 2022
Employee remuneration	<u>\$ 2,750</u>	<u>\$ 9,426</u>
Remuneration to directors and supervisors	<u>\$ 2,750</u>	<u>\$ 9,426</u>

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

Remuneration to employees, directors and supervisors for 2022 and 2021 were resolved by the board of directors on March 13, 2023 and March 15, 2022, respectively. The details were as follows:

Amount

	<u>2022</u>	<u>2021</u>
	<u>Cash</u>	<u>Cash</u>
Employee remuneration	<u>\$ 20,959</u>	<u>\$ 51,605</u>
Remuneration to directors and supervisors	<u>\$ 20,959</u>	<u>\$ 51,605</u>

There is no difference between the actual amount of remuneration of employees, directors and supervisors paid and the amount recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021

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

XXVIII. Income Tax

(I) Income tax recognized in profit or loss

The main components of income tax expenses were as follows:

	<u>Three months ended</u> <u>March 31, 2023</u>	<u>Three months ended</u> <u>March 31, 2022</u>
Current income tax		
Incurred in this period	\$ 519	\$ 8,763
Land value increment tax	<u>727</u>	<u>-</u>
	1,246	8,763
Deferred tax		
Incurred in this period	<u>26,738</u>	<u>12,777</u>
Income tax expense recognized in profit or loss	<u>\$ 27,984</u>	<u>\$ 21,540</u>

(II) Income tax approval

	<u>Income tax Approval</u> <u>Year</u>
BES Engineering Corporation	2020
Core Pacific World Co., Ltd.	2021
Cinemark-Core Pacific, Ltd.	2021
Chung Kung Safeguarding and Security Corporation	2021
Chung Kung Management Consultant Corporation	2020
Chung Kung Management and Maintenance of Apartment Co., Ltd.	2020
Core Asia Human Resources Management Co., Ltd.	2020
Elite Human Resources Management Co., Ltd.	2020
Cinema 7 Theater Co., Ltd.	2021

XXIX. EARNINGS PER SHARE

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

Net income in this period

	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>
Net income used to calculate basic earnings per share	<u>\$ 104,725</u>	<u>\$ 434,503</u>

Number of shares

	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>
Weighted average number of ordinary shares used to calculate basic earnings per share	1,530,899	1,530,899
Effect of potentially dilutive ordinary shares:		
Employee remuneration	<u>2,180</u>	<u>5,568</u>
Weighted average number of ordinary shares used to calculate diluted earnings per share	<u>1,533,079</u>	<u>1,536,467</u>

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

XXX. Government Subsidization

In 2022, the Group's application for subsidization under 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" was passed, and a subsidy amounting to NT\$18 thousand was recognized for the three months ended March 31, 2022. The government subsidy was used to compensate for the incurred expenses and working capital and recognized as government subsidy income under other income.

XXXI. Equity transaction with non-controlling interests

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

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

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

In March 2022, the Corporation acquired 0.54% of the shares of its subsidiary BES Machinery Co., Ltd., so its shareholding increased from 99.46% to 100.00%.

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

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

On March 21, 2023, the Group failed to subscribe the shares of subsidiary Cinemark-Core Pacific Co., Ltd. pro rata to the shares held, raising the shareholding from 78.14% to 91.76%.

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

	Cinemark-Core Pacific Co., Ltd.
Cash consideration paid	\$ -
Amount to be transferred out of non-controlling interests calculated as per changes in relative equity for the carrying amount of the subsidiary's net asset	7,463
Other equity items adjusted to be attributable to the owners of the Corporation	
- Exchange differences on translation of the financial statements of foreign operations	1,205
- Financial assets at fair value through other comprehensive income unrealized gains or losses	<u>689</u>
Equity transaction difference	<u>\$ 9,357</u>
 <u>Equity transaction difference adjustment account</u>	
Capital reserve- the difference between the price of subsidiary's equity acquired or disposed of and the book value	<u>\$ 9,357</u>

XXXII. Financial instruments

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

1. Fair value hierarchy

March 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Stocks listed overseas	\$ 32	\$ -	\$ -	\$ 32
Mutual funds	<u>4,120</u>	<u>-</u>	<u>-</u>	<u>4,120</u>
	<u>\$ 4,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,152</u>
 <u>Financial assets at fair value through other comprehensive income</u>				
Investment in equity instruments				
- Domestic listed stocks	\$ 3,051,671	\$ -	\$ -	\$ 3,051,671
- Domestic unlisted stocks	<u>-</u>	<u>112,634</u>	<u>-</u>	<u>112,634</u>
Total	<u>\$ 3,051,671</u>	<u>\$ 112,634</u>	<u>\$ -</u>	<u>\$ 3,164,305</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Mutual funds	\$ 4,142	\$ -	\$ -	\$ 4,142
<u>Financial assets at fair value through other comprehensive income</u>				
Investment in equity instruments				
- Domestic listed stocks	\$ 3,022,883	\$ -	\$ -	\$ 3,022,883
- Domestic unlisted stocks	-	104,762	-	104,762
Total	<u>\$ 3,022,883</u>	<u>\$ 104,762</u>	<u>\$ -</u>	<u>\$ 3,127,645</u>

March 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Domestic unlisted stocks	\$ -	\$ -	\$ 21,520	\$ 21,520
Mutual funds	4,313	-	-	4,313
	<u>\$ 4,313</u>	<u>\$ -</u>	<u>\$ 21,520</u>	<u>\$ 25,833</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investment in equity instruments				
- Domestic listed stocks	\$ 3,476,346	\$ -	\$ -	\$ 3,476,346
- Domestic unlisted stocks	-	101,357	-	101,357
Total	<u>\$ 3,476,346</u>	<u>\$ 101,357</u>	<u>\$ -</u>	<u>\$ 3,577,703</u>

There were no transfers between Level 1 and Level 2 fair value measurements for the three months ended March 31, 2023 and 2022.

2. Reconciliation of financial instruments at Level 3 fair value

Three months ended March 31, 2022

<u>Financial asset</u>	<u>Financial assets at fair value through profit or loss Equity instruments</u>
Balance at the beginning of the Period	\$ 2,369,559
Recognized in profit or loss (other gains and losses)	(2,348,039)
Ending balance	<u>\$ 21,520</u>

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

<u>Category of financial instruments</u>	<u>Valuation techniques and inputs</u>
Domestic unlisted stocks	The valuation was carried out in the comparable Corporation method under the market method based on the average historical volatility and risk-free interest rate on the valuation record

Others date.
Discounted cash flow method: Discounting at a discount rate that reflects the present implicit interest rate on income at the end of the period.

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

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

(II) Types of financial instruments

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
<u>Financial asset</u>			
Financial assets at fair value through profit loss			
Mandatorily at fair value through profit or loss	\$ 4,152	\$ 4,142	\$ 25,833
Financial assets at amortized cost (Note 1)	11,949,580	11,670,905	11,332,860
Financial assets at fair value through other comprehensive income			
Investment in equity instruments	3,164,305	3,127,645	3,577,703
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	19,625,875	17,932,619	16,632,915

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

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

(III) Financial risk management objective and policy

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

1. Market risk

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

(1) Foreign exchange rate risk

Refer to Note 35 for the carrying amounts of the Group's denominated monetary assets and monetary liabilities in non-functional currencies on the balance sheet date.

Sensitivity analysis

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

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

	CNY Impact		HKD Impact	
	Three months ended March 31, 2023	Three months ended March 31, 2022	Three months ended March 31, 2023	Three months ended March 31, 2022
Equity	\$ 56,177	\$ 59,174	\$ 23,232	\$ 25,046

(2) Interest rate risk

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

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
- Financial assets	\$ 2,853,315	\$ 2,486,980	\$ 2,920,756
- Financial liabilities	1,743,707	1,311,256	3,291,447
Cash flow interest rate risk			
- Financial assets	4,818,588	6,221,602	4,962,693
- Financial liabilities	11,013,769	10,499,219	7,689,140

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

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

Sensitivity analysis

The sensitivity analysis below was performed based on the interest rate exposure of non-derivatives on the balance sheet date. For liabilities at floating rates, the analysis was based on the assumption that the amounts of the liabilities outstanding at the balance sheet date were all outstanding throughout the reporting period. 1% was the sensitivity rate used in reporting the interest rate risk to the key management team within the Group and represents the management's assessment of the reasonable range of potential changes in interest rates.

If the interest rate had increased by 1%, with all other variables unchanged, the Group's profit before tax for three months ended March 31, 2023 and 2022 would decrease by NT\$15,488 thousand and NT\$6,816 thousand, respectively, mainly due to the Group's exposure to floating interest rates of borrowing.

(3) Other price risks

The Group was exposed to the equity price risk due to its investment in equity securities and mutual funds.

Sensitivity analysis

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

If the equity price had increased by 5%, the other comprehensive income before tax for the three months ended March 31, 2023 and 2022, would increase NT\$158,215 thousand and NT\$178,885 thousand, respectively.

2. Credit risk

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

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

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

3. Liquidity risk

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

Bank borrowings and short-term notes payable are important sources of liquidity to the Group. Please refer to the description of the financing facilities below for the Group's bank financing facilities undrawn by March 31, 2023, December 31 and March 31, 2022.

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Unsecured bank financing facilities (reviewed annually)			
-Amount drawn	\$ 2,103,605	\$ 1,917,648	\$ 992,747
-Amount undrawn	<u>4,430,791</u>	<u>4,641,950</u>	<u>5,343,435</u>
	<u>\$ 6,534,396</u>	<u>\$ 6,559,598</u>	<u>\$ 6,336,182</u>
Secured bank financing facilities			
-Amount drawn	\$ 10,415,286	\$ 9,647,620	\$ 9,759,044
-Amount undrawn	<u>13,306,180</u>	<u>13,913,945</u>	<u>15,389,267</u>
	<u>\$ 23,721,466</u>	<u>\$ 23,561,565</u>	<u>\$ 25,148,311</u>

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

The analysis of the remaining contractual maturity of the Group's non-derivative financial liabilities is based on the earliest date on which it may be required to repay and was prepared based on the undiscounted cash flow of financial liabilities (including principal and estimated interest). Therefore, the Group may be required to repay the bank borrowings on demand. Within the earliest period in the table below,

the probability of a bank's immediate execution of the right was not considered; the maturity analysis of other non-derivative financial liabilities was prepared according to the agreed repayment date.

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

March 31, 2023

	Interest rate range (%)	Repayment on demand or less than 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities		\$ 1,441,481	\$ 2,330,879	\$ 843,144	\$ 292,045	\$ 98,398
Lease liabilities	2.100-4.750	7,052	14,082	56,807	158,167	17,180
Instruments at floating interest rates	1.660-3.226	1,352,144	804,767	3,118,957	6,215,286	61,305
Instruments at fixed interest rates	2.150-4.000	316,155	1,190,000	2,989	-	-
		<u>\$ 3,116,832</u>	<u>\$ 4,339,728</u>	<u>\$ 4,021,897</u>	<u>\$ 6,665,498</u>	<u>\$ 176,883</u>

December 31, 2022

	Interest rate range (%)	Repayment on demand or less than 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities		\$ 1,016,432	\$ 1,665,415	\$ 867,233	\$ 649,797	\$ 97,146
Lease liabilities	2.100-4.750	6,486	12,300	51,900	168,198	18,073
Instruments at floating interest rates	1.540-3.101	24,402	678,238	4,254,541	5,993,409	65,812
Instruments at fixed interest rates	2.150-4.000	1,054,679	4,317	8,144	-	-
		<u>\$ 2,101,999</u>	<u>\$ 2,360,270</u>	<u>\$ 5,181,818</u>	<u>\$ 6,811,404</u>	<u>\$ 181,031</u>

March 31, 2022

	Interest rate range (%)	Repayment on demand or less than 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities		\$ 919,635	\$ 1,217,058	\$ 451,379	\$ 1,228,937	\$ 91,507
Lease liabilities	2.100-4.750	6,202	12,286	46,582	143,070	38,465
Instruments at floating interest rates	1.350-2.611	90,658	1,283,646	1,310,302	5,417,907	78,981
Instruments at fixed interest rates	1.610-4.000	3,040,683	1,367	16,529	8,144	-
		<u>\$ 4,057,178</u>	<u>\$ 2,514,357</u>	<u>\$ 1,824,792</u>	<u>\$ 6,798,058</u>	<u>\$ 208,953</u>

XXXIII. Related Party Transactions

Transactions, account balances, income and expenses between the Corporation and its subsidiaries (which are the Corporation's related parties) were all eliminated upon consolidation, so they are not disclosed in this note. Transactions between the Group and other related parties are as follows.

(I) Name of related party and relations

<u>Name of related party</u>	<u>Relations with the Group</u>
China Petrochemical Development Corporation	An institutional director at the Corporation's and a subsidiary
Sheen Chuen-Chi Culture & Educational Foundation	Substantive related party
Yunheyue Agriculture Co., Ltd.	Substantive related party
Appoint CORE PACIFIC Marketing Corporation	Substantive related party
Core Pacific City Co., Ltd.	The Corporation's affiliates (note)
HRDD Logistics Co., Ltd.	Associate
Glory Construction Co., Ltd	The Corporation's affiliate
Cheng Yao Enterprise Co., Ltd.	The Corporation's affiliate
Golden Wheel Co., Ltd.	The Corporation's affiliate
Tsou Seen Chemical Industries Corporation	Subsidiary of the Corporation's institutional director
BES Twin Towers Development Co., Ltd	Subsidiary of the Corporation's institutional director
Ding Yue Development Co., Ltd.	Subsidiary of the Corporation's institutional director
Taivex Therapeutics Corporation	Subsidiary of the Corporation's institutional director

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

(II) Business transactions

<u>Account</u>	<u>Category/Name of related party</u>	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>
Operating revenue	The Corporation's institutional director	\$ 7,076	\$ 8,714
	Subsidiary of the Corporation's institutional director	216	53
	Substantive related party	45	45
	The Corporation's affiliate	50	26
	Associate	-	182
		<u>\$ 7,387</u>	<u>\$ 9,020</u>
Operating costs	The Corporation's affiliate	<u>\$ 1,703</u>	<u>\$ 1,964</u>
Operating expenses	The Corporation's affiliate	\$ 2,741	\$ 1,580
	Substantive related party	319	-
	The Corporation's institutional director	<u>30</u>	<u>-</u>
		<u>\$ 3,090</u>	<u>\$ 1,580</u>

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

(III) Receivables from related party

Account	Category of related party	March 31, 2023	December 31, 2022	March 31, 2022
Construction receivable	The Corporation's institutional director	\$ 1,240	\$ 1,240	\$ 8,658
Trade receivables	The Corporation's institutional director	\$ 4,302	\$ 3,463	\$ 4,145
	Subsidiary of the Corporation's institutional director	58	58	18
	Substantive related party	16	16	-
	The Corporation's affiliate	12	-	-
		<u>\$ 4,388</u>	<u>\$ 3,537</u>	<u>\$ 4,163</u>
Other receivables (included in other current assets)	The Corporation's affiliate	\$ 505	\$ 505	\$ 515
	Subsidiary of the Corporation's institutional director	496	-	13
	Substantive related party	-	616	1,233
		<u>\$ 1,001</u>	<u>\$ 1,121</u>	<u>\$ 1,761</u>

There is no guarantee received for receivables from related parties outstanding. The receivables of related parties for the three months ended March 31, 2023 and 2022 were not listed as bad debts.

(IV) Payables to related party

Account	Category of related party	March 31, 2023	December 31, 2022	March 31, 2022
Accrued expenses	The Corporation's affiliate	\$ 965	\$ 965	\$ 508
	The Corporation's institutional director	650	650	-
		<u>\$ 1,615</u>	<u>\$ 1,615</u>	<u>\$ 508</u>

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

(V) Contract liabilities

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

March 31, 2023

Name of related party	Construction project code	Total contract price	Contract liabilities
China Petrochemical Development Corporation	A6E	<u>\$ 1,528,593</u>	<u>\$ 23,572</u>

December 31, 2022

<u>Name of related party</u>	<u>Construction project code</u>	<u>Total contract price</u>	<u>Contract liabilities</u>
China Petrochemical Development Corporation	A6E	<u>\$ 1,528,593</u>	<u>\$ 24,966</u>

March 31, 2022

<u>Name of related party</u>	<u>Construction project code</u>	<u>Total contract price</u>	<u>Contract liabilities</u>
China Petrochemical Development Corporation	A6E	<u>\$ 1,528,593</u>	<u>\$ 33,797</u>

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

(VI) Lease arrangements

<u>Category of related party</u>	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>
<u>Acquisition of right-of-use assets</u>		
The Corporation's affiliate	<u>\$ 4,333</u>	<u>\$ 9,110</u>

<u>Account</u>	<u>Category of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Lease liabilities	The Corporation's affiliate	\$ 30,476	\$ 31,436	\$ 14,427
	Substantive related party	19,680	20,528	21,222
	The Corporation's institutional director	<u>15,126</u>	<u>16,897</u>	-
		<u>\$ 65,282</u>	<u>\$ 68,861</u>	<u>\$ 35,649</u>

<u>Account</u>	<u>Category of related party</u>	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>
Interest expenses	The Corporation's affiliate	\$ 190	\$ 111
	Substantive related party	114	128
	The Corporation's institutional director	<u>85</u>	-
		<u>\$ 389</u>	<u>\$ 239</u>

(VII) Acquisition of financial assets

Three months ended March 31, 2022

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

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

(VIII) Loans to related parties

<u>Account</u>	<u>Category of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Other receivables (included in other current assets)	Associate	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,550</u>

As of March 31, 2023, the Group's receivables and interest receivables from its affiliate, HRDD Logistics Co., Ltd., were NT\$21,550 thousand and NT\$1,078 thousand, respectively. After assessing HRDD Logistics Co., Ltd.'s operating performance and the possibility of collecting the receivables, the Group set aside an allowance for doubtful accounts of \$22,628 thousand for the above-mentioned in September 2022.

Interest income

<u>Category of related party</u>	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>
Associate	<u>\$ -</u>	<u>\$ 253</u>

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

(IX) Transactions with other related parties

Interest income, rent income, and other income:

<u>Category of related party</u>	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>
Subsidiary of the Corporation's institutional director	\$ 5,605	\$ 286
Substantive related party	1,829	1,761
The Corporation's affiliate	1,485	1,445
The Corporation's institutional director	1,416	1,204
Associate	-	38
	<u>\$ 10,335</u>	<u>\$ 4,734</u>

The rents in the lease agreements between the Group and the related parties were determined based on the market levels, and the rents received and paid were nearly the same as those with non-related parties. The prices and terms for sales and purchases as well as

conditions for warranties, payment and other transactions with related parties were nearly the same as those with non-related parties. Other receivables from related parties were mainly from rent receivables.

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

<u>Category of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
The Corporation's affiliate	\$ 1,293	\$ 1,292	\$ 1,292
Substantive related party	238	-	-
Subsidiary of the Corporation's institutional director	10	10	-
Associate	-	1	1
	<u>\$ 1,541</u>	<u>\$ 1,303</u>	<u>\$ 1,293</u>

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

<u>Category of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Subsidiary of the Corporation's institutional director	\$ 7,584	\$ 7,584	\$ 7,584
The Corporation's institutional director	-	-	2,196
	<u>\$ 7,584</u>	<u>\$ 7,584</u>	<u>\$ 9,780</u>

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

<u>Category of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Subsidiary of the Corporation's institutional director	<u>\$ 28,571</u>	<u>\$ 28,571</u>	<u>\$ 28,571</u>

(X) Remuneration to key management personnel

The total remuneration to directors and other key management personnel for the three months ended March 31 2023 and 2022 were as follows:

	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>
Short-term employee benefit	\$ 8,935	\$ 16,761
Post-employment benefits	12,168	-
	<u>\$ 21,103</u>	<u>\$ 16,761</u>

The remuneration to directors and other key management personnel was determined by the remuneration committee as per individual performance and the market trends.

XXXIV. Assets Pledged

The assets below have been pledged as collateral for long-term and short-term bank borrowings, short-term notes payables, construction project performance guarantees, construction warranties, and litigations:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Financial assets at fair value through other comprehensive income - current	\$ 831,304	\$ 800,401	\$ 794,220
Financial assets at amortized cost - current	3,510,732	3,588,808	4,296,684
Accounts receivable on the development of industrial districts	-	-	4,117,211
Buildings and land held for sale, net	4,885,735	4,855,276	4,787,356
Construction in progress	1,244,634	1,244,634	1,244,634
Financial assets at fair value through other comprehensive income - non-current	1,449,674	1,454,089	471,116
Financial assets at amortized cost - non-current	633,072	631,820	2,443
Property, plant and equipment, net	1,717,012	1,513,013	1,557,351
Investment property, net	798,140	799,342	767,524
	<u>\$ 15,070,303</u>	<u>\$ 14,887,383</u>	<u>\$ 18,038,539</u>

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

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

March 31, 2023

<u>Financial assets</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Non-monetary items</u>			
CNY	\$ 253,563	4.431 (CNY:NTD)	\$ 1,123,537
HKD	119,781	3.879 (HKD:NTD)	464,632

December 31, 2022

<u>Financial assets</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Non-monetary items</u>			
CNY	\$ 254,734	4.408 (CNY:NTD)	\$ 1,122,867
HKD	119,024	3.938 (HKD:NTD)	468,718

March 31, 2022

<u>Financial assets</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Non-monetary items</u>			
CNY	\$ 262,645	4.506(CNY:NTD)	\$ 1,183,479
HKD	137,011	3.656(HKD:NTD)	500,912

The Group's foreign currency exchange gains (losses) (including realized and unrealized) in 2023 and during January 1-March 31, 2022 were NT\$1,055 thousand and NT\$4,892 thousand, respectively. As there is a wide variety of foreign currency transactions and the functional currencies adopted by the Group's entities and the amounts are not material, the Group is not able to disclose the exchange gains and losses in each foreign currency with material influence.

XXXVI. Miscellaneous

Regarding the Taiwan New Taipei District Court Prosecutor Office's investigation results on the Corporation's Construction Turnkey Project for the Reconstruction of Buildings at the Gongguan Military Camp contracted, the former Chairman of the Corporation Shen, Jun and the other two persons were investigated and prosecuted in accordance with the Securities and Exchange Act and the Anti-Corruption Act. For this reason, the Ministry of National Defense sent a letter on September 30, 2021 to recover the bid bond of NT\$50,000 thousand for this project. The Corporation has recognized the recovered amount as other losses (included in other gains and losses) on September 30, 2021 and paid the amount on October 18, 2021. To ensure that the Corporation's rights and interests are unharmed, we filed a lawsuit against former Chairman Shen, Jun and the other two persons for damages and other remedies to the Taiwan Taipei District Court on October 21, 2021. Although the Corporation suffered damage, operations remained normal, and the finance and business were not significantly affected by the aforementioned event. As of May 10, 2023, case is still pending in the court.

XXXVII. Additional Disclosures

- (I) Information on material transactions and investees:
1. Loan to Others: Table 1.
 2. Endorsements/Guarantees Provided to Others: Table 2.
 3. Securities Held at the End of the Period: Table 3.
 4. Marketable Securities Acquired or Sold at Costs or Prices at Least NT\$300 Million or 20% of the Paid-in Capital: None.
 5. Acquisition of Individual Property at Costs of at Least NT\$300 Million or 20% of the Paid-in Capital: None.
 6. Disposal of Individual Property at Costs of at Least NT\$300 Million or 20% of the Paid-in Capital: None.
 7. Total Purchases from or Sales to Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital: None.
 8. Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital: None.
 9. Trading in Derivative Instruments: None.
 10. Information on Investees: Table 4.
 11. Other: Intercompany relationships and significant Intercompany transactions: None.

(II) Information on Investment in Mainland China:

Information on investees in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, percentage of ownership, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the mainland China area: Table 5.

(III) Information on Major Shareholders:

The name of shareholders with a shareholding ratio of 5% or more, and the number and percentage of shares held: Table 6.

XXXVIII. Segment Information

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

Construction Engineering Department: Contracting of civil engineering and construction projects

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

Other departments: Human resources consulting, security management, and operation of the entertainment industry

Revenue and operating results of sectors

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

	<u>Revenue of segment</u>		<u>Profit or loss of segment</u>	
	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>	<u>Three months ended March 31, 2023</u>	<u>Three months ended March 31, 2022</u>
Construction Engineering Department	\$ 3,423,200	\$ 3,008,262	\$ 171,695	\$ 122,475
Construction and Development Department	236,512	310,102	(11,571)	(13,799)
Other departments	<u>320,338</u>	<u>363,567</u>	<u>(7,188)</u>	<u>5,829</u>
Total amount of continuing operations	<u>\$ 3,980,050</u>	<u>\$ 3,681,931</u>	152,936	114,505
Interest income			9,804	385,931
Other income			21,670	2,367,726
Other gains and losses			(2,255)	(2,367,668)
Financial costs			(49,844)	(39,461)
Share of profit or loss of associates accounted for using the equity method			(<u>1,715</u>)	(<u>7,540</u>)
Income before income tax			<u>\$ 130,596</u>	<u>\$ 453,493</u>

The revenue of segments reported above was from transactions with external clients. There were no inter-segment sales for the three months ended March 31, 2023 and 2022.

Sectorial interest refers to the profit gained by individual sector, excluding income from interest, other income, other gains and losses, financial cost, and the shares in gains or losses of affiliates accounted for using equity method. This amount measured is provided to the chief operating decision-maker for allocation of resources to segments and measurement of their performance.

BES Engineering Corporation and Subsidiaries

Loans to Others

For the three months ended March 31, 2023

Table 1

Unit: NTD in thousands

No.	Fund lender	Fund borrower	Financial Statement Account	Related party or not	The maximum balance in this period (Note 1)	Ending balance (Note 1)	Amount actually used	Interest rate range	Nature of Loaning of funds (Note 3)	Business relationship Amount	Reason for short-term financing	Amount to be provided for bad debt	Collateral		Limit of loaning of funds to each counterparty	Financing Corporation's Financing Amount Limits	Note
													Name	Value			
0	BES Engineering Corporation	HRDD Logistics Co., Ltd.	Payables from related party	Yes	\$ 21,550	\$ 21,550	\$ 21,550	5	2	\$ -	Operating Turnover	\$ 21,550	—	\$ -	\$ 908,107 (4% of BES Engineering Corporation's net equity)	\$ 9,081,066 (40% of BES Engineering Corporation's net equity)	Note 2
1	Chung Kung Safeguarding and Security Corp.	Chung Kung Management Consultant Co., Ltd.	Payables from related party	Yes	15,000	15,000	-	-	2	-	Operating Turnover	-	—	-	32,486 (40% of Chung Kung Safeguarding and Security Corporation's net equity)	32,486 (40% of Chung Kung Safeguarding and Security Corporation's net equity)	
1	Chung Kung Safeguarding and Security Corp.	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Payables from related party	Yes	15,000	15,000	7,000	3	2	-	Operating Turnover	-	—	-	32,486 (40% of Chung Kung Safeguarding and Security Corporation's net equity)	32,486 (40% of Chung Kung Safeguarding and Security Corporation's net equity)	
2	Cinemark-Core Pacific, Ltd.	Cinema 7 Theater Co., Ltd.	Payables from related party	Yes	30,000	30,000	4,000	3	2	-	Operating Turnover	-	—	-	79,726 (40% of net worth of Cinemark-Core Pacific, Ltd.'s net equity.)	79,726 (40% of net worth of Cinemark-Core Pacific, Ltd.'s net equity)	

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

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

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

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

BES Engineering Corporation and Subsidiaries
Endorsements/Guarantees provided
For the three months ended March 31, 2023

Table 2

Unit: NTD in thousands

No.	Endorsements and guarantees provider Name of the Corporation	Counterparty of endorsements and guarantees		Upper limit on endorsements/guarantees for a single enterprise	Maximum balance of endorsements/guarantees in this period	Balance of endorsements/guarantees in this period	Amount actually drafted	Amount of endorsements and guarantees with property as collateral(s)	Ratio of cumulative amount of endorsements/guarantees to the net worth in the latest financial statement	Maximum limit of endorsements and guarantees	Parent Corporation to Maximum limit of	Subsidiary to Maximum limit of	Endorsements and guarantees in Mainland China	Note
		Name of the Corporation	Relationship											
1	Cinemark-Core Pacific, Ltd.	Cinema 7 Theater Co., Ltd.	Subsidiary in which parent Corporation holds more than 50% voting rights directly or indirectly	\$ 199,315 (Note 2)	\$ 94,300	\$ 94,300	\$ 68,101	\$ 71,198	47.31%	\$ 597,946 (Note 6)	Y	-	-	
2	Hua Cheng Consulting (Changshu) Co., Ltd.	BES ENGINEERING CORPORATION	Corporation holding more than 50% of ordinary shares of the Corporation directly or through a subsidiary indirectly	484,803 (Note 3)	312,073	312,073	260,000	312,073	64.37%	969,606 (Note 7)	-	Y	-	
3	Core Pacific Consulting (Changshu)Co., Ltd.	BES ENGINEERING CORPORATION	Corporation holding more than 50% of ordinary shares of the Corporation directly or through a subsidiary indirectly	480,072 (Note 4)	312,073	312,073	260,000	312,073	65.01%	960,144 (Note 8)	-	Y	-	
4	Chung Kung Safeguarding and Security Corp.	BES Consultant Corporation	Subsidiary in which parent Corporation holds more than 50% voting rights directly or indirectly	203,037 (Note 5)	25,000	25,000	-	-	30.78%	243,644 (Note 9)	Y	-	-	
4	Chung Kung Safeguarding and Security Corp.	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Subsidiary in which parent Corporation holds more than 50% voting rights directly or indirectly	203,037 (Note 5)	25,000	25,000	2,000	-	30.78%	243,644 (Note 9)	Y	-	-	

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

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

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

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

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

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

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

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

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

BES Engineering Corporation and Subsidiaries
Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Associates, and Joint Ventures).
March 31, 2023

Table 3

Unit: NTD in thousands

Securities holder		Name of securities	Relations between the securities issuer and the Corporation	Account	End of period				Note
No.	Name				Number of shares or units	Carrying amount	Shareholding (%)	Fair value	
0	BES Engineer Corporation	Taishin ESG Emerging Markets Bond Fund	—	Financial assets at fair value through profit or loss - current	500,000	\$ 4,120	-	\$ 4,120	(Note 1)
		Taiwan Business Bank, Ltd.	—	Financial assets at fair value through other comprehensive income - current	68,964,727	927,576	0.86	927,576	(Note 1)
		China Petrochemical Development Corporation	The Corporation's institutional director	Financial assets at fair value through other comprehensive income - non-current	183,037,540	1,802,920	4.84	1,802,920	(Note 1)
		Century Development Corporation	—	Financial assets at fair value through other comprehensive income - non-current	10,633,492	88,896	3.03	88,896	(Note 1)
		Overseas Investment & Development Corp.	—	Financial assets at fair value through other comprehensive income - non-current	2,600,000	23,738	2.89	23,738	(Note 1)
		Zowie Technology Corp.	—	Financial assets at fair value through other comprehensive income - non-current	6,611	-	0.02	-	
		Fortemedia	—	Financial assets at fair value through other comprehensive income - non-current	4,137	-	-	-	
		Fortemedia	—	Financial assets at fair value through other comprehensive income - non-current	62,282	-	-	-	(Note 2)
1	Core Pacific World Co., Ltd.	China Petrochemical Development Corporation	The Corporation's institutional director	Financial assets at fair value through other comprehensive income - current	30,649,620	301,899	0.81	301,899	(Note 1)
		Taiwan Business Bank, Ltd.	—	Financial assets at fair value through other comprehensive income - current	1,433,211	19,276	0.02	19,276	(Note 1)
2	BES Engineering Vietnam Co., Ltd.	Dat Xanh Group JSC	—	Financial assets at fair value through profit or loss - current	2,100	32	-	32	(Note 1)
3	Cinemark-Core Pacific, Ltd.	Film investment project - The M Riders	—	Financial assets at fair value through other comprehensive income - non-current	-	-	-	-	

Note 1: The market price of domestic and overseas stocks was based on the closing price at the end of March 2023. The market price of mutual funds was calculated based on the net worth as of March 2023 of respective funds. The value of stocks of unlisted companies was assessed based on the fair value as of March 2023 of respective stocks.

Note 2: Preference shares.

BES Engineering Corporation and Subsidiaries
Information on Investees (excluding investments in mainland China)
For the three months ended March 31, 2023

Table 4

Unit: NTD in thousands

Name of investor	Name of investee	Location	Principle business	Initial investment amount		Holdings at the end of the year			Profit or loss on investee for this year	Investment income or loss recognized for this year (Note 1)	Note
				End of period	Beginning of period	Number of shares	Percentage (%)	Carrying amount			
(I) BES Engineer Corporation	Core Pacific World Co., Ltd.	6F., No. 12, Dongxing Rd., Taipei City	Investment	\$ 1,530,094	\$ 1,530,094	115,942,000	99.95	\$ 1,744,664	(\$ 2,814)	(\$ 2,813)	Subsidiaries
	BES Investment Corporation Ltd.	Suite C, 21 st Floor, Lee & Man Commercial Center 169 Electric Road, North Point, Hong Kong	Overseas construction and equipment sale	1,485,277	1,485,277	49,600,000	100.00	1,274,417	(959)	(959)	Subsidiaries
	BES Logistics International Co., Ltd.	Republic of Mauritius	Investment	348,278	348,278	13,995,389	100.00	737,070	2,428	2,428	Subsidiaries
	Core Asia Human Resource Management Corporation	2F, No. 12, Dongxing Rd., Taipei City	Business management consultancy and investment advices	60,000	60,000	6,000,000	100.00	90,699	354	354	Subsidiaries
	Chung Kung Safeguarding and Security Corp.	2F, No. 12, Dongxing Rd., Taipei City	Security business	38,127	38,127	3,880,000	64.67	53,015	762	493	Subsidiaries
	Cinemark-Core Pacific, Ltd.	4F., No. 102, Guangfu S. Rd, Taipei City	Domestic and overseas movie playing	315,380	115,380	29,455,180	91.76	356,421	(10,891)	(8,510)	Subsidiaries
	BES Construction Corporation (U.S.A)	141 Bennington Court McDonough, Georgia 30253, U.S.A.	Land development and investment	259,562	259,562	8,509	91.79	26,433	(279)	(256)	Subsidiaries
	BES Global Investment Co.	4F., Ellen Skelton Building 3076 Sir Francis Drake Highway, Tortola, Bristish Virgin Islands	Overseas construction and equipment sale	51,313	51,313	1,510,100	100.00	17,667	89	89	Subsidiaries
	BA & BES Contracting (L.L.C.) BESM Holding Co., Ltd.	P.O. Box 92237, Dubai-UAE P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Contracting Construction Investment Holding	10,696 162,163	10,696 162,163	1,200,000 5,075,000	40.00 100.00	- 246,865	- 607	- 607	- 607
(II) Core Pacific World Co., Ltd.	Chinese City International Investment Co., Ltd.	Republic of Mauritius	Consultancy	330,714	330,714	9,500,000	100.00	495,077	(1,583)	(1,583)	Subsidiaries
	Zhong Hua Cheng Development Co., Ltd.	Republic of Mauritius	Consultancy	330,714	330,714	9,500,000	100.00	490,380	(1,440)	(1,440)	Subsidiaries
(III) BES Investment Corporation Ltd.	Wei-Jing Holdings Ltd.	British Virgin Islands	Investment Holding	463,104	463,104	14,400,000	44.67	464,632	6,579	2,939	
	BES Construction Corporation (U.S.A)	141 Bennington Court McDonough, Georgia 30253, U.S.A.	Land development and investment	25,724	25,724	761	8.21	2,364	(279)	(23)	Subsidiaries
	Global BES Engineering (Myanmar) Co., Ltd.	NO.153/KA, Kyun Shwe Myaing Lane(2), 23 Ward, (Thuwanna), Thingangyun Township, Yangon, Myanmar	Contracting Construction	15,478	15,478	500,000	100.00	12,124	(173)	(173)	Subsidiaries
	BES Engineering Vietnam Co., Ltd.	P 12 . 15, Toa Nha Golden King, So 15 Duong Nguyen Luong Bang, P. Tan Phu, Quan 7, Tp. Ho Chi Minh, Viet Nam.	Contracting Construction	726,220	726,220	-	100.00	730,271	(3,671)	(3,671)	Subsidiaries

(Continued on next page)

(Continued from previous page)

Name of investor	Name of investee	Location	Principle business	Initial investment amount		Holdings at the end of the year			Profit or loss on investee for this year	Investment income or loss recognized for this year (Note 1)	Note
				End of year	Beginning of period	Number of shares	Percentage (%)	Carrying amount			
(IV) Core Asia Human Resource Management Corporation	Elite Human Resource Management Co., Corporation	2F, No. 12, Dongxing Rd., Taipei City	Human resource consulting	\$ 5,000	\$ 5,000	500,000	\$ 100.00	\$ 13,543	\$ 1,316	\$ 1,316	Subsidiaries
(V) Chung Kung Safeguarding and Security Corp.	Chung Kung Management Consultant Corporation	2F, No. 12, Dongxing Rd., Taipei City	Operation of parking lots and business management consultancy	10,000	10,000	-	100.00	14,605	424	424	Subsidiaries
	Chung Kung Management and Maintenance of Apartment Co., director	2F, No. 12, Dongxing Rd., Taipei City	Management service of apartment buildings	3,700	3,700	-	37.00	5,555	697	258	Subsidiaries
(VI) Cinemark-Core Pacific, Ltd.	Cinemark-Core (Hong Kong) Pacific, Ltd.	FLATB 3/F WING CHBONG COMMERCIAL BOILDING 19-25 JERVOIS STREET SHEVNG WAN HK	Investment Holding	246,729	246,729	61,503,000	49.60	101,235	(4,694)	(2,328)	
	Cinema 7 Theater Co., Ltd.	8-11F., No. 52, Hang-Zhong Street, Taipei City	Movie broadcasting and retail sale of food, grocery and beverage	150,183	150,183	25,000	100.00	(42,166)	(3,450)	(3,450)	Subsidiaries
(VII) Chung Kung Management Consultant Corporation	Chung Kung Management and Maintenance of Apartment Co., director	2F, No. 12, Dongxing Rd., Taipei City	Management service of apartment buildings	6,300	6,300	-	63.00	9,458	697	439	Subsidiaries

Note 1: The calculation was based on the investee's financial statements that were not reviewed by a CPA for the same period and the Corporation's shareholding.

Note 2: Except for gains and losses on investment in BA & BES Contracting L.L.C., Wei-Jing Holding Ltd., and Cinemark - Core (Hong Kong) Pacific Ltd., the gains and losses on investments between investees, investments in long-term shares and the net worth among investees had all been off set.

BES Engineering Corporation and Subsidiaries
Information on Investment in Mainland China
For the three months ended March 31, 2023

Table 5

Unit: In thousands of NTD,
unless stated otherwise

Name of the investee in Mainland China	Principle business	Paid-in Capital	Investment method (Note 1)	Cumulated outward remittance for investment from Taiwan at the beginning of the period	The investment amount remitted or collected from Taiwan in this period		Cumulated outward remittance for investment from Taiwan at the end of the period	Profit or loss on investee for this period	Shareholding in direct or indirect investment	Investment income or loss recognized for this year (Note 2)	Book value of investments at the end of the period	Cumulative repatriation of investment income as of the end of this period
					Outward	Inward						
Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Logistics, warehouse, and international trading	\$ 1,100,438 thousand CNY250,000 thousand	(2) (Note 3)	\$ 341,921 thousand USD10,703 thousand	\$ -	\$ -	\$ 341,921 thousand USD10,703 thousand	\$ 6,198 thousand CNY1,396 thousand	39.20%	\$ 2,430 thousand CNY547 thousand	\$ 782,927 thousand CNY176,693 thousand	\$ 186,210 thousand USD 6,162 thousand
Core Pacific Consulting (Changshu) Co., Ltd.	Engineering and design consultancy	305,982 thousand USD 9,000 thousand	(2) (Note 4)	305,982 thousand USD 9,000 thousand	-	-	305,982 thousand USD 9,000 thousand	(1,438 thousand) (CNY324 thousand)	100.00%	(1,438 thousand) (CNY324 thousand)	481,141 thousand CNY108,585 thousand	
Hua Cheng Consulting (Changshu) Co., Ltd.	Engineering and design consultancy	305,982 thousand USD 9,000 thousand	(2) (Note 5)	305,982 thousand USD 9,000 thousand	-	-	305,982 thousand USD 9,000 thousand	(1,582 thousand) (CNY356 thousand)	100.00%	(1,582 thousand) (CNY356 thousand)	485,755 thousand CNY109,626 thousand	
Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Logistics, warehouse, and international trading	1,100,438 thousand CNY250,000 thousand	(2) (Note 6)	167,565 thousand CNY40,900 thousand	-	-	167,565 thousand CNY40,900 thousand	6,198 thousand CNY1,396 thousand	9.80%	607 thousand CNY137 thousand	195,732 thousand CNY44,173 thousand	55,775 thousand USD1,853 thousand
Cinemark-Core (Shanghai) Pacific Management and Consulting	Management of movie theaters; consultancy for procurement and management	27,602 thousand USD 900 thousand	(2) (Note 7)	27,577 thousand USD 900 thousand	-	-	27,577 thousand USD 900 thousand	- -	49.60%	- -	(490 thousand) (CNY111 thousand)	
Yunnan Core Pacific City	Management of movie theaters; consultancy for procurement and management	120,676 thousand USD4,031 thousand	(2) (Note 7)	59,131 thousand USD1,975 thousand	-	-	59,131 thousand USD1,975 thousand	(761 thousand) (CNY171 thousand)	24.30%	(185 thousand) (CNY42 thousand)	28,669 thousand CNY6,470 thousand	
HRDD Logistics Co., Ltd.	General warehousing, refrigerated warehousing, and automobile cargo carrier	653,328 thousand CNY144,000 thousand	(1)	166,730 thousand CNY34,000 thousand	-	-	166,730 thousand CNY34,000 thousand	(22,715 thousand) (CNY5,116 thousand)	23.61%	(5,363 thousand) (CNY1,208 thousand)	43,643 thousand CNY9,849 thousand	
Cinemark-Core (Suzhou) Pacific Ltd.	Management of movie theaters; consultancy for procurement and management	343,172 thousand USD 11,000 thousand	(2) (Note 7)	161,597 thousand USD5,000 thousand			161,597 thousand USD5,000 thousand	(5,416 thousand) (CNY1,220 thousand)	49.60%	(2,686 thousand) (CNY605 thousand)	45,088 thousand CNY10,175 thousand	

Name of investor	Cumulative outward remittances from Taiwan for investment in mainland China as of the end of the period	Investment amount approved by Investment Commission, MOEA	Limit on investment amount stipulated by Investment Commission, MOEA
BES Engineering Corporation	\$USD 12,103 thousand CNY74,900 thousand	\$USD 23,809 thousand	\$ 13,658,702
Core Pacific World Co., Ltd.	USD18,000 thousand	USD19,000 thousand	1,046,050
Cinemark-Core Pacific, Ltd.	USD7,875 thousand	USD7,875 thousand	119,589

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

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

Note 2: In the column of gains/losses on investment recognized in this period:

- (1) If companies still in the preparatory stage and therefore have no gains or losses, it shall be indicated.
- (2) The basis for recognition of investment income or loss is divided into the following three types, which shall be indicated.
 - A. Financial statements are audited and certified by an international accounting firm with a partnership with an accounting firm of the Republic of China.
 - B. Financial statements are audited and certified by a licensed CPA appointed by the parent Corporation in Taiwan.
 - C. Others.

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

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

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

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

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

Note 8: When the consolidated financial statements were prepared, except for Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd., Cinemark - Core (Shanghai) Pacific Management and Consulting, Cinemark Core (Hong Kong) Pacific Ltd., and HRDD Logistics Co., Ltd., all transactions have been written off.

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

BES ENGINEERING CORPORATION

Information on Major Shareholders

March 31, 2023

Table 6

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

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

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