

**BES Engineering Corporation and Its
Subsidiaries**

**Consolidated Financial Statements and
Independent Auditors' Review Report
For the Six Months Ended June 30, 2023 and
2022**

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Independent Auditors' Review Report

To BES Engineering Corporation,

Introduction

We have reviewed the consolidated balance sheet of BES Engineering Corporation and its subsidiaries (collectively, the "Group") ended June 30, 2023 and 2022, the relevant consolidated statements of comprehensive income for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity, and cash flows for the six months then ended, and the relevant notes to the consolidated statements, 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, the non-material subsidiaries' financial statements for the same period included in the above consolidated financial statements had not been reviewed by us, and their total assets as at June 30, 2023 and 2022 were NT\$5,181,759 thousand and NT\$5,094,334 thousand, respectively, accounting for 10.50% and 10.70% of the total consolidated assets, respectively; total liabilities were NT\$527,909 thousand and NT\$543,122 thousand, respectively, representing 1.94% and 2.13% of the total consolidated liabilities, respectively; total consolidated comprehensive incomes for the three months ended June 30, 2023 and 2022 and for the six months ended June 30, 2023 and 2022 were NT\$(26,229) thousand, NT\$114 thousand, NT\$(36,915) thousand and NT\$332,331 thousand respectively, accounting for (14.51%), (0.02%), (13.72%) and 1,243.61% of the total consolidated comprehensive incomes, respectively. As stated in Note 14 to the consolidated financial statements, the balances of investments under the equity method as at June 30, 2023 and 2022 were NT\$1,553,513 thousand and NT\$1,686,913 thousand, respectively; the consolidated comprehensive income of associates under the equity method for the three months ended June 30, 2023 and 2022 and for the six month ended June 30, 2023 and 2022 were NT\$(34,656) thousand, NT\$2,522 thousand, NT\$(38,072) thousand and NT\$48,101 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 not found any circumstances that the foregoing consolidated financial statements have not been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC, and as a result, are not a fair presentation of the Group’s consolidated financial position as of June 30, 2023 and 2022 as well as the consolidated financial performance for the three months ended June 30, 2023 and 2022, and consolidated financial performance and cash flows for the six months ended June 30, 2023 and 2022, respectively.

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

August 9, 2023

BES Engineering Corporation and Subsidiaries
Consolidated Statement of Financial Position
As of June 30, 2023, December, 2022 and June 30, 2022

Unit: NTD in thousands

Code	Assets	June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Notes 6 and 15)	\$ 3,444,339	7	\$ 4,189,543	9	\$ 2,322,498	5
1110	Financial assets at fair value through profit or loss - current (Note 7)	4,181	-	4,142	-	4,046	-
1120	Financial assets at fair value through other comprehensive income - current (Notes 8 and 34)	885,969	2	1,214,472	3	1,078,321	2
1136	Financial assets at amortized cost - current (Notes 9, 24, and 34)	4,208,438	9	3,941,197	9	5,126,530	11
1140	Contract asset-current (Notes 15, 24, and 26)	3,431,556	7	2,498,541	6	3,325,194	7
1150	Notes and trade receivables, net (Notes 10, 26, and 33)	116,697	-	95,484	-	92,088	-
1180	Construction receivable (Notes 10, 15, 24, 26, and 33)	4,283,762	9	2,603,165	6	2,734,383	6
1200	Accounts receivable on the development of industrial districts (Notes 11, 24, and 34)	2,744,021	6	2,898,047	6	6,323,900	13
1310	Inventories (Note 24)	241,693	-	255,222	1	204,521	-
1321	Buildings and land held for sale, net (Notes 12, 24, and 34)	11,756,597	24	11,831,311	26	11,850,658	25
1324	Construction in progress (Notes 12, 24, and 34)	7,603,254	15	4,962,958	11	4,000,974	8
1478	Refundable deposits on construction contracts (Note 24)	164,284	-	142,162	-	223,747	1
1479	Other current assets (Notes 15 and 33)	1,400,396	3	1,353,584	3	1,656,093	4
11XX	Total current assets	40,285,187	82	35,989,828	80	38,942,953	82
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8, 33, and 34)	1,916,893	4	1,913,173	4	1,862,497	4
1535	Financial assets at amortized cost - non-current (Notes 9 and 34)	611,914	1	631,962	1	2,637	-
1550	Investments accounted for using equity method (Note 14)	1,553,513	3	1,591,585	4	1,686,913	4
1600	Property, plant and equipment, net (Notes 16 and 34)	3,144,206	6	3,089,497	7	3,099,646	7
1755	Right-of-use assets (Notes 17 and 33)	213,115	1	234,288	1	236,504	-
1760	Investment properties, net (Notes 18 and 34)	1,097,556	2	1,113,221	2	1,123,665	2
1840	Deferred tax assets (Note 4)	400,422	1	470,398	1	569,042	1
1920	Refundable deposits (Notes 15 and 33)	55,045	-	42,984	-	47,298	-
1975	Defined benefit asset, net (Notes 4 and 23)	23,801	-	5,260	-	-	-
1990	Other non-current Assets	30,808	-	57,700	-	49,142	-
15XX	Total non-current assets	9,047,273	18	9,150,068	20	8,677,344	18
1XXX	Total assets	\$ 49,332,460	100	\$ 45,139,896	100	\$ 47,620,297	100
	Liabilities and Equity						
	Current liabilities						
2100	Short-term borrowings (Notes 19 and 34)	\$ 4,908,300	10	\$ 4,714,000	11	\$ 3,078,790	6
2110	Short-term notes and bills payable (Notes 19 and 34)	1,500,153	3	1,050,051	2	2,511,399	5
2130	Contract liabilities-current (Notes 15, 24, 26, and 33)	2,678,341	5	2,181,474	5	2,695,786	6
2150	Notes payable (Note 24)	2,743	-	3,354	-	6,637	-
2170	Accounts payable (Notes 15, 20, and 24)	5,800,936	12	4,292,669	10	4,285,602	9
2209	Accrued expenses (Notes 15 and 33)	531,934	1	631,633	1	541,634	1
2216	Dividend payable (Note 25)	805,254	2	-	-	817,500	2
2219	Accounts payable for the development of industrial districts (Notes 21 and 24)	17,813	-	18,363	-	2,006,152	4
2230	Current tax liabilities (Note 4)	15,222	-	80,492	-	80,130	-
2250	Provisions - current (Notes 22 and 24)	488,776	1	492,541	1	460,998	1
2280	Lease liabilities - current (Notes 17 and 33)	75,604	-	71,090	-	71,453	-
2322	Long-term borrowings - current portion (Notes 19 and 34)	69,031	-	57,057	-	732,333	2
2330	Guarantee deposits on construction contracts (Note 24)	674,014	1	575,472	1	542,189	1
2399	Other current liabilities (Notes 15 and 33)	273,243	1	283,519	1	271,404	1
21XX	Total current liabilities	17,841,364	36	14,451,715	32	18,102,007	38
	Non-current liabilities						
2540	Long-term borrowings (Notes 19 and 34)	7,059,972	15	5,744,160	13	5,057,129	11
2550	Provisions - non-current (Note 22)	971,846	2	971,846	2	984,074	2
2570	Deferred tax liabilities (Note 4)	1,087,472	2	1,090,365	3	1,112,371	2
2580	Lease liabilities - non-current (Notes 17 and 33)	148,461	-	174,117	-	175,838	1
2640	Defined benefit liability, net (Notes 4 and 23)	-	-	-	-	25,191	-
2645	Guarantee deposits received (Note 33)	34,475	-	31,469	-	28,124	-
2670	Other non-current liabilities	-	-	-	-	3,121	-
25XX	Total non-current liabilities	9,302,226	19	8,011,957	18	7,385,848	16
2XXX	Total liabilities	27,143,590	55	22,463,672	50	25,487,855	54
	Equity attributable to owners of the Corporation						
3110	Ordinary share capital	15,308,998	31	15,308,998	34	15,308,998	32
3200	Capital reserve	84,005	-	74,648	-	74,648	-
	Retained earnings						
3310	Legal reserve	1,200,927	2	1,116,990	2	1,116,990	2
3320	Special reserve	2,475,958	5	2,475,958	6	2,475,958	5
3350	Undistributed earnings	3,718,752	8	4,105,362	9	3,758,775	8
3300	Total retained earnings	7,395,637	15	7,698,310	17	7,351,723	15
3490	Other equity	(709,409)	(1)	(477,143)	(1)	(684,499)	(1)
31XX	Total equity attributable to owners of the Corporation	22,079,231	45	22,604,813	50	22,050,870	46
36XX	Non-controlling Equity	109,639	-	71,411	-	81,572	-
3XXX	Total equity	22,188,870	45	22,676,224	50	22,132,442	46
	Total liabilities and equity	\$ 49,332,460	100	\$ 45,139,896	100	\$ 47,620,297	100

The notes attached are part of the consolidated financial statements.
(Please refer to the review report by Deloitte Taiwan dated August 9, 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 and the six months ended June 30, 2023 and 2022

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

Code	Three months ended June 30, 2023		Three months ended June 30, 2022		Six months ended June 30, 2023		Six months ended June 30, 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
	Operating revenue (Notes 15, 26, and 33)							
4520	\$ 4,285,900	88	\$ 2,531,553	89	\$ 7,880,023	89	\$ 5,846,812	90
4800	561,094	12	299,136	11	947,021	11	665,808	10
4000	<u>4,846,994</u>	<u>100</u>	<u>2,830,689</u>	<u>100</u>	<u>8,827,044</u>	<u>100</u>	<u>6,512,620</u>	<u>100</u>
	Operating cost (Notes 15, 27, and 33)							
5520	3,969,605	82	2,333,602	82	7,323,903	83	5,306,201	82
5800	449,571	9	275,879	10	799,705	9	729,544	11
5000	<u>4,419,176</u>	<u>91</u>	<u>2,609,481</u>	<u>92</u>	<u>8,123,608</u>	<u>92</u>	<u>6,035,745</u>	<u>93</u>
5950	<u>427,818</u>	<u>9</u>	<u>221,208</u>	<u>8</u>	<u>703,436</u>	<u>8</u>	<u>476,875</u>	<u>7</u>
	Operating expenses (Notes 27 and 33)							
6100	23,590	-	21,724	1	57,657	1	47,401	1
6200	123,286	3	125,189	5	206,538	2	236,016	3
6300	8,850	-	8,165	-	14,213	-	12,823	-
6000	<u>155,726</u>	<u>3</u>	<u>155,078</u>	<u>6</u>	<u>278,408</u>	<u>3</u>	<u>296,240</u>	<u>4</u>
6900	<u>272,092</u>	<u>6</u>	<u>66,130</u>	<u>2</u>	<u>425,028</u>	<u>5</u>	<u>180,635</u>	<u>3</u>
	Non-operating income and expenses							
7100	19,368	-	13,125	-	29,172	-	399,056	6
7010	30,105	1	133,111	5	51,775	-	2,500,837	38
7020	(23,209)	(1)	(28,523)	(1)	(25,464)	-	(2,396,191)	(37)
7050	(57,154)	(1)	(40,639)	(1)	(106,998)	(1)	(80,100)	(1)
7060	(11,564)	-	399	-	(13,279)	-	(7,141)	-
7000	<u>(42,454)</u>	<u>(1)</u>	<u>77,473</u>	<u>3</u>	<u>(64,794)</u>	<u>(1)</u>	<u>416,461</u>	<u>6</u>
7900	229,638	5	143,603	5	360,234	4	597,096	9
7950	<u>62,510</u>	<u>1</u>	<u>93,181</u>	<u>3</u>	<u>90,494</u>	<u>1</u>	<u>114,721</u>	<u>2</u>
8200	<u>167,128</u>	<u>4</u>	<u>50,422</u>	<u>2</u>	<u>269,740</u>	<u>3</u>	<u>482,375</u>	<u>7</u>
	Other comprehensive income (Notes 14 and 25)							
8310	Items not reclassified to profit or loss:							
8316	50,868	1	(628,379)	(22)	87,528	1	(555,580)	(9)
8360	Items that may subsequently be reclassified to profit or loss:							
8361	(14,110)	-	(257)	-	(63,401)	(1)	44,686	1
8370	(23,092)	(1)	2,123	-	(24,793)	-	55,242	1
	<u>(37,202)</u>	<u>(1)</u>	<u>1,866</u>	<u>-</u>	<u>(88,194)</u>	<u>(1)</u>	<u>99,928</u>	<u>2</u>
8300	<u>13,666</u>	<u>-</u>	<u>(626,513)</u>	<u>(22)</u>	<u>(666)</u>	<u>-</u>	<u>(455,652)</u>	<u>(7)</u>
8500	<u>\$ 180,794</u>	<u>4</u>	<u>(\$ 576,091)</u>	<u>(20)</u>	<u>\$ 269,074</u>	<u>3</u>	<u>\$ 26,723</u>	<u>-</u>
	Net income attributable to:							
8610	\$ 168,136	4	\$ 53,659	2	\$ 272,861	3	\$ 488,162	7
8620	(1,008)	-	(3,237)	-	(3,121)	-	(5,787)	-
8600	<u>\$ 167,128</u>	<u>4</u>	<u>\$ 50,422</u>	<u>2</u>	<u>\$ 269,740</u>	<u>3</u>	<u>\$ 482,375</u>	<u>7</u>
	Total comprehensive income attributable to:							
8710	\$ 181,819	4	(\$ 572,806)	(20)	\$ 272,209	3	\$ 32,637	-
8720	(1,025)	-	(3,285)	-	(3,135)	-	(5,914)	-
8700	<u>\$ 180,794</u>	<u>4</u>	<u>(\$ 576,091)</u>	<u>(20)</u>	<u>\$ 269,074</u>	<u>3</u>	<u>\$ 26,723</u>	<u>-</u>
	Earnings per share (Note 29)							
9710	<u>\$ 0.11</u>		<u>\$ 0.04</u>		<u>\$ 0.18</u>		<u>\$ 0.32</u>	
9810	<u>\$ 0.11</u>		<u>\$ 0.04</u>		<u>\$ 0.18</u>		<u>\$ 0.32</u>	

The notes attached are part of the consolidated financial statements.
(Please refer to the review report by Deloitte Taiwan dated August 9, 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 Six Months Ended June 30, 2023 and 2022

Unit: NTD in thousands

		Equity attributable to owners of the Corporation (Note 25)						Other equity items						
Code		Share Capital		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)	Total equity	
		Number of shares (in thousands)	Amount	Capital reserve	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
	Earnings appropriation and distribution for 2021													
B1	Appropriation of legal reserve	-	-	-	295,784	-	(295,784)	-	-	-	-	-	-	-
B5	Cash dividend to ordinary shareholders	-	-	-	-	-	(817,500)	(817,500)	-	-	-	(817,500)	-	(817,500)
	Subtotal	-	-	-	295,784	-	(1,113,284)	(817,500)	-	-	-	(817,500)	-	(817,500)
M5	Part of the equity of subsidiaries acquired	-	-	745	-	-	-	-	(285)	(269)	(554)	191	(4,754)	(4,563)
M7	Changes in ownership interests in subsidiaries	-	-	19	-	-	-	-	-	-	-	19	(983)	(964)
D1	Net income (loss) for six months ended June 30, 2022	-	-	-	-	-	488,162	488,162	-	-	-	488,162	(5,787)	482,375
D3	Other comprehensive income, net of taxes, for six months ended June 30, 2022	-	-	-	-	-	-	-	99,918	(555,443)	(455,525)	(455,525)	(127)	(455,652)
D5	Total comprehensive income for six months ended June 30, 2022	-	-	-	-	-	488,162	488,162	99,918	(555,443)	(455,525)	32,637	(5,914)	26,723
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	4,629	4,629	-	(4,629)	(4,629)	-	-	-
Z1	Balance on June 30, 2022	1,530,899	\$ 15,308,998	\$ 74,648	\$ 1,116,990	\$ 2,475,958	\$ 3,758,775	\$ 7,351,723	(\$ 236,419)	(\$ 448,080)	(\$ 684,499)	\$ 22,050,870	\$ 81,572	\$ 22,132,442
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
	Earnings appropriation and distribution for 2022													
B1	Appropriation of legal reserve	-	-	-	83,937	-	(83,937)	-	-	-	-	-	-	-
B5	Cash dividend to ordinary shareholders	-	-	-	-	-	(805,254)	(805,254)	-	-	-	(805,254)	-	(805,254)
	Subtotal	-	-	-	83,937	-	(889,191)	(805,254)	-	-	-	(805,254)	-	(805,254)
M5	Part of the equity of subsidiaries acquired	-	-	9,357	-	-	-	-	(1,205)	(689)	(1,894)	7,463	(7,463)	-
O1	Cash dividends distributed by shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(174)	(174)
D1	Net income (loss) for six months ended June 30, 2023	-	-	-	-	-	272,861	272,861	-	-	-	272,861	(3,121)	269,740
D3	Other comprehensive income, net of taxes, for six months ended June 30, 2023	-	-	-	-	-	-	-	(88,180)	87,528	(652)	(652)	(14)	(666)
D5	Total comprehensive income for six months ended June 30, 2023	-	-	-	-	-	272,861	272,861	(88,180)	87,528	(652)	272,209	(3,135)	269,074
O1	Increase of non-controlling equity	-	-	-	-	-	-	-	-	-	-	-	49,000	49,000
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	229,720	229,720	-	(229,720)	(229,720)	-	-	-
Z1	Balance on June 30, 2023	1,530,899	\$ 15,308,998	\$ 84,005	\$ 1,200,927	\$ 2,475,958	\$ 3,718,752	\$ 7,395,637	(\$ 270,178)	(\$ 439,231)	(\$ 709,409)	\$ 22,079,231	\$ 109,639	\$ 22,188,870

The notes attached are part of the consolidated financial statements.
(Please refer to the review report by Deloitte Taiwan dated August 9, 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 Six Months Ended June 30, 2023 and 2022

Unit: NTD in thousands

Code		Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
	Cash flow of operating activities		
A10000	Net income before tax	\$ 360,234	\$ 597,096
A20010	Income and expenses		
A20100	Depreciation expense	78,027	78,070
A20400	Losses (gains) on financial assets at fair value through profit or loss	(43)	2,348,600
A20900	Financial costs	106,998	80,100
A21200	Interest income	(29,172)	(399,056)
A21300	Dividend income	(9,889)	(2,448,128)
A22300	Share of profit or loss of associates accounted for using the equity method	13,279	7,141
A22500	Losses on disposal of property, plant and equipment	(10,946)	1,381
A23900	Lease modification loss	-	8
A29900	Compensation loss (reversal)	287	(1,426)
A30000	Net change in operating assets and liabilities		
A31125	Contract assets	(933,015)	(866,151)
A31150	Notes and trade receivables	(21,213)	5,573
A31160	Construction receivable	(1,680,597)	(447,645)
A31180	Accounts receivable on the development of industrial districts	154,026	(246,697)
A31200	Inventories	13,529	(16,025)
A31120	Construction in progress	(2,709,891)	(867,947)
A31990	Buildings and land held for sale	201,212	(115)
A31240	Other current assets	(45,602)	(290,054)
A32125	Contract liabilities	496,867	(50,882)
A32130	Notes payable	(611)	(1,706)
A32150	Accounts payable	1,508,267	(327,559)
A32180	Accounts payable for the development of industrial districts	(550)	24,469
A32190	Accrued expenses	(101,698)	62,314
A32200	Provision	(4,052)	1,083
A32240	Net defined benefit liabilities	(18,541)	(48,631)
A32230	Other current liabilities	(10,276)	(20,368)
A33000	Cash generated from (used in) operations	(2,643,370)	(2,826,555)

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Code		Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
A33100	Interest received	\$ 28,082	\$ 399,219
A33300	Interest paid	(161,876)	(100,870)
A33500	Income tax paid	(88,801)	(28,960)
AAAA	Net cash generated from (used in) operating activities	(2,865,965)	(2,557,166)
	Cash flow of investing activities		
B00020	Disposal of financial assets at fair value through other comprehensive income	412,311	8,506
B00030	Cash returns from capital reduction of financial assets at fair value through other comprehensive income	-	81,736
B00040	Increase in financial assets at amortized cost	(247,193)	(416,955)
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	36	27,560
B02700	Payments for property, plant, and equipment	(84,438)	(15,306)
B02800	Proceeds from the disposal of property, plant, and equipment	12,345	743
B03700	Increase in refundable deposits	(34,183)	(57,210)
B06800	Decrease in other assets	26,892	1,172
B07600	Dividends received	9,889	2,448,128
BBBB	Net cash generated from investing activities	95,627	2,078,374
	Cash flow of financing activities		
C00200	Decrease in short-term borrowings	(100,700)	(260,713)
C00600	Increase (decrease) in short-term notes payable	450,102	(20,572)
C01700	Proceeds from (repayments of) long-term loans	1,327,786	(270,408)
C03000	Increase in guarantee deposits received	101,548	63,916
C04020	Repayment of principal portion of lease liability	(41,244)	(37,130)
C04300	Increase in other non-current liabilities	-	3,121
C05400	Subsidiaries' equity acquired	-	(5,527)
C05800	Increase in non-controlling equity	49,000	-
C05800	Dividends paid to non-controlling interests in cash	(174)	-
CCCC	Net cash generated from (used in) financing activities	1,786,318	(527,313)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(56,184)	38,791

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Code		Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
EEEE	Net decrease in cash and cash equivalents	(\$ 1,040,204)	(\$ 967,314)
E00100	Opening balance of cash and cash equivalents	<u>4,189,543</u>	<u>2,995,422</u>
E00200	Ending balance of cash and cash equivalents	<u>\$ 3,149,339</u>	<u>\$ 2,028,108</u>
<u>Reconciliation of ending balance of cash and cash equivalents</u>			
Code		June 30, 2023	June 30, 2022
E00210	Cash and cash equivalents in the consolidated balance sheet	\$ 3,444,339	\$ 2,322,498
E00240	Bank overdraft	(<u>295,000</u>)	(<u>294,390</u>)
E00200	Balance of cash and cash equivalents	<u>\$ 3,149,339</u>	<u>\$ 2,028,108</u>

The notes attached are part of the consolidated financial statements.
(Please refer to the review report by Deloitte Taiwan dated August 9, 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 Six Months Ended June 30, 2023 and 2022
(In NT\$ thousands, unless specified otherwise)

I. History of the Corporation

BES Engineering Corporation (hereinafter referred to as "the Corporation") was originally a state-owned enterprise until June 22, 1994. The Corporation mainly engages 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 August 9, 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
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024
Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"	Note 3

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.

Note 3: Upon publication of these amendments, the provisions of the exceptions and the disclosure of the fact that they have been applied shall apply immediately, and retroactive application shall be made in accordance with the provisions of IAS 8; the other disclosure provisions apply for annual reporting periods beginning on or after

January 1, 2023; the other disclosure provisions do not apply for interim financial reports with interim period end dates prior to December 31, 2023.

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

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

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

1. Level 1 inputs: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date.
2. Level 2 inputs: Inputs, other than quoted 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 Group’s ones. All intra-Company 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 5 and 6 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 is calculated as per the interim pre-tax income at the tax rate applicable to the estimated total annual earnings.

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

Please refer to the description of Key Sources of Uncertainty over Critical Accounting Judgments, Assumptions, and Estimation in the consolidated financial statements for the year ended December 31, 2022.

VI. Cash and cash equivalents

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cash on hand	\$ 7,013	\$ 7,361	\$ 6,926
Bank checks and demand deposits	3,430,924	3,764,376	2,187,390
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	<u>6,402</u>	<u>417,806</u>	<u>128,182</u>
	<u>\$ 3,444,339</u>	<u>\$ 4,189,543</u>	<u>\$ 2,322,498</u>

VII. Financial instruments at fair value through profit or loss

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial asset</u>			
Mandatorily at fair value through profit or loss			
Non-derivative financial assets			
– Mutual funds	<u>\$ 4,181</u>	<u>\$ 4,142</u>	<u>\$ 4,046</u>

At the shareholder’s meeting on February 23, 2022, Core Pacific City Co., Ltd. (“Core Pacific City”) 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%)	(21,520)
Losses recognized (other gains and losses)	(\$ 65)

VIII. Financial assets at fair value through other comprehensive income

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Current</u>			
Domestic investment			
Listed stocks	<u>\$ 885,969</u>	<u>\$ 1,214,472</u>	<u>\$ 1,078,321</u>
<u>Non-current</u>			
Domestic investment			
Listed stocks	\$ 1,793,768	\$ 1,808,411	\$ 1,757,160
Unlisted stocks	123,125	104,762	105,337

Film investment project -
The M Riders

<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,916,893</u>	<u>\$ 1,913,173</u>	<u>\$ 1,862,497</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 fair value through other comprehensive income.

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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Current</u>			
Domestic investment			
Time deposits with original maturities of more than 3 months	\$ 2,104,758	\$ 1,515,466	\$ 2,493,207
Others (Note)	<u>2,103,680</u>	<u>2,425,731</u>	<u>2,633,323</u>
	<u>\$ 4,208,438</u>	<u>\$ 3,941,197</u>	<u>\$ 5,126,530</u>
<u>Non-current</u>			
Domestic investment			
Time deposits with original maturities of more than 3 months	\$ 3,070	\$ 142	\$ 2,637
Others (Note)	<u>608,844</u>	<u>631,820</u>	<u>-</u>
	<u>\$ 611,914</u>	<u>\$ 631,962</u>	<u>\$ 2,637</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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Notes receivables	<u>\$ -</u>	<u>\$ 61</u>	<u>\$ 248</u>
<u>Trade receivables</u>			
Measured at amortized cost			
Total carrying amount	117,062	95,823	104,506
Less: Allowance for impairment losses	(<u>365</u>)	(<u>400</u>)	(<u>12,666</u>)
	<u>116,697</u>	<u>95,423</u>	<u>91,840</u>
Notes and Trade receivables, net	<u>\$ 116,697</u>	<u>\$ 95,484</u>	<u>\$ 92,088</u>
Construction receivables	<u>\$ 4,283,762</u>	<u>\$ 2,603,165</u>	<u>\$ 2,734,383</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 in the credit quality of trade receivables from the grant date 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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Not past due	\$ 4,399,115	\$ 2,697,808	\$ 2,824,719
60 days or fewer	1,344	644	428
61–90 days	-	-	915
91–120 days	-	3	72
121 days or more	-	133	89
Total	<u>\$ 4,400,459</u>	<u>\$ 2,698,588</u>	<u>\$ 2,826,223</u>

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

	<u>Six months ended June 30, 2023</u>	<u>Six months ended June 30, 2022</u>
Balance at the beginning of the Period	\$ 400	\$ 12,666
Less: actual write-off during the period	(35)	-
Ending balance	<u>\$ 365</u>	<u>\$ 12,666</u>

XI. Accounts receivable on the development of industrial districts

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Chung Hua Coastal Industrial Park	\$ 821,832	\$ 971,231	\$ 4,386,124
Yunlin Technology-Based Industrial Park	5,189	147	-
Other industrial districts	<u>1,917,000</u>	<u>1,926,669</u>	<u>1,937,776</u>
	<u>\$ 2,744,021</u>	<u>\$ 2,898,047</u>	<u>\$ 6,323,900</u>

For the six months ended June 30, 2023 and 2022, the Group continued to invest in development (including interest accrued) in the amounts of NT\$637,737 thousand and NT\$1,357,876 thousand, respectively; the amounts collected for the six months ended June 30, 2023 and 2022 were NT\$791,763 thousand and NT\$1,111,179 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 doubtful accounts 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 doubtful accounts 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

	Properties available for sale	Construction in progress		
		Land held for construction	Construction costs	Total
<u>June 30, 2023</u>				
Self-construction on self-owned land	\$ 411,931	\$ 1,244,634	\$ 3,573,263	\$ 4,817,897
Joint construction	11,344,666	115,830	2,644,291	2,760,121
Unspecified use	-	25,236	-	25,236
	<u>\$ 11,756,597</u>	<u>\$ 1,385,700</u>	<u>\$ 6,217,554</u>	<u>\$ 7,603,254</u>
<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
Unspecified 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>June 30, 2022</u>				
Self-construction on self-owned land	\$ 411,845	\$ 1,244,634	\$ 1,144,452	\$ 2,389,086
Joint construction	11,438,813	79,481	1,507,171	1,586,652
Unspecified use	-	25,236	-	25,236
	<u>\$ 11,850,658</u>	<u>\$ 1,349,351</u>	<u>\$ 2,651,623</u>	<u>\$ 4,000,974</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 June 30, 2023 and on December 31 and June 30, 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:

- (1) 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 June 30, 2023, the structural work was still in progress.
- (2) 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 June 30, 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 June 30, 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, the construction license was approved on June 24, 2023. By June 30, 2023, the structural work was still in progress.

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 June 30, 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. On February 24, 2023, the application for the renewal of zoning was approved. By June 30, 2023, the business plan report was still being prepared.

The Group's interest expenses before capitalization for the three months and six months ended June 30, 2023 and 2022 were NT\$90,407 thousand, NT\$51,548 thousand, NT\$163,875 thousand, and NT\$99,409 thousand, respectively, and the capitalized construction interest was NT\$33,253 thousand, NT\$10,909 thousand, NT\$56,877 thousand, and NT\$19,309 thousand, respectively; the annualized rates of capitalization were 2.664%–2.676%, 1.909%–1.910%, 2.609%–2.625%, and 1.838%–1.847%, 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			Description
			2023 June 30	2022 December 31	2022 June 30	
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
	Core Pacific World Co., Ltd.	BESM Holding Co., Ltd.	Investment Holding	100.00	100.00	100.00
Huading Enterprise Co. Ltd.		Urban Renewal Reconstruction	90.00	-	-	1 and 6
Zhong Hua Cheng Development Co., Ltd.		Consultancy	100.00	100.00	100.00	1
BES Machinery Co., Ltd.	Chinese City International Investment Co., Ltd.	Consultancy	100.00	100.00	100.00	1
	BESM Holding Co., Ltd.	Investment Holding	-	-	-	1 and 4
Cinemark Core Pacific, Co., Ltd.	Cinemark-Core Pacific, Ltd.	Domestic and overseas movie playing	-	-	-	1 and 4
Core Asia Human Resource Management Corporation	Cinema 7 Theater Co., Ltd.	Movie broadcasting and retail sale of food, grocery, and beverage	100.00	100.00	100.00	1
	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.	Land development and investment	8.21	8.21	8.21	1 and 2
BES Engineering Corporation	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:

- The financial statements of non-material subsidiaries for the six months ended June 30, 2023 and 2022 were not reviewed by CPAs.
- The Group's holds more than 50% of the total shares with the control over the subsidiary.
- 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.
- 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.
- 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.

6. On May 10, 2023, the Corporation's board of directors approved the establishment of Huading Enterprise Co. Ltd., and the registration of the change had been completed in June 2023. The Corporation held 90% of the total shares with the control over it; therefore, it is included as an entity in the consolidated financial statements.

XIV. Investments accounted for using the equity method

Investment in associates

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Individually non-material associates	<u>\$ 1,553,513</u>	<u>\$ 1,591,585</u>	<u>\$ 1,686,913</u>

Aggregate information on individually non-material associates

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
The Group's share				
Net Income (Loss) of the Period	(\$ 11,564)	\$ 399	(\$ 13,279)	(\$ 7,141)
Other Comprehensive Incomes and Losses	(23,092)	2,123	(24,793)	55,242
Total Comprehensive Income and Losses	<u>(\$ 34,656)</u>	<u>\$ 2,522</u>	<u>(\$ 38,072)</u>	<u>\$ 48,101</u>

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 undertook 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 its percentage in the JV. The details are as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 74,876	\$ 67,162	\$ 114,268
Construction receivable	102,090	10,997	3,763
Contract assets - current	-	85,928	85,747
Other current assets	-	2	38
Total assets	<u>\$ 176,966</u>	<u>\$ 164,089</u>	<u>\$ 203,816</u>
<u>Liabilities</u>			
Accounts payable	\$ -	\$ 702	\$ 125
Accrued expenses	238	269	397
Contract liabilities - current	84,757	77,110	117,481
Other current liabilities	3,519	3,535	3,525
Total liabilities	<u>\$ 88,514</u>	<u>\$ 81,616</u>	<u>\$ 121,528</u>

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Income from construction	<u>\$ 17,552</u>	<u>\$ 3,983</u>	<u>\$ 19,360</u>	<u>\$ 47,037</u>
Construction costs	<u>\$ 16,147</u>	<u>\$ 3,745</u>	<u>\$ 17,846</u>	<u>\$ 44,217</u>
Interest income	<u>\$ 141</u>	<u>\$ 10</u>	<u>\$ 141</u>	<u>\$ 10</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”), 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 its percentage in the JV. The details are as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 22,104	\$ 3,179
Construction receivable	6,969	14,672
Other current assets	6,349	2,747
Refundable deposits	<u>724</u>	<u>65</u>
Total assets	<u>\$ 36,146</u>	<u>\$ 20,663</u>
<u>Liabilities</u>		
Accounts payable	\$ 568	\$ 35
Accrued expenses	-	4
Contract liabilities - current	15,952	3,144
Other current liabilities	<u>3,808</u>	<u>8</u>
Total liabilities	<u>\$ 20,328</u>	<u>\$ 3,191</u>
	<u>Three months ended June 30, 2023</u>	<u>Six months ended June 30, 2023</u>
Income from construction	<u>\$ 25,489</u>	<u>\$ 38,063</u>
Construction costs	<u>\$ 25,004</u>	<u>\$ 37,374</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 June 30, 2023, the settlement of land value increment tax was still in progress. The expected interest recognized in other liabilities - current is estimated at NT\$69,180 thousand.

XVI. Property, Plant and Equipment

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Land and land improvements	\$ 2,723,221	\$ 2,723,339	\$ 2,723,489
Buildings	161,564	168,066	173,515
Machinery and equipment	199,563	140,454	149,346
Other equipment	49,542	49,251	48,245
Unfinished construction	<u>10,316</u>	<u>8,387</u>	<u>5,051</u>
	<u>\$ 3,144,206</u>	<u>\$ 3,089,497</u>	<u>\$ 3,099,646</u>

For the six months ended June 30, 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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Carrying amount of right-of-use assets			
Land	\$ 34,953	\$ 38,498	\$ 42,116
Buildings	146,415	167,769	171,111
Transportation equipment	<u>31,747</u>	<u>28,021</u>	<u>23,277</u>
	<u>\$ 213,115</u>	<u>\$ 234,288</u>	<u>\$ 236,504</u>
	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023
Additions of right-of-use assets			<u>\$ 20,632</u>
Decrease in right-of-use assets			<u>\$ 533</u>
Depreciation expenses of right-of-use assets			
Land	\$ 1,380	\$ 1,780	\$ 2,915
Buildings	13,895	12,904	28,757
Machinery and equipment	-	-	-
Transportation equipment	<u>4,912</u>	<u>4,305</u>	<u>9,603</u>
	<u>\$ 20,187</u>	<u>\$ 18,989</u>	<u>\$ 41,275</u>
			<u>\$ 37,340</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 six months ended June 30, 2023 and 2022.

(II) Lease liabilities

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Carrying amount of lease liabilities			
Current	<u>\$ 75,604</u>	<u>\$ 71,090</u>	<u>\$ 71,453</u>
Non-current	<u>\$ 148,461</u>	<u>\$ 174,117</u>	<u>\$ 175,838</u>

Range of discount rates for lease liabilities is as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Land	2.10%–2.80%	2.10%–2.80%	2.10%–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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
1st year	\$ 1,867	\$ 2,066	\$ 1,531
2nd year	480	646	535
3rd year	80	320	-
	<u>\$ 2,427</u>	<u>\$ 3,032</u>	<u>\$ 2,066</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 June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Short-term lease expenses	<u>\$ 2,011</u>	<u>\$ 1,835</u>	<u>\$ 2,873</u>	<u>\$ 3,481</u>
Low-value asset lease expenses	<u>\$ 62</u>	<u>\$ 97</u>	<u>\$ 209</u>	<u>\$ 245</u>
Changes in lease payments not included in the measurement of the lease liabilities	<u>\$ 33,318</u>	<u>\$ 19,423</u>	<u>\$ 71,537</u>	<u>\$ 88,591</u>
Total cash (outflow) of leases			(<u>\$ 118,834</u>)	(<u>\$ 132,492</u>)

XVIII. Investment property

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Investment property finished	<u>\$ 1,097,556</u>	<u>\$ 1,113,221</u>	<u>\$ 1,123,665</u>

For the six months ended June 30, 2023 and 2022, as there was no sign of impairment, the Group did not conduct an impairment assessment.

The Group's investment properties 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 June 30, 2023, December 31 and June 30, 2022, the total rentals to be collected in the future for the investment properties leased out under operating leases are as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Less than 1 year	\$ 59,407	\$ 101,473	\$ 71,136
1–5 years	<u>130,036</u>	<u>77,038</u>	<u>209,397</u>
	<u>\$ 189,443</u>	<u>\$ 178,511</u>	<u>\$ 280,533</u>

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Fair value	<u>\$ 5,942,899</u>	<u>\$ 5,953,397</u>	<u>\$ 5,649,430</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 collateralized for borrowings.

XIX. Borrowings

(I) Short-term borrowings

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Secured borrowings</u>			
Bank borrowings	\$ 3,913,300	\$ 4,200,000	\$ 2,266,400
Bank overdraft	<u>295,000</u>	<u>-</u>	<u>294,390</u>
	4,208,300	4,200,000	2,560,790
<u>Unsecured borrowings</u>			
Borrowings with a line of credit	<u>700,000</u>	<u>514,000</u>	<u>518,000</u>
	<u>\$ 4,908,300</u>	<u>\$ 4,714,000</u>	<u>\$ 3,078,790</u>

The bank borrowings are 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 June 30, 2023 and December 31 and June 30, 2022 were 1.790%–3.353%, 1.540%–3.101%, and 1.600%–2.850%, respectively.

(II) Short-term notes payable

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Commercial paper payable	\$ 1,501,000	\$ 1,051,000	\$ 2,515,000
Less: Discount of short-term notes payable	(<u>847</u>)	(<u>949</u>)	(<u>3,601</u>)
	<u>\$ 1,500,153</u>	<u>\$ 1,050,051</u>	<u>\$ 2,511,399</u>

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

June 30, 2023

Guarantee institution	Face value	Discount amount	Carrying amount	Interest rate range	Name of collateral	Collateral Carrying amount
<u>Commercial paper payable</u>						
Mega Bills Finance Co., Ltd.	\$ 737,000	\$ 325	\$ 736,675	2.650%	Land and buildings	\$ 1,850,162
Mega Bills Finance Co., Ltd.	450,000	199	449,801	2.650%	Land and buildings	495,309
Taiwan Finance Corporation	<u>314,000</u>	<u>323</u>	<u>313,677</u>	2.850%	Land and buildings	885,242
	<u>\$ 1,501,000</u>	<u>\$ 847</u>	<u>\$ 1,500,153</u>			

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 Bills Finance Co., Ltd.	\$ 500,000	\$ 305	\$ 499,695	2.440%	Note 1	Note 1
Mega Bills Finance Co., Ltd.	237,000	264	236,736	2.500%	Note 1	Note 1
Taiwan Finance Corporation	314,000	380	313,620	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: Collateralized with land and building in subsection 3, Xinyi District, Taipei City and 5,207 thousand shares of Taiwan Business Bank in a total carrying amount of NT\$942,379 thousand.

June 30, 2022

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

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

Note 2: Collateralized with land and building in subsection 3, Xinyi District, Taipei City and 5,207 thousand shares of Taiwan Business Bank in a total carrying amount of NT\$921,605 thousand.

Note 3: Collateralized with 38,775 thousand shares of China Petrochemical Development Corporation in the carrying amount of NT\$372,240 thousand.

The short-term notes payables are 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, land, and buildings (refer to Note 34).

(III) Long-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Secured borrowings</u>			
Bank borrowings	\$ 4,613,304	\$ 4,397,569	\$ 5,340,456
<u>Unsecured borrowings</u>			
Bank borrowings	<u>2,515,699</u>	<u>1,403,648</u>	<u>449,006</u>
Subtotal	7,129,003	5,801,217	5,789,462
Less: Current portion	(69,031)	(57,057)	(732,333)
Long-term borrowings	<u>\$ 7,059,972</u>	<u>\$ 5,744,160</u>	<u>\$ 5,057,129</u>

The bank borrowings are secured by the Group's partial bank savings, receivables (under accounts receivable on the development of industrial districts), construction in

progress, self-owned land and buildings, and certificates of deposit (refer to Note 34). As of June 30, 2023 and December 31 and June 30, 2022, the effective interest rates per annum were 2.150%–3.097%, 2.115%–4.000%, and 1.500%–4.000%, respectively.

XX. Accounts payable

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Due to operations	<u>\$ 5,800,936</u>	<u>\$ 4,292,669</u>	<u>\$ 4,285,602</u>

In the accounts payable, the amounts of construction retention payable under construction contracts as of June 30, 2023 and December 31 and June 30, 2022, were NT\$1,971,423 thousand, NT\$1,979,280 thousand, and NT\$1,952,307 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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Litzer Industrial District	\$ 1,850	\$ 2,400	\$ 1,102,654
Yunlin Technology-Based Industrial Park	-	-	887,535
Other Industrial Districts	<u>15,963</u>	<u>15,963</u>	<u>15,963</u>
	<u>\$ 17,813</u>	<u>\$ 18,363</u>	<u>\$ 2,006,152</u>

For the six months ended June 30, 2023 and 2022, the amounts of the accounts payable (receivable) for the development of industrial districts were NT\$20 thousand and NT\$28,142 thousand, respectively; the costs invested for the six months ended June 30, 2023 and 2022 were NT\$570 thousand and NT\$3,673 thousand, respectively.

XXII. Provision

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Current</u>			
Warranty	<u>\$ 488,776</u>	<u>\$ 492,541</u>	<u>\$ 460,998</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 was for the contingent loss listed in advance for lawsuits which were 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 the three months and six months ended June 30, 2023 and 2022 were calculated at the pension cost rate actuarially determined on December 31, 2022 and 2021, respectively, and the amounts were NT\$1,219 thousand, NT\$1,620 thousand, NT\$2,795 thousand and NT\$3,140 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:

	June 30, 2023		
	Less than 1 year	Over 1 year	Total
<u>Assets</u>			
Financial assets at amortized cost - current	\$ 1,257,511	\$ 418,448	\$ 1,675,959
Construction receivable	3,953,721	330,041	4,283,762
Contract assets - current	477,897	2,953,659	3,431,556
Accounts receivable on the development of industrial districts	-	2,744,021	2,744,021
Inventories	241,399	-	241,399
Buildings and land held for sale, net	1,998,356	9,758,241	11,756,597
Construction in progress	-	7,603,254	7,603,254
Refundable deposits on construction contracts	145,113	19,171	164,284
	<u>\$ 8,073,997</u>	<u>\$ 23,826,835</u>	<u>\$ 31,900,832</u>
<u>Liabilities</u>			
Notes payable	\$ 2,378	\$ -	\$ 2,378
Accounts payable	5,241,339	541,141	5,782,480
Contract liabilities - current	1,774,399	885,730	2,660,129
Accounts payable for the development of industrial districts	-	17,813	17,813
Provision - current	84,022	404,754	488,776
Guarantee deposits on construction contracts	492,030	181,984	674,014
	<u>\$ 7,594,168</u>	<u>\$ 2,031,422</u>	<u>\$ 9,625,590</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>

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

XXV. Equity

(I) Share capital

	June 30, 2023	December 31, 2022	June 30, 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

	June 30, 2023	December 31, 2022	June 30, 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
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>

- 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.
- 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 is 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:

- Paying for taxes in accordance with the laws and regulations.
- Compensating the cumulative deficit over the years.
- Setting aside 10% as the legal reserve unless it has reached the amount of the Corporation's paid-in capital.
- Setting aside a special reserve for the amount of the deduction of shareholders' equity that occurs during the year.
- Adding the cumulative undistributed earnings in the prior year, if there are still earnings, allocating at least 20% as shareholders' dividends.
- 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 cash.

The Corporation held the general shareholders' meetings on June 7, 2023 and May 31, 2022 to propose and approve the 2022 and 2021 annual earnings distribution proposals, respectively, with the 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

(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>Six months ended June 30, 2023</u>	<u>Six months ended June 30, 2022</u>
Balance at the beginning of the Period	(\$ 180,793)	(\$ 336,052)
Incurred in the current period		
Exchange differences on translation of the financial statements of foreign operations	(63,387)	44,676
Share of associates using the equity method	(<u>24,793</u>)	<u>55,242</u>
Other Comprehensive Income of the Period	(88,180)	99,918
Part of the equity of subsidiaries acquired (Note 31)	(<u>1,205</u>)	(<u>285</u>)
Ending balance	(<u>\$ 270,178</u>)	(<u>\$ 236,419</u>)

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

	<u>Six months ended June 30, 2023</u>	<u>Six months ended June 30, 2022</u>
Balance at the beginning of the Period	(\$ 296,350)	\$ 112,261
Incurred in the current period		
Unrealized gain or loss on Equity instruments	87,528	(555,443)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(229,720)	(4,629)
Part of the equity of subsidiaries acquired (Note 31)	(<u>689</u>)	(<u>269</u>)
Ending balance	(<u>\$ 439,231</u>)	(<u>\$ 448,080</u>)

(VI) Non-controlling Equity

	Six months ended June 30, 2023	Six months ended June 30, 2022
Balance at the beginning of the Period	\$ 71,411	\$ 93,223
Net loss in this period	(3,121)	(5,787)
Other comprehensive income of the period		
Exchange differences on translation of the financial statements of foreign operations	(14)	10
Unrealized gains or losses on financial assets at fair value through other comprehensive income	-	(137)
Non-controlling interests increased of subsidiaries acquired	\$ 49,000	\$ -
Non-controlling interests of subsidiaries acquired (Note 31)	(7,463)	(5,737)
Cash dividends from shareholders of subsidiaries	(174)	-
Ending balance	<u>\$ 109,639</u>	<u>\$ 81,572</u>

XXVI. Revenue

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Revenue from customer contracts				
Income from construction	\$ 4,285,900	\$ 2,531,553	\$ 7,880,023	\$ 5,846,812
Service income	313,386	279,389	610,000	607,290
Income from property sales	221,800	-	269,371	-
Other operating income	25,908	19,747	67,650	58,518
	<u>\$ 4,846,994</u>	<u>\$ 2,830,689</u>	<u>\$ 8,827,044</u>	<u>\$ 6,512,620</u>
<u>Balance of contracts</u>				
	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Trade receivables (Note 10)	<u>\$ 116,697</u>	<u>\$ 95,423</u>	<u>\$ 91,840</u>	<u>\$ 96,507</u>
Construction receivable (Note 10)	<u>\$ 4,283,762</u>	<u>\$ 2,603,165</u>	<u>\$ 2,734,383</u>	<u>\$ 2,286,738</u>
Contract assets				
Construction retention receivable	\$ 1,896,146	\$ 1,765,201	\$ 1,907,369	\$ 1,666,471
Construction contracts receivable	1,535,410	733,340	1,417,825	792,572
	<u>\$ 3,431,556</u>	<u>\$ 2,498,541</u>	<u>\$ 3,325,194</u>	<u>\$ 2,459,043</u>
Contract liabilities				
Construction contracts payable	\$ 2,533,474	\$ 2,065,899	\$ 2,540,370	\$ 2,627,413
Property sales	126,655	94,363	150,253	106,965
Sales of service	18,212	21,212	5,163	29,874

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
	<u>\$ 2,678,341</u>	<u>\$ 2,181,474</u>	<u>\$ 2,695,786</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

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Cash in banks	\$ 6,260	\$ 1,309	\$ 8,666	\$ 2,678
Financial assets at amortized cost	7,257	2,420	8,973	3,609
Interest income from bond- type preferred stocks	-	-	-	374,807
Others	5,851	9,396	11,533	17,962
	<u>\$ 19,368</u>	<u>\$ 13,125</u>	<u>\$ 29,172</u>	<u>\$ 399,056</u>

(II) Other income

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Rent income	\$ 19,833	\$ 20,761	\$ 41,503	\$ 38,081
Dividend income	9,889	97,740	9,889	2,448,128
Other income	383	14,610	383	14,628
	<u>\$ 30,105</u>	<u>\$ 133,111</u>	<u>\$ 51,775</u>	<u>\$ 2,500,837</u>

(III) Other gains and losses

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Processing fee expenses	(\$ 22,534)	(\$ 29,006)	(\$ 44,822)	(\$ 55,455)
Gains (losses) on reversal of compensation	(535)	1,337	(287)	1,426
Gains (losses) on financial assets and financial liabilities -financial assets mandatorily classified as at fair value through profit or loss	65	(332)	43	(2,348,600)
Gain (loss) on disposal of property, plant, and equipment	27	118	10,946	(1,381)
Others	(232)	(640)	8,656	7,819
	<u>(\$ 23,209)</u>	<u>(\$ 28,523)</u>	<u>(\$ 25,464)</u>	<u>(\$ 2,396,191)</u>

(IV) Financial costs

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Bank overdraft and interests on bank borrowings	\$ 55,984	\$ 39,117	\$ 104,616	\$ 77,372
Interest on lease liabilities	1,094	1,208	2,270	2,414
Interest expense of customer contracts	76	314	112	314
	<u>\$ 57,154</u>	<u>\$ 40,639</u>	<u>\$ 106,998</u>	<u>\$ 80,100</u>

Please refer to Note 12 for information on interest capitalization.

(V) Depreciation

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Depreciation expenses by function				
Operating costs	\$ 17,540	\$ 14,569	\$ 34,483	\$ 29,887
Operating expenses	<u>17,548</u>	<u>20,479</u>	<u>35,285</u>	<u>40,229</u>
	<u>\$ 35,088</u>	<u>\$ 35,048</u>	<u>\$ 69,768</u>	<u>\$ 70,116</u>

The depreciation expenses of investment properties for the three months and the six months ended June 30, 2023 and 2022 were NT\$4,177 thousand, NT\$4,219 thousand, NT\$8,259 thousand, and NT\$7,954 thousand, respectively and were recognized in other income - rental income on a net basis.

(VI) Employee benefit expenses

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Short-term employee benefit expenses	\$ 524,904	\$ 481,112	\$ 1,047,955	\$ 981,180
Post-employment benefits				
Defined contribution plan	23,974	21,805	46,877	43,392
Defined benefit plan	<u>1,219</u>	<u>1,620</u>	<u>2,795</u>	<u>3,140</u>
	25,193	23,425	49,672	46,532
Other employee benefits	<u>56,601</u>	<u>50,164</u>	<u>110,723</u>	<u>100,063</u>
Total employee benefit expenses	<u>\$ 606,698</u>	<u>\$ 554,701</u>	<u>\$ 1,208,350</u>	<u>\$ 1,127,775</u>
By function				
Operating costs	\$ 541,451	\$ 482,072	\$ 1,080,339	\$ 986,495
Operating expenses	<u>65,247</u>	<u>72,629</u>	<u>128,011</u>	<u>141,280</u>
	<u>\$ 606,698</u>	<u>\$ 554,701</u>	<u>\$ 1,208,350</u>	<u>\$ 1,127,775</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 six months ended June 30, 2023 and 2022 as follows:

Percentage for estimation

	Six months ended June 30, 2023	Six months ended June 30, 2022
Employee remuneration	2%	2%
Remuneration to directors and supervisors	2%	2%

Amount

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Employee remuneration	<u>\$ 4,796</u>	<u>\$ 2,682</u>	<u>\$ 7,546</u>	<u>\$ 12,108</u>
Remuneration to directors and supervisors	<u>\$ 4,796</u>	<u>\$ 2,682</u>	<u>\$ 7,546</u>	<u>\$ 12,108</u>

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

Remuneration to employees, 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:

<u>Amount</u>	<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, 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:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Current income tax				
Incurred in this period	\$ 14,355	\$ 627	\$ 14,874	\$ 9,390
Income tax on undistributed earnings	-	78,162	-	78,162
Land value increment tax	3,534	-	4,261	-
Adjustment for the prior year	<u>4,391</u>	<u>2,421</u>	<u>4,391</u>	<u>2,421</u>
	<u>22,280</u>	<u>81,210</u>	<u>23,526</u>	<u>89,973</u>
Deferred tax				
Incurred in this period	40,594	8,788	67,332	21,565
Adjustment for the prior year	(<u>364</u>)	<u>3,183</u>	(<u>364</u>)	<u>3,183</u>
	<u>40,230</u>	<u>11,971</u>	<u>66,968</u>	<u>24,748</u>
Income tax expenses recognized in profit or loss	<u>\$ 62,510</u>	<u>\$ 93,181</u>	<u>\$ 90,494</u>	<u>\$ 114,721</u>

(II) Income tax approval

	<u>Income tax Approval 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.	2021
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

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Net income used to calculate basic earnings per share	<u>\$ 168,136</u>	<u>\$ 53,659</u>	<u>\$ 272,861</u>	<u>\$ 488,162</u>

Number of shares

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
				Unit: Thousand shares
Weighted average number of ordinary shares used to calculate basic earnings per share	1,530,899	1,530,899	1,530,899	1,530,899
Effect of potentially dilutive ordinary shares:				
Employee remuneration	<u>680</u>	<u>-</u>	<u>1,629</u>	<u>3,701</u>
Weighted average number of ordinary shares used to calculate diluted earnings per share	<u>1,531,579</u>	<u>1,530,899</u>	<u>1,532,528</u>	<u>1,534,600</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 applied for a government subsidy of NT\$139 thousand 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 and the Ministry of Economic Affairs' subsidy for basic wages in enterprises affected by the pandemic. The government subsidy was used to compensate the incurred expenses and working capital and recognized as government subsidy income under other income.

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. had increased from 99.35% to 99.46%.

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

	BES Machinery Co., Ltd.
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 treated the transaction as an equity transaction.

	BES Machinery Co., Ltd.
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 treated the transaction 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

June 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Mutual funds	<u>\$ 4,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,181</u>

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through other comprehensive income</u>				
Investment in equity instruments				
- Domestic listed stocks	\$ 2,679,737	\$ -	\$ -	\$ 2,679,737
- Domestic unlisted stocks	-	123,125	-	123,125
Total	<u>\$ 2,679,737</u>	<u>\$ 123,125</u>	<u>\$ -</u>	<u>\$ 2,802,862</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Mutual funds	<u>\$ 4,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,142</u>

	Level 1	Level 2	Level 3	Total
<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>

June 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Mutual funds	<u>\$ 4,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,046</u>

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

There were no transfers between Level 1 and Level 2 fair value measurements for the six months ended June 30, 2023 and 2022.

2. Reconciliation of financial instruments at Level 3 fair value

Six months ended June 30, 2022

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

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

Category of financial instruments	Valuation techniques and inputs
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 date.
Others	Discounted cash flow method: Discounting at a discount rate that reflects the present implicit interest rate on income at the end of the period.

4. 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

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Financial asset</u>			
Financial assets at fair value through profit loss			
Mandatorily at fair value through profit or loss	\$ 4,181	\$ 4,142	\$ 4,046
Financial assets at amortized cost (Note 1)	12,921,514	11,670,905	10,718,223
Financial assets at fair value through other comprehensive income			
Investment in equity instruments	2,802,862	3,127,645	2,940,818
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	21,510,246	17,932,619	17,687,275

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

	CNY		HKD	
	Six months ended June 30, 2023	Six months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Equity	\$ 54,153	\$ 58,588	\$ 23,523	\$ 25,758

(2) Interest rate risk

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

	June 30, 2023	December 31, 2022	June 30, 2022
Fair value interest rate risk			
- Financial assets	\$ 2,654,079	\$ 2,486,980	\$ 2,553,392
- Financial liabilities	1,727,198	1,311,256	2,782,971
Cash flow interest rate risk			
- Financial assets	5,540,674	6,221,602	4,811,770
- Financial liabilities	12,034,323	10,499,219	8,843,971

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 was 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 six months ended June 30, 2023 and 2022 would decrease by NT\$32,468 thousand and NT\$20,161 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 six months ended June 30, 2023 and 2022, would increase NT\$140,143 thousand and NT\$147,041 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 are an important source of liquidity for the Group. Please refer to the description of the financing facilities below for the Group's bank financing facilities undrawn by June 30, 2023 and December 31 and June 30, 2022.

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Unsecured bank financing facilities (reviewed annually)			
-Amount drawn	\$ 3,215,699	\$ 1,917,648	\$ 967,006
-Amount undrawn	<u>3,456,040</u>	<u>4,641,950</u>	<u>5,474,577</u>
	<u>\$ 6,671,739</u>	<u>\$ 6,559,598</u>	<u>\$ 6,441,583</u>
Secured bank financing facilities			
-Amount drawn	\$ 10,321,757	\$ 9,647,620	\$ 10,412,645
-Amount undrawn	<u>13,199,055</u>	<u>13,913,945</u>	<u>14,548,868</u>
	<u>\$ 23,520,812</u>	<u>\$ 23,561,565</u>	<u>\$ 24,961,513</u>

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

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

bank borrowings on demand. Within the earliest period in the table below, the probability of a bank's immediate execution of the right is not considered; the maturity analysis of other non-derivative financial liabilities is prepared according to the agreed repayment date.

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

June 30, 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		\$ 1,793,621	\$ 2,703,050	\$ 756,882	\$ 443,108	\$ 107,018
Lease liabilities	2.100-4.750	6,837	13,496	55,337	145,121	16,834
Instruments at floating interest rates	1.790-3.353	523,926	1,930,700	2,774,629	7,314,083	56,465
Instruments at fixed interest rates	2.150-2.850	<u>1,502,496</u>	<u>1,493</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 3,826,880</u>	<u>\$ 4,648,739</u>	<u>\$ 3,586,848</u>	<u>\$ 7,902,312</u>	<u>\$ 180,317</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	<u>1,054,679</u>	<u>4,317</u>	<u>8,144</u>	<u>-</u>	<u>-</u>
		<u>\$ 2,101,999</u>	<u>\$ 2,360,270</u>	<u>\$ 5,181,818</u>	<u>\$ 6,811,404</u>	<u>\$ 181,031</u>

June 30, 2022

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

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

(I) Name of related party and relations

<u>Name of related party</u>	<u>Relations with the Corporation</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
HRDD Logistics Co., Ltd.	Associate
Core Pacific City Co., Ltd.	The Corporation's affiliates (note)
Glory Construction Co., Ltd	The Corporation's affiliate
Cheng Yao Enterprise Co., Ltd.	The Corporation's affiliate

Name of related party	Relations with the Corporation
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

Account	Category of related party	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Operating revenue	The Corporation's institutional director	\$ 43,423	\$ 6,365	\$ 50,499	\$ 15,079
	Subsidiary of the Corporation's institutional director	189	85	405	138
	Substantive related party	45	47	90	92
	The Corporation's affiliate	48	48	98	74
	Associate	-	9	-	191
		<u>\$ 43,705</u>	<u>\$ 6,554</u>	<u>\$ 51,092</u>	<u>\$ 15,574</u>
Account	Category of related party	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Operating costs	The Corporation's affiliate	<u>\$ 818</u>	<u>\$ 1,964</u>	<u>\$ 2,521</u>	<u>\$ 3,928</u>
Operating expenses	The Corporation's affiliate	\$ 2,744	\$ 1,889	\$ 5,485	\$ 3,469
	Substantive related party	218	-	537	-
	The Corporation's institutional director	-	-	30	-
			<u>\$ 2,962</u>	<u>\$ 1,889</u>	<u>\$ 6,052</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	June 30, 2023	December 31, 2022	June 30, 2022
Construction receivable	The Corporation's institutional director	<u>\$ 39,405</u>	<u>\$ 1,240</u>	<u>\$ -</u>
Trade receivables	The Corporation's institutional director	\$ 3,350	\$ 3,463	\$ 4,377
	Subsidiary of the Corporation's institutional director	40	58	-
	Substantive related party	-	16	-
		<u>\$ 3,390</u>	<u>\$ 3,537</u>	<u>\$ 4,377</u>
Other receivables (included)	Substantive related party	\$ 647	\$ 616	\$ 634
Other current assets	The Corporation's affiliate	505	505	517
	Subsidiary of the Corporation's institutional director	-	-	23
		<u>\$ 1,152</u>	<u>\$ 1,121</u>	<u>\$ 1,174</u>

There is no guarantee received for receivables from related parties outstanding. The receivables of related parties for the six months ended June 30, 2023 and 2022 were not listed as bad debts.

(IV) Payables to related party

Account	Category of related party	June 30, 2023	December 31, 2022	June 30, 2022
Accrued expenses	The Corporation's affiliate	\$ 965	\$ 965	\$ 820
	The Corporation's institutional director	-	650	-
		<u>\$ 965</u>	<u>\$ 1,615</u>	<u>\$ 820</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:

June 30, 2023

Name of related party	Construction project code	Total contract price	Contract liabilities
China Petrochemical Development Corporation	A6E	<u>\$ 1,528,593</u>	<u>\$ 58,180</u>

December 31, 2022

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

June 30, 2022

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

Category of related party	Six months ended June 30, 2023	Six months ended June 30, 2022
<u>Acquisition of right-of-use assets</u>		
The Corporation's affiliate	<u>\$ 4,333</u>	<u>\$ 41,589</u>

Account	Category of related party	June 30, 2023	December 31, 2022	June 30, 2022
Lease liabilities	The Corporation's affiliate	\$ 26,065	\$ 31,436	\$ 20,705
	Substantive related party	19,451	20,528	20,991
	The Corporation's institutional director	<u>13,345</u>	<u>16,897</u>	<u>20,411</u>
		<u>\$ 58,861</u>	<u>\$ 68,861</u>	<u>\$ 62,107</u>

Account	Category of related party	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Interest expense	The Corporation's affiliate	\$ 160	\$ 102	\$ 350	\$ 213
	Substantive related party	118	127	232	255
	The Corporation's institutional director	<u>77</u>	<u>75</u>	<u>162</u>	<u>75</u>
		<u>\$ 355</u>	<u>\$ 304</u>	<u>\$ 744</u>	<u>\$ 543</u>

(VII) Acquisition of financial assets
Six months ended June 30, 2022

<u>Name of related party</u>	<u>Account</u>	<u>Number of shares traded</u>	<u>Target traded</u>	<u>Acquisition price</u>
China Petrochemical Development Corporation	Financial assets at fair value through other comprehensive income - non-current	58,649,685	Stocks 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) Disposal of financial assets
Six months ended June 30, 2022

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

(IX) Loans to related parties

<u>Account</u>	<u>Category of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Other receivables (included in other current assets)	Associate	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,550</u>

As of June 30, 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 June 30, 2023</u>	<u>Three months ended June 30, 2022</u>	<u>Six months ended June 30, 2023</u>	<u>Six months ended June 30, 2022</u>
Associate	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 253</u>

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

(X) Transactions with other related parties
Interest income, rent income, and other income:

<u>Category of related party</u>	<u>Three months ended June 30, 2023</u>	<u>Three months ended June 30, 2022</u>	<u>Six months ended June 30, 2023</u>	<u>Six months ended June 30, 2022</u>
Subsidiary of the Corporation's institutional director	\$ 5,509	\$ 3,823	\$ 11,114	\$ 4,109
The Corporation's institutional director	1,416	15,035	2,832	16,239
Substantive related party	1,856	1,762	3,685	3,523
The Corporation's affiliate	1,483	1,471	2,968	2,916
Associate	-	13	-	51
	<u>\$ 10,264</u>	<u>\$ 22,104</u>	<u>\$ 20,599</u>	<u>\$ 26,838</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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
The Corporation's affiliate	\$ 837	\$ 1,292	\$ 1,293
Substantive related party	238	-	-
Associate	-	1	-
Subsidiary of the Corporation's institutional director	10	10	-
	<u>\$ 1,085</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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Subsidiary of the Corporation's institutional director	\$ 28,571	\$ 28,571	\$ 28,571

(XI) Remuneration to key management personnel

The total remuneration to directors and other key management personnel for the six months ended June 30, 2023 and 2022 were as follows:

	<u>Three months ended June 30, 2023</u>	<u>Three months ended June 30, 2022</u>	<u>Six months ended June 30, 2023</u>	<u>Six months ended June 30, 2022</u>
Short-term employee benefit	\$ 9,753	\$ 6,630	\$ 18,688	\$ 23,391
Post-employment benefits	-	-	12,168	-
	<u>\$ 9,753</u>	<u>\$ 6,630</u>	<u>\$ 30,856</u>	<u>\$ 23,391</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 payable, construction project performance guarantee, construction warranty, and litigation:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Financial assets at fair value through other comprehensive income - current	\$ 550,050	\$ 800,401	\$ 713,871
Financial assets at amortized cost - current	3,696,598	3,588,808	4,418,945

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accounts receivable on the development of industrial districts	-	-	4,386,124
Buildings and land held for sale, net	4,907,127	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	1,442,315	1,454,089	372,240
Financial assets at amortized cost - non-current	611,914	631,820	2,637
Property, plant and equipment, net	1,703,925	1,513,013	1,517,199
Investment property, net	<u>796,971</u>	<u>799,342</u>	<u>804,286</u>
	<u>\$ 14,953,534</u>	<u>\$ 14,887,383</u>	<u>\$ 18,247,292</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:

June 30, 2023

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial asset</u>			
<u>Non-monetary item</u>			
CNY	\$ 252,933	4.282 (CNY:NTD)	\$ 1,083,058
HKD	118,383	3.974 (HKD:NTD)	470,455

December 31, 2022

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

June 30, 2022

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial asset</u>			
<u>Non-monetary item</u>			
CNY	\$ 264,192	4.439 (CNY/NTD)	\$ 1,171,750
HKD	135,999	3.788 (HKD/NTD)	515,163

The Group's foreign currency exchange gains (losses) (including realized and unrealized) for the three months and the six months ended June 30, 2023 and 2022 were NT\$(3,198 thousand), NT\$(1,439 thousand), NT\$(2,143 thousand) and NT\$3,453 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. Others

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 had 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 were unharmed, we filed a lawsuit for damages and other remedies to the Taiwan Taipei District Court on October 21, 2021, against the former Chairman Shen, Jun and the other two persons. Although the Corporation suffered damage, its operations remained normal, and the finance and business were not significantly affected by the aforementioned event. As of August 9, 2023, this 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: Table 4.
 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 5.
 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 6.
- (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 7.

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 segments

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

	Revenue of segment		Profit or loss of segment	
	Six months ended June 30, 2023	Six months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Construction Engineering Department	\$ 7,435,452	\$ 5,294,371	\$ 367,705	\$ 83,096
Construction and Development Department	795,940	571,406	72,139	(64,679)
Other departments	<u>595,652</u>	<u>646,843</u>	(<u>14,816</u>)	<u>162,218</u>
Total amount of continuing operations	<u>\$ 8,827,044</u>	<u>\$ 6,512,620</u>	425,028	180,635
Interest income			29,172	399,056
Other income			51,775	2,500,837
Other gains and losses			(25,464)	(2,396,191)
Financial costs			(106,998)	(80,100)
Share of profit or loss of associates accounted for using the equity method			(<u>13,279</u>)	(<u>7,141</u>)
Income before income tax			<u>\$ 360,234</u>	<u>\$ 597,096</u>

The revenue of segments reported above was from transactions with external clients. There were no inter-segment sales for the six months ended June 30, 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 six months ended June 30, 2023

Table 1

Unit: NTD in thousands

No.	Fund loaner	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	—	\$ -	\$ 883,169 (4% of BES Engineering Corporation's net equity)	\$ 8,831,692 (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	8,000	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 six months ended June 30, 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	\$ 77,885	\$ 62,980	\$ 71,198	39.07%	\$ 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).
June 30, 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 Engineering Corporation	Taishin ESG Emerging Markets Bond Fund	—	Financial assets at fair value through profit or loss - current	500,000	\$ 4,181	-	\$ 4,181	(Note 1)
		Taiwan Business Bank, Ltd.	—	Financial assets at fair value through other comprehensive income - current	39,661,727	565,179	0.49	565,179	(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	1,793,768	4.84	1,793,768	(Note 1)
		Century Development Corporation	—	Financial assets at fair value through other comprehensive income - non-current	10,633,492	93,043	3.03	93,043	(Note 1)
		Overseas Investment & Development Corp.	—	Financial assets at fair value through other comprehensive income - non-current	2,600,000	30,082	2.89	30,082	(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	300,366	0.81	300,366	(Note 1)
		Taiwan Business Bank, Ltd.	—	Financial assets at fair value through other comprehensive income - current	1,433,211	20,424	0.02	20,424	(Note 1)
2	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 prices of domestic listed stocks were based on the closing prices at the end of June 2023. The market price of mutual funds was calculated based on the net asset values of the funds as of June 2023 of respective funds. The values of the unlisted stocks were based on the fair values as of June 2023 of respective stocks.

Note 2: Preference shares.

BES Engineering Corporation and Subsidiaries
 Marketable Securities Acquired or Sold at Costs or Prices at Least NT\$300 Million or 20% of the Paid-in Capital
 For the six months ended June 30, 2023

Table 4

Unit: In thousands of NTD,
 unless stated otherwise

Buyer/Seller	Type and name of marketable securities	Account	Transaction counterparty	Relationship	Beginning of period		Acquisition		Sale				End of period	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Carrying Amount	Gain or loss on disposal	Number of shares	Amount
BES Engineering Co., Ltd.	<u>Stock</u> Taiwan Business Bank, Ltd.	Financial assets at fair value through other comprehensive income - current	—	—	68,964,727	\$ 893,093	-	\$ -	29,303,000	\$ 412,311	\$ 182,591	\$ 229,720	39,661,727	\$ 565,179

BES Engineering Corporation and Subsidiaries
Information on Investees (excluding investments in mainland China)
For the six months ended June 30, 2023

Table 5

Unit: NTD in thousands

Name of investor	Name of investee	Location	Principle business	Initial investment amount		Holding at the end of the period			Profit or loss on investee during the period	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 Engineering Corporation	Core Pacific World Co., Ltd.	6F., No. 12, Dongxing Rd., Taipei City	Investment	\$ 1,530,094	\$ 1,530,094	115,942,000	99.95	\$ 1,358,901	(\$ 7,342)	(\$ 7,339)	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	1,294,937	(10,753)	(10,753)	Subsidiaries	
	BES Logistics International Co., Ltd.	Republic of Mauritius	Investment	348,278	348,278	13,995,389	100.00	715,749	6,074	6,074	Subsidiaries	
	Core Asia Human Resources Management Co., Ltd.	2F, No. 12, Dongxing Rd., Taipei City	Business management consulting and investment advices	60,000	60,000	6,000,000	100.00	86,645	1,100	1,100	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	54,017	2,311	1,495	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	338,988	(29,889)	(25,943)	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	27,118	(192)	(176)	Subsidiaries	
	BES Global Investment Co.	4F., Ellen Skelton Building 3076 Sir Francis Drake Highway, Tortola, British Virgin Islands	Overseas construction and equipment sale	51,313	51,313	1,510,100	100.00	17,080	95	95	Subsidiaries	
	BA & BES Contracting (L.L.C.)	P.O. Box 92237, Dubai-UAE	Contracting Construction	10,696	10,696	1,200,000	40.00	-	-	-	-	Subsidiaries
	BESM Holding Co., Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Investment Holding	162,163	162,163	5,075,000	100.00	239,466	1,556	1,556	Subsidiaries	
(II) Core Pacific World Co., Ltd.	Huading Enterprise Co., Ltd.	14F., No. 12, Dongxing Rd., Taipei City	Urban renewal reconstruction	441,000	-	44,100,000	90.00	441,112	125	112	Subsidiaries	
	Chinese City International Investment Co., Ltd.	Republic of Mauritius	Consultancy	330,714	330,714	9,500,000	100.00	476,106	(3,962)	(3,962)	Subsidiaries	
	Zhong Hua Cheng Development Co., Ltd.	Republic of Mauritius	Consultancy	330,714	330,714	9,500,000	100.00	471,804	(3,577)	(3,577)	Subsidiaries	

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Name of investor	Name of investee	Location	Principle business	Initial investment amount		Holding at the end of the period			Profit or loss on investee during the period	Investment income or loss recognized for this year (Note 1)	Note
				End of period	Beginning of period	Number of shares	Percentage (%)	Carrying amount			
(III) BES Investment Corporation Ltd.	Wei-Jing Holdings Ltd.	British Virgin Islands	Investment Holding	\$ 463,104	\$ 463,104	14,400,000	44.67	\$ 470,455	(\$ 5,588)	(\$ 2,496)	
	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	2,425	(192)	(16)	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	12,113	(453)	(453)	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	743,329	(7,791)	(7,791)	Subsidiaries
(IV) Core Aasia Human Resource Management Corporation	Elite Human Resources Management Co., Ltd.	2F, No. 12, Dongxing Rd., Taipei City	Human resource consulting	5,000	5,000	500,000	100.00	11,585	2,386	2,386	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	14,376	194	194	Subsidiaries
	Chung Kung Management and Maintenance of Apartment Co., Ltd.	2F, No. 12, Dongxing Rd., Taipei City	Management service of apartment buildings	3,700	3,700	-	37.00	5,467	461	171	Subsidiaries
(VI) Cinemark Core Pacific, Co., 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	96,653	(13,931)	(6,910)	
	Cinema 7 Theater Co., Ltd.	8-11F., No. 52, Hanzhong Street, Taipei City	Movie broadcasting and retail sale of food, grocery and beverage	150,183	150,183	25,000	100.00	(48,531)	(9,815)	(9,815)	Subsidiaries
(VII) Chung Kung Management Consultant Corporation	Chung Kung Management and Maintenance of Apartment Co., Ltd.	2F, No. 12, Dongxing Rd., Taipei City	Management service of apartment buildings	6,300	6,300	-	63.00	9,309	461	290	Subsidiaries

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

Note 2: Investment income or loss between investees, investor's long-term equity investments, and the equity between investees have been written off when the consolidated financial statements were prepared, except for BA & BES Contracting L.L.C., Wei-Jing Holding Ltd. and Cinemark - Core (Hong Kong) Pacific Ltd.

BES Engineering Corporation and Subsidiaries
Information on Investment in Mainland China
For the six months ended June 30, 2023

Table 6

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 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	\$ 15,745 thousand CNY3,572 thousand	39.20%	\$ 6,172 thousand CNY1,400 thousand	\$ 760,252 thousand CNY177,546 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	(3,488 thousand) (CNY791 thousand)	100.00%	(3,488 thousand) (CNY791 thousand)	462,961 thousand CNY108,118 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	(3,874 thousand) (CNY879 thousand)	100.00%	(3,874 thousand) (CNY879 thousand)	467,182 thousand CNY109,104 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	15,745 thousand CNY3,572 thousand	9.80%	1,543 thousand CNY350 thousand	190,063 thousand CNY44,387 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	(9 thousand) (CNY 2 thousand)	49.60%	(4 thousand) (CNY 1 thousand)	(478 thousand) (CNY 112 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	(1,877 thousand) (CNY 426 thousand)	24.30%	(456 thousand) (CNY 104 thousand)	27,440 thousand CNY 6,408 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	(49,081 thousand) (CNY 11,135 thousand)	23.61%	(11,588 thousand) (CNY 2,629 thousand)	36,090 thousand CNY 8,428 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 USD 5,000 thousand	-	-	161,597 thousand USD 5,000 thousand	(13,625 thousand) (CNY 3,091 thousand)	49.60%	(6,758 thousand) (CNY 1,533 thousand)	39,597 thousand CNY 9,247 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	\$ 13,313,323
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-region corporation (please indicate the investor in the third region).

(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 investor in the third region is BES Logistics International Co., Ltd.

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

Note 5: The investor in the third region is Chinese City International Investment Co., Ltd.

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

Note 7: The investor in the third region 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, Yunnan Core Pacific City, 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
June 30, 2023

Table 7

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.