

**BES Engineering Corporation and Its
Subsidiaries**

**Consolidated Financial Statements and
Independent Auditors' Review Report
For the Nine Months Ended September 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 September 30, 2023 and 2022, the relevant consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity, and cash flows for the nine 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 September 30, 2023 and 2022 were NT\$5,237,931 thousand and NT\$5,174,380 thousand, respectively, accounting for 10.26% and 11.04% of the total consolidated assets, respectively; total liabilities were NT\$528,679 thousand and NT\$527,500 thousand, respectively, representing 1.84% and 2.16% of the total consolidated liabilities, respectively; total consolidated comprehensive incomes for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022 were NT\$(11,939) thousand, NT\$(42,998) thousand, NT\$(48,854) thousand, and NT\$289,333 thousand, respectively, accounting for (12.21%), (15.88%), (13.32%), and 97.25% of the total consolidated comprehensive income, respectively. As stated in Note 14 to the consolidated financial statements, the balances of investments under the equity method as at September 30, 2023 and 2022 were NT\$1,593,321 thousand and NT\$1,731,091 thousand, respectively; the consolidated comprehensive income of associates under the equity method for the three months ended September 30, 2023 and 2022 and for the nine month ended September 30, 2023 and 2022 were NT\$39,808 thousand, NT\$44,178 thousand, NT\$1,736 thousand and NT\$92,279 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 September 30, 2023 and 2022 as well as the consolidated financial performance for the three months ended September 30, 2023 and 2022, and consolidated financial performance and cash flows for the nine months ended September 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
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Jin-Guan-Zheng-Shen-Zi No. 1110348898

November 10, 2023

BES Engineering Corporation and Subsidiaries
Consolidated Statement of Financial Position
As of September 30, 2023, December 31, 2022, and September 30, 2022

Unit: NTD in thousands

Code	Assets	September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%
Current assets							
1100	Cash and cash equivalents (Notes 6 and 15)	\$ 2,419,908	5	\$ 4,189,543	9	\$ 3,675,113	8
1110	Financial assets at fair value through profit or loss - current (Note 7 and 33)	4,186	-	4,142	-	4,039	-
1120	Financial assets at fair value through other comprehensive income - current (Notes 8 and 34)	842,965	2	1,214,472	3	1,178,492	3
1136	Financial assets at amortized cost - current (Notes 9, 24, and 34)	4,009,319	8	3,941,197	9	5,288,758	11
1140	Contract asset-current (Notes 15, 24, and 26)	3,939,248	8	2,498,541	6	3,217,376	7
1150	Notes and trade receivables, net (Notes 10, 26, and 33)	129,888	-	95,484	-	100,098	-
1180	Construction receivable (Notes 10, 15, 24, 26, and 33)	5,191,448	10	2,603,165	6	3,297,412	7
1200	Accounts receivable on the development of industrial districts (Notes 11, 24, and 34)	2,550,811	5	2,898,047	6	3,040,864	7
1310	Inventories (Note 24)	209,699	-	255,222	1	268,982	1
1321	Buildings and land held for sale, net (Notes 12, 24, and 34)	11,748,272	23	11,831,311	26	11,925,571	25
1324	Construction in progress (Notes 12, 24, and 34)	9,272,483	18	4,962,958	11	4,445,375	9
1478	Refundable deposits on construction contracts (Note 24)	79,106	-	142,162	-	219,359	-
1479	Other current assets (Notes 15 and 33)	1,639,390	3	1,353,584	3	1,511,763	3
11XX	Total current assets	42,036,723	82	35,989,828	80	38,173,202	81
Non-current assets							
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8, 33, and 34)	1,823,261	4	1,913,173	4	1,844,858	4
1535	Financial assets at amortized cost - non-current (Notes 9 and 34)	630,343	1	631,962	1	2,911	-
1550	Investments accounted for using equity method (Note 14)	1,593,321	3	1,591,585	4	1,731,091	4
1600	Property, plant and equipment, net (Notes 16 and 34)	3,190,194	6	3,089,497	7	3,095,415	7
1755	Right-of-use assets (Notes 17 and 33)	212,918	1	234,288	1	244,863	1
1760	Investment properties, net (Notes 18 and 34)	1,100,991	2	1,113,221	2	1,121,469	2
1840	Deferred tax assets (Note 4)	361,602	1	470,398	1	547,990	1
1920	Refundable deposits (Notes 15 and 33)	56,388	-	42,984	-	46,024	-
1975	Defined benefit asset, net (Notes 4 and 23)	24,320	-	5,260	-	-	-
1990	Other non-current assets	27,751	-	57,700	-	44,404	-
15XX	Total non-current assets	9,021,089	18	9,150,068	20	8,679,025	19
1XXX	Total assets	\$ 51,057,812	100	\$ 45,139,896	100	\$ 46,852,227	100
Liabilities and Equity							
Current liabilities							
2100	Short-term borrowings (Notes 19 and 34)	\$ 6,196,733	12	\$ 4,714,000	11	\$ 3,296,400	7
2110	Short-term notes and bills payable (Notes 19 and 34)	1,477,376	3	1,050,051	2	2,260,809	5
2130	Contract liabilities-current (Notes 15, 24, 26, and 33)	2,886,771	6	2,181,474	5	2,709,998	6
2150	Notes payable (Note 24)	2,733	-	3,354	-	5,113	-
2170	Accounts payable (Notes 15, 20, and 24)	5,934,745	12	4,292,669	10	3,879,993	8
2209	Accrued expenses (Notes 15 and 33)	512,167	1	631,633	1	1,730,942	4
2216	Dividend payable (Note 25)	-	-	-	-	817,500	2
2219	Accounts payable for the development of industrial districts (Notes 21 and 24)	17,624	-	18,363	-	19,436	-
2230	Current tax liabilities (Note 4)	15,627	-	80,492	-	79,236	-
2250	Provisions - current (Notes 22 and 24)	488,869	1	492,541	1	458,843	1
2280	Lease liabilities - current (Notes 17 and 33)	79,491	-	71,090	-	75,577	-
2322	Long-term borrowings - current portion (Notes 19 and 34)	66,142	-	57,057	-	581,925	1
2330	Guarantee deposits on construction contracts (Note 24)	753,535	1	575,472	1	541,922	1
2399	Other current liabilities (Notes 15 and 33)	309,263	1	283,519	1	289,616	1
21XX	Total current liabilities	18,741,076	37	14,451,715	32	16,747,310	36
Non-current liabilities							
2540	Long-term borrowings (Notes 19 and 34)	7,793,848	15	5,744,160	13	5,379,688	12
2550	Provisions - non-current (Note 22)	971,846	2	971,846	2	971,846	2
2570	Deferred tax liabilities (Note 4)	1,085,906	2	1,090,365	3	1,113,763	2
2580	Lease liabilities - non-current (Notes 17 and 33)	144,389	-	174,117	-	180,161	-
2640	Defined benefit liability, net (Notes 4 and 23)	-	-	-	-	24,695	-
2645	Guarantee deposits received (Note 33)	34,065	-	31,469	-	28,483	-
2670	Other non-current liabilities	-	-	-	-	3,052	-
25XX	Total non-current liabilities	10,030,054	19	8,011,957	18	7,701,688	16
2XXX	Total liabilities	28,771,130	56	22,463,672	50	24,448,998	52
Equity attributable to owners of the Corporation							
3110	Ordinary share capital	15,308,998	30	15,308,998	34	15,308,998	33
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	3
3320	Special reserve	2,475,958	5	2,475,958	6	2,475,958	5
3350	Undistributed earnings	3,871,039	8	4,105,362	9	3,859,553	8
3300	Total retained earnings	7,547,924	15	7,698,310	17	7,452,501	16
3490	Other equity	(763,914)	(1)	(477,143)	(1)	(511,171)	(1)
31XX	Total equity attributable to owners of the Corporation	22,177,013	44	22,604,813	50	22,324,976	48
36XX	Non-controlling Equity	109,669	-	71,411	-	78,253	-
3XXX	Total equity	22,286,682	44	22,676,224	50	22,403,229	48
Total liabilities and equity							
		\$ 51,057,812	100	\$ 45,139,896	100	\$ 46,852,227	100

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

Chairman: Chou, Chih-Ming

Manager: Chou, Chih-Ming

Chief Accounting Officer: Su, Yu-Min

BES Engineering Corporation and Subsidiaries
Consolidated Statement of Comprehensive Income
For the three and the nine months ended September 30, 2023 and 2022

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

Code	Three Months Ended September 30, 2023		Three Months Ended September 30, 2022		Nine Months Ended September 30, 2023		Nine Months Ended September 30, 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
	Operating revenue (Notes 15, 26, and 33)							
4520	\$ 4,649,959	93	\$ 3,734,213	92	\$ 12,529,982	91	\$ 9,581,025	90
4800	335,151	7	339,514	8	1,282,172	9	1,005,322	10
4000	<u>4,985,110</u>	<u>100</u>	<u>4,073,727</u>	<u>100</u>	<u>13,812,154</u>	<u>100</u>	<u>10,586,347</u>	<u>100</u>
	Operating cost (Notes 15, 27, and 33)							
5520	4,305,766	86	3,507,842	86	11,629,669	84	8,814,043	83
5800	320,198	7	285,575	7	1,119,903	8	1,015,119	10
5000	<u>4,625,964</u>	<u>93</u>	<u>3,793,417</u>	<u>93</u>	<u>12,749,572</u>	<u>92</u>	<u>9,829,162</u>	<u>93</u>
5950	<u>359,146</u>	<u>7</u>	<u>280,310</u>	<u>7</u>	<u>1,062,582</u>	<u>8</u>	<u>757,185</u>	<u>7</u>
	Operating expenses (Notes 27 and 33)							
6100	24,637	-	32,191	1	82,294	1	79,592	1
6200	95,327	2	83,717	2	301,865	2	319,733	3
6300	5,469	-	6,545	-	19,682	-	19,368	-
6000	<u>125,433</u>	<u>2</u>	<u>122,453</u>	<u>3</u>	<u>403,841</u>	<u>3</u>	<u>418,693</u>	<u>4</u>
6900	<u>233,713</u>	<u>5</u>	<u>157,857</u>	<u>4</u>	<u>658,741</u>	<u>5</u>	<u>338,492</u>	<u>3</u>
	Non-operating income and expenses							
7100	7,944	-	11,008	-	37,116	-	410,064	4
7010	30,141	-	31,052	1	81,916	-	2,531,889	24
7020	(16,056)	-	(15,594)	-	(41,520)	-	(2,411,785)	(23)
7050	(56,819)	(1)	(47,718)	(1)	(163,817)	(1)	(127,818)	(1)
7055	-	-	(22,628)	(1)	-	-	(22,628)	-
7060	(8,264)	-	1,480	-	(21,543)	-	(5,661)	-
7000	<u>(43,054)</u>	<u>(1)</u>	<u>(42,400)</u>	<u>(1)</u>	<u>(107,848)</u>	<u>(1)</u>	<u>374,061</u>	<u>4</u>
7900	190,659	4	115,457	3	550,893	4	712,553	7
7950	<u>38,360</u>	<u>1</u>	<u>18,001</u>	<u>-</u>	<u>128,854</u>	<u>1</u>	<u>132,722</u>	<u>1</u>
8200	<u>152,299</u>	<u>3</u>	<u>97,456</u>	<u>3</u>	<u>422,039</u>	<u>3</u>	<u>579,831</u>	<u>6</u>
	Other comprehensive income (Notes 14 and 25)							
8310	Items not reclassified to profit or loss:							
8316	Unrealized gains or losses on investment in equity instruments at fair value through other comprehensive income							
	(136,636)	(3)	82,532	2	(49,108)	-	(473,048)	(5)
8360	Items that may subsequently be reclassified to profit or loss:							
8361	Exchange differences on translation of the financial statements of foreign operations							
	34,067	1	48,101	1	(29,334)	-	92,787	1
8370	Share of other comprehensive income of associates using the equity method							
	48,072	1	42,698	1	23,279	-	97,940	1
	<u>82,139</u>	<u>2</u>	<u>90,799</u>	<u>2</u>	<u>(6,055)</u>	<u>-</u>	<u>190,727</u>	<u>2</u>
8300	Other comprehensive income for the current period (net of tax)							
	(54,497)	(1)	173,331	4	(55,163)	-	(282,321)	(3)
8500	<u>\$ 97,802</u>	<u>2</u>	<u>\$ 270,787</u>	<u>7</u>	<u>\$ 366,876</u>	<u>3</u>	<u>\$ 297,510</u>	<u>3</u>
	Net income attributable to:							
8610	\$ 152,287	3	\$ 100,778	3	\$ 425,148	3	\$ 588,940	6
8620	12	-	(3,322)	-	(3,109)	-	(9,109)	-
8600	<u>\$ 152,299</u>	<u>3</u>	<u>\$ 97,456</u>	<u>3</u>	<u>\$ 422,039</u>	<u>3</u>	<u>\$ 579,831</u>	<u>6</u>
	Total comprehensive income attributable to:							
8710	\$ 97,782	2	\$ 274,106	7	\$ 369,991	3	\$ 306,743	3
8720	20	-	(3,319)	-	(3,115)	-	(9,233)	-
8700	<u>\$ 97,802</u>	<u>2</u>	<u>\$ 270,787</u>	<u>7</u>	<u>\$ 366,876</u>	<u>3</u>	<u>\$ 297,510</u>	<u>3</u>
	Earnings per share (Note 29)							
9710	\$ 0.10		\$ 0.07		\$ 0.28		\$ 0.38	
9810	\$ 0.10		\$ 0.07		\$ 0.28		\$ 0.38	

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

Chairman: Chou, Chih-Ming

Manager: Chou, Chih-Ming

Chief Accounting Officer: Su, Yu-Min

BES Engineering Corporation and Subsidiaries
Consolidated Statement of Changes in Equity
For the Nine Months Ended September 30, 2023 and 2022

Unit: NTD in thousands

Equity attributable to owners of the Corporation (Note 25)														
Code	Share Capital		Retained earnings					Other equity items			Non-controlling equity (Notes 25)	Total equity		
	Number of shares (in thousands)	Amount	Capital reserve	Legal reserve	Special reserve	Undistributed earnings	Total 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	
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 nine months ended September 30, 2022	-	-	-	-	-	588,940	588,940	-	-	-	588,940	(9,109)	579,831
D3	Net amount of other comprehensive income after tax for nine months ended September 30, 2022	-	-	-	-	-	-	-	190,713	(472,910)	(282,197)	(282,197)	(124)	(282,321)
D5	Total comprehensive income for nine months ended September 30, 2022	-	-	-	-	-	588,940	588,940	190,713	(472,910)	(282,197)	306,743	(9,233)	297,510
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	4,629	4,629	-	(4,629)	(4,629)	-	-	-
Z1	Balance on September 30, 2022	1,530,899	\$ 15,308,998	\$ 74,648	\$ 1,116,990	\$ 2,475,958	\$ 3,859,553	\$ 7,452,501	(\$ 145,624)	(\$ 365,547)	(\$ 511,171)	\$ 22,324,976	\$ 78,253	\$ 22,403,229
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 nine months ended September 30, 2023	-	-	-	-	-	425,148	425,148	-	-	-	425,148	(3,109)	422,039
D3	Net amount of other comprehensive income after tax for nine months ended September 30, 2023	-	-	-	-	-	-	-	(6,056)	(49,101)	(55,157)	(55,157)	(6)	(55,163)
D5	Total comprehensive income for nine months ended September 30, 2023	-	-	-	-	-	425,148	425,148	(6,056)	(49,101)	(55,157)	369,991	(3,115)	366,876
O1	Increase of non-controlling equity	-	-	-	-	-	-	-	-	-	-	-	49,010	49,010
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	229,720	229,720	-	(229,720)	(229,720)	-	-	-
Z1	Balance on September 30, 2023	1,530,899	\$ 15,308,998	\$ 84,005	\$ 1,200,927	\$ 2,475,958	\$ 3,871,039	\$ 7,547,924	(\$ 188,054)	(\$ 575,860)	(\$ 763,914)	\$ 22,177,013	\$ 109,669	\$ 22,286,682

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

Chairman: Chou, Chih-Ming

Manager: Chou, Chih-Ming

Chief Accounting Officer: Su, Yu-Min

BES Engineering Corporation and Subsidiaries
Consolidated Statement of Cash Flows
For the Nine Months Ended September 30, 2023 and 2022

Unit: NTD in thousands

Code		Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
	Cash flow of operating activities		
A10000	Net income before tax	\$ 550,893	\$ 712,553
A20010	Income and expenses		
A20100	Depreciation expense	121,112	118,303
A20300	Expected credit impairment loss recognized on trade receivables	-	22,628
A20400	Losses (gains) on financial assets at fair value through profit or loss	(48)	2,348,607
A20900	Financial costs	163,817	127,818
A21200	Interest income	(37,116)	(410,064)
A21300	Dividend income	(16,599)	(2,454,916)
A22300	Share of profit or loss of associates accounted for using the equity method	21,543	5,661
A22500	Losses on disposal of property, plant and equipment	(10,908)	2,321
A23900	Lease modification loss	-	8
A29900	Gains on reversal of compensation	(1,009)	(13,832)
A30000	Net change in operating assets and liabilities		
A31125	Contract assets	(1,440,707)	(758,333)
A31150	Notes and trade receivables	(34,404)	(2,437)
A31160	Construction receivable	(2,588,283)	(1,010,674)
A31180	Accounts receivable on the development of industrial districts	347,236	3,036,339
A31200	Inventories	45,523	(80,486)
A31120	Construction in progress	(4,358,304)	(1,297,597)
A31990	Buildings and land held for sale	232,788	(74,906)
A31240	Other current assets	(283,828)	(167,176)
A32125	Contract liabilities	705,297	(36,715)
A32130	Notes payable	(621)	(3,230)
A32150	Accounts payable	1,642,076	(733,168)
A32180	Accounts payable for the development of industrial districts	(739)	(1,962,247)
A32190	Accrued expenses	(124,094)	1,251,667
A32200	Provision	(2,663)	(894)
A32240	Net defined benefit liabilities	(19,060)	(49,127)
A32230	Other current liabilities	<u>25,744</u>	<u>(1,609)</u>

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<u>Code</u>		<u>Nine Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2022</u>
A33000	Cash used in operations	(\$ 5,062,354)	(\$ 1,431,506)
A33100	Interest received	35,982	408,996
A33300	Interest paid	(260,065)	(163,886)
A33500	Income tax paid	(90,226)	(26,355)
AAAA	Net cash used in operating activities	<u>(5,376,663)</u>	<u>(1,212,751)</u>
	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	(66,503)	(580,342)
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	(147,900)	(26,181)
B02800	Proceeds from the disposal of property, plant, and equipment	12,354	625
B03800	Decrease (increase) in refundable deposits	49,652	(50,663)
B06800	Decrease in other assets	29,949	5,910
B07600	Dividends received	<u>16,599</u>	<u>2,454,916</u>
BBBB	Net cash generated from investing activities	<u>306,466</u>	<u>1,922,067</u>
	Cash flow of financing activities		
C00100	Increase in short-term borrowings	1,187,300	251,287
C00600	Increase (decrease) in short-term notes payable	427,325	(271,162)
C01700	Proceeds from (repayments of) long-term loans	2,058,773	(98,257)
C03000	Increase in guarantee deposits received	180,659	64,008
C04020	Repayment of principal portion of lease liability	(62,716)	(57,766)
C04300	Increase in other non-current liabilities	-	3,052
C04500	Distribution of cash dividends	(805,254)	-
C05400	Subsidiaries' equity acquired	-	(5,527)
C05800	Increase of non-controlling equity	49,010	-
C05800	Dividends paid to non-controlling interests in cash	<u>(174)</u>	<u>-</u>
CCCC	Net cash generated from (used in) financing activities	<u>3,034,923</u>	<u>(114,365)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>(29,794)</u>	<u>84,740</u>

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<u>Code</u>		<u>Nine Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2022</u>
E0000	Net increase (decrease) in cash and cash equivalents during this period	(\$ 2,065,068)	\$ 679,691
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>\$ 2,124,475</u>	<u>\$ 3,675,113</u>
<u>Reconciliation of ending balance of cash and cash equivalents</u>			
<u>Code</u>		<u>September 30, 2023</u>	<u>September 30, 2022</u>
E00210	Cash and cash equivalents in the consolidated balance sheet	\$ 2,419,908	\$ 3,675,113
E00240	Bank overdraft	(<u>295,433</u>)	-
E00200	Balance of cash and cash equivalents	<u>\$ 2,124,475</u>	<u>\$ 3,675,113</u>

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

Chairman: Chou, Chih-Ming

Manager: Chou, Chih-Ming

Chief Accounting Officer: Su, Yu-Min

BES Engineering Corporation and Subsidiaries
Notes to Consolidated Financial Statements
For the Nine Months Ended September 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 November 10, 2023.

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

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

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

- (II) IFRSs endorsed by the FSC and applicable to 2024

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective date issued by the International Accounting Standards Board (IASB) (Note 1)</u>
Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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 (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: When the Amendment is first applied, partial disclosure is exempted.

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.

(III) 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
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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: Applicable to annual reporting periods beginning on or after January 1, 2025. When the amendment is applied for the first time, the impact will be recognized in the retained earnings on the date of initial application. When the Group uses a non-functional currency as the presentation currency, it will affect the exchange differences of foreign operations under equity on the date of initial application.

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 6 and 7 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. Taxation

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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 6,875	\$ 7,361	\$ 6,357
Bank checks and demand deposits	1,767,556	3,764,376	3,173,483
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	645,477	417,806	495,273
	<u>\$ 2,419,908</u>	<u>\$ 4,189,543</u>	<u>\$ 3,675,113</u>

VII. Financial instruments at fair value through profit or loss

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial asset</u>			
Mandatorily at fair value through profit or loss			
Non-derivative financial assets			
— Mutual funds	\$ 4,186	\$ 4,142	\$ 4,039

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%)	(<u>21,520</u>)
Losses recognized (other gains and losses)	(<u>\$ 65</u>)

VIII. Financial assets at fair value through other comprehensive income

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Current</u>			
Domestic investment			
Listed stocks	\$ <u>842,965</u>	\$ <u>1,214,472</u>	\$ <u>1,178,492</u>
<u>Non-current</u>			
Domestic investment			
Listed stocks	\$ 1,716,892	\$ 1,808,411	\$ 1,740,687
Unlisted stocks	106,369	104,762	104,171
Film investment project - The M Riders	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,823,261</u>	<u>\$ 1,913,173</u>	<u>\$ 1,844,858</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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Current</u>			
Domestic investment			
Time deposits with original maturities of more than 3 months	\$ 1,747,621	\$ 1,515,466	\$ 2,496,732
Others (Note)	<u>2,261,698</u>	<u>2,425,731</u>	<u>2,792,026</u>
	<u>\$ 4,009,319</u>	<u>\$ 3,941,197</u>	<u>\$ 5,288,758</u>
<u>Non-current</u>			
Domestic investment			
Time deposits with original maturities of more than 3 months	\$ 2,602	\$ 142	\$ 2,911
Others (Note)	<u>627,741</u>	<u>631,820</u>	<u>-</u>
	<u>\$ 630,343</u>	<u>\$ 631,962</u>	<u>\$ 2,911</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

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivables	<u>\$ 720</u>	<u>\$ 61</u>	<u>\$ 397</u>
<u>Trade receivables</u>			
Measured at amortized cost			
Total carrying amount	129,533	95,823	112,367
Less: Allowance for impairment losses	(<u>365</u>)	(<u>400</u>)	(<u>12,666</u>)
	<u>129,168</u>	<u>95,423</u>	<u>99,701</u>
Notes and trade receivables, net	<u>\$ 129,888</u>	<u>\$ 95,484</u>	<u>\$ 100,098</u>
Construction receivables	<u>\$ 5,191,448</u>	<u>\$ 2,603,165</u>	<u>\$ 3,297,412</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 recoverable amount, the Group will directly write off the relevant trade receivable but will continue to collect the overdue receivables. The receivable recovered is recognized in profit or loss.

Age analysis of trade and construction receivable was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Not past due	\$ 5,319,063	\$ 2,697,808	\$ 3,396,103
60 days or fewer	904	644	219
61-90 days	649	-	4
91-120 days	-	3	-
121 days or more	-	133	787
Total	<u>\$ 5,320,616</u>	<u>\$ 2,698,588</u>	<u>\$ 3,397,113</u>

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

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

XI. Accounts receivable on the development of industrial districts

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Chung Hua Coastal Industrial Park	\$ 632,721	\$ 971,231	\$ 1,108,607
Yunlin Technology-Based Industrial Park	6,663	147	-
Other Industrial Districts	<u>1,911,427</u>	<u>1,926,669</u>	<u>1,932,257</u>
	<u>\$ 2,550,811</u>	<u>\$ 2,898,047</u>	<u>\$ 3,040,864</u>

For the nine months ended September 30, 2023 and 2022, the Group continued to invest in development (including interest accrued) in the amounts of NT\$984,358 thousand and NT\$3,191,708 thousand, respectively; the amounts collected during the nine months ended September 30, 2023 and 2022 were NT\$1,331,594 thousand and NT\$6,228,047 thousand, respectively.

The Group's accounts receivable on the development of industrial districts are mainly funded by advanced cash and interest from the Bureau of Industrial Parks, 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 Bureau of Industrial Parks, 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 Bureau of Industrial Parks,

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

	Buildings and land held for sale	Construction in progress		
		Land held for construction	Construction costs	Total
<u>September 30, 2023</u>				
Self-construction on self-owned land	\$ 411,998	\$ 1,244,634	\$ 4,804,201	\$ 6,048,835
Joint construction	11,336,274	115,830	3,082,582	3,198,412
Unspecified use	-	25,236	-	25,236
	<u>\$ 11,748,272</u>	<u>\$ 1,385,700</u>	<u>\$ 7,886,783</u>	<u>\$ 9,272,483</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>September 30, 2022</u>				
Self-construction on self-owned land	\$ 411,968	\$ 1,244,634	\$ 1,251,066	\$ 2,495,700
Joint construction	11,513,603	79,481	1,844,958	1,924,439
Unspecified use	-	25,236	-	25,236
	<u>\$ 11,925,571</u>	<u>\$ 1,349,351</u>	<u>\$ 3,096,024</u>	<u>\$ 4,445,375</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 September 30, 2023 and on December 31 and September 30, 2022.

In November 2009, the Group acquired lots at land lot 434, Subsection 4, 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 September 30, 2023, the interior and exterior decorations were 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 September 30, 2023, the wall pile construction was still in progress.

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, renewal unit zoning was completed in June 2015, and was approved in October 2020, the right transformation plan was held on November 28, 2020, the housing unit selection was completed in January 2021, the hearing meeting was held on May 20, 2022, and the approval letter was received on July 11, 2023. By September 30, 2023, the review of the household relocation operation was still in progress.

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, and the beam erection ceremony was held on August 14, 2023. By September 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 September 30, 2023, the housing selection operation was still in progress.

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 September 30, 2023, the housing selection operation was still in progress.

On April 26, 2023, the Group acquired six land urban renewal projects, including land lot 60-19, Fuhe Section Sub-Section 2, Zhongzheng District, Taipei City, and signed a contract with the Taipei Housing and Urban Regeneration Center on August 24, 2023. By September 30, 2023, it was still under negotiation and integration.

On July 28, 2023, the Group was awarded the best applicant for 14 land urban renewal projects including land lot 956, Gongguan Section, Banqiao District, New Taipei City. By September 30, 2023, the capital contribution plan proposal has been submitted.

The Group's interest expenses before capitalization for the three months and nine months ended September 30, 2023 and 2022 were NT\$100,818 thousand, NT\$62,469 thousand, NT\$264,693 thousand, and NT\$161,878 thousand, respectively, and the capitalized construction interest was NT\$43,999 thousand, NT\$14,751 thousand, NT\$100,876 thousand, and NT\$34,060 thousand, respectively; the annualized rates of capitalization were 2.686%-2.688%, 2.084%-2.088%, 2.636%-2.656%, and 1.933%-1.946%, 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 September 30	2022 December 31	2022 September 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 and 7
	BES Logistics International Co., Ltd.	Investment	100.00	100.00	100.00	1
	Core Asia Human Resource Management Corporation	Business management consultancy and investment advices	100.00	100.00	100.00	1
	Chung Kung Safeguarding and Security Corp.	Security business	64.67	64.67	64.67	1
	Cinemark-Core Pacific, Ltd.	Domestic and overseas movie playing	91.76	78.14	78.14	1, 4, and 5
	BES Construction Corporation (U.S.A)	Land development and investment	91.79	91.79	91.79	1 and 2
	BES Global Investment Co.	Overseas construction and equipment sale	100.00	100.00	100.00	1
	BESM Holding Co., Ltd.	Investment Holding	100.00	100.00	100.00	1 and 4
	Huading Enterprise Co., Ltd.	Urban Renewal Reconstruction	90.00	-	-	1 and 6
Core Pacific World Co., Ltd.	Zhong Hua Cheng Development Co., Ltd.	Consultancy	100.00	100.00	100.00	1
	Chinese City International Investment	Consultancy	100.00	100.00	100.00	1

BES Machinery Co., Ltd.	Co., Ltd. BESM Holding Co., Ltd.	Investment Holding	-	-	-	1 and 4
Cinemark-Core Pacific, Ltd.	Cinemark-Core Pacific, Ltd. Cinema 7 Theater Co., Ltd.	Domestic and overseas movie playing Movie broadcasting and retail sale of food, grocery, and beverage	100.00	100.00	100.00	1 and 4 1
Core Asia Human Resource Management Corporation	Elite Human Resources Management Co., Ltd.	Human resource consulting	100.00	100.00	100.00	1
Chung Kung Safeguarding and Security Corp.	Chung Kung Management Consultant Co., Ltd.	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 Co., Ltd.	Chung Kung Management and Maintenance of Apartment Co., Ltd.	Management service of apartment buildings	63.00	63.00	63.00	1 and 2
BES Investment Corporation Ltd.	BES Construction Corporation (U.S.A)	Land development and investment	8.21	8.21	8.21	1 and 2
	Global BES Engineering (Myanmar) Co., Ltd.	Contracting Construction	100.00	100.00	100.00	1
Chinese City International Investment Co., Ltd.	BES Engineering Vietnam Co., Ltd. Hua Cheng Consulting (Changshu) Co., Ltd.	Contracting Construction Engineering and design consultancy	100.00 100.00	100.00 100.00	100.00 100.00	1 and 7 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 nine months ended September 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.
- Due to the restructuring of the Group, the board of directors resolved to merge BES Machinery Co., Ltd. in accordance with the Business Mergers and Acquisitions Act on December 29, 2021. The record date for the merger was March 25, 2022, with the Corporation as the surviving company. Please refer to Note 31 for transactions with non-controlling interests.
- 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, Ltd. through its seasoned equity offerings of 2023 for NTD 200,000 thousand. 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.
- 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. In addition, on July 25, 2023, the Corporation subscribed Huading Enterprise Co., Ltd. for the 2023 cash capital increase for NTD 90 thousand in proportion to the shareholding.
- The board of directors of Coporation, on July 21, 2023, resolved to increase the capital of BES Investment Company Ltd. by US\$10 million, which was then transferred to increase the capital of BES Engineering Vietnam Co. Ltd.. By September 30, 2023, the relevant procedures have not been completed.

XIV. Investments accounted for using the equity method
Investment in associates

	September 30, 2023	December 31, 2022	September 30, 2022
Individually non-material associates	<u>\$ 1,593,321</u>	<u>\$ 1,591,585</u>	<u>\$ 1,731,091</u>

Aggregate information on individually non-material associates

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
The Group's share				
Net Income (Loss) of the Period	(\$ 8,264)	\$ 1,480	(\$ 21,543)	(\$ 5,661)
Other Comprehensive Incomes and Losses	<u>48,072</u>	<u>42,698</u>	<u>23,279</u>	<u>97,940</u>
Total Comprehensive Income and Losses	<u>\$ 39,808</u>	<u>\$ 44,178</u>	<u>\$ 1,736</u>	<u>\$ 92,279</u>

The investments using the equity method and the share of profit or loss and other comprehensive income of the investments are calculated based on financial statements that have not been reviewed by CPAs.

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:

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Assets</u>			
Cash and cash equivalents	\$ 14,385	\$ 67,162	\$ 70,928
Construction receivable	-	10,997	-
Contract assets - current	-	85,928	85,928
Other current assets	-	2	15
Total assets	<u>\$ 14,385</u>	<u>\$ 164,089</u>	<u>\$ 156,871</u>
<u>Liabilities</u>			
Accounts payable	\$ 14	\$ 702	\$ 1,192
Accrued expenses	80	269	301
Contract liabilities - current	32,831	77,110	69,854
Other current liabilities	<u>3,525</u>	<u>3,535</u>	<u>3,522</u>
Total liabilities	<u>\$ 36,450</u>	<u>\$ 81,616</u>	<u>\$ 74,869</u>

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Income from construction	<u>\$ -</u>	<u>\$ 2,008</u>	<u>\$ 19,360</u>	<u>\$ 49,045</u>
Construction costs	<u>\$ -</u>	<u>\$ 1,887</u>	<u>\$ 17,846</u>	<u>\$ 46,104</u>
Interest income	<u>\$ -</u>	<u>\$ -</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:

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Assets</u>			
Cash and cash equivalents	\$ 37,506	\$ 3,179	\$ 8,793
Construction receivable	12,884	14,672	-
Contract assets - current	-	-	4,094
Refundable deposits	724	65	81
Other current assets	<u>2,832</u>	<u>2,747</u>	<u>286</u>
Total assets	<u>\$ 53,946</u>	<u>\$ 20,663</u>	<u>\$ 13,254</u>
<u>Liabilities</u>			
Accounts payable	\$ 8,046	\$ 35	\$ -
Accrued expenses	7	4	-
Contract liabilities - current	20,259	3,144	-
Other current liabilities	<u>13,158</u>	<u>8</u>	<u>179</u>
Total liabilities	<u>\$ 41,470</u>	<u>\$ 3,191</u>	<u>\$ 179</u>

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
Income from construction	<u>\$ 23,890</u>	<u>\$ 61,953</u>
Construction costs	<u>\$ 23,455</u>	<u>\$ 60,829</u>
Interest income	<u>\$ 41</u>	<u>\$ 41</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 September 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\$71,330 thousand.

XVI. Property, Plant and Equipment

	September 30, 2023	December 31, 2022	September 30, 2022
Land and land improvements	\$ 2,723,161	\$ 2,723,339	\$ 2,723,414
Buildings	158,296	168,066	169,986
Machinery and equipment	246,724	140,454	147,257
Other equipment	50,033	49,251	48,366
Unfinished construction	<u>11,980</u>	<u>8,387</u>	<u>6,392</u>
	<u>\$ 3,190,194</u>	<u>\$ 3,089,497</u>	<u>\$ 3,095,415</u>

For the nine months ended September 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 agreement

(I) Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount of right-of-use assets			
Land	\$ 33,517	\$ 38,498	\$ 40,307
Buildings	135,558	167,769	179,003
Transportation equipment	<u>43,843</u>	<u>28,021</u>	<u>25,553</u>
	<u>\$ 212,918</u>	<u>\$ 234,288</u>	<u>\$ 244,863</u>
	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023
Additions of right-of-use assets			<u>\$ 41,923</u>
Decrease in right-of-use assets			<u>\$ 533</u>
			<u>\$ 79,861</u>
Depreciation expenses of right-of-use assets			
Land	\$ 1,435	\$ 1,809	\$ 4,350
Buildings	13,264	14,498	42,021
Machinery and equipment	-	-	-
Transportation equipment	<u>6,785</u>	<u>4,416</u>	<u>16,388</u>
	<u>\$ 21,484</u>	<u>\$ 20,723</u>	<u>\$ 62,759</u>
			<u>\$ 58,063</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 nine months ended September 30, 2023 and 2022.

(II) Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount of lease liabilities			
Current	\$ 79,491	\$ 71,090	\$ 75,577
Non-current	\$ 144,389	\$ 174,117	\$ 180,161

Range of discount rates for lease liabilities is as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
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:

	September 30, 2023	December 31, 2022	September 30, 2022
1st year	\$ 1,793	\$ 2,066	\$ 2,502
2nd year	893	646	771
3rd year	-	320	440
	<u>\$ 2,686</u>	<u>\$ 3,032</u>	<u>\$ 3,713</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 September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Short-term lease expenses	\$ 6,567	\$ 781	\$ 9,440	\$ 4,262
Low-value asset lease expenses	\$ 350	\$ 104	\$ 559	\$ 349
Changes in lease payments not included in the measurement of the lease liabilities	\$ 33,176	\$ 23,972	\$ 104,713	\$ 112,563
Total cash (outflow) of leases			(\$ 181,891)	(\$ 179,562)

XVIII. Investment property

	September 30, 2023	December 31, 2022	September 30, 2022
Investment property finished	\$ 1,100,991	\$ 1,113,221	\$ 1,121,469

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

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

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

As of September 30, 2023, December 31 and September 30, 2022, the total rentals to be collected in the future for the investment properties leased out under operating leases are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Less than 1 year	\$ 95,459	\$ 101,473	\$ 44,424
1-5 years	<u>69,448</u>	<u>77,038</u>	<u>205,476</u>
	<u>\$ 164,907</u>	<u>\$ 178,511</u>	<u>\$ 249,900</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value	<u>\$ 5,953,981</u>	<u>\$ 5,953,397</u>	<u>\$ 5,659,551</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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured borrowings</u>			
Bank borrowings	\$ 4,401,300	\$ 4,200,000	\$ 2,780,400
Bank overdraft	<u>295,433</u>	<u>-</u>	<u>-</u>
	4,696,733	4,200,000	2,780,400
<u>Unsecured borrowings</u>			
Borrowings with a line of credit	<u>1,500,000</u>	<u>514,000</u>	<u>516,000</u>
	<u>\$ 6,196,733</u>	<u>\$ 4,714,000</u>	<u>\$ 3,296,400</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 September 30, 2023 and December 31 and September 30, 2022 were 1.660%-3.353%, 1.540%-3.101%, and 1.400%-2.975%, respectively.

(II) Short-term notes payable

	September 30, 2023	December 31, 2022	September 30, 2022
Commercial paper payable	\$ 1,478,000	\$ 1,051,000	\$ 2,265,000
Less: Discount of short-term notes payable	(<u>624</u>)	(<u>949</u>)	(<u>4,191</u>)
	<u>\$ 1,477,376</u>	<u>\$ 1,050,051</u>	<u>\$ 2,260,809</u>

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

September 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 Finance Ltd.	Bills \$ 714,000	\$ 215	\$ 713,785	2.710%	Land and buildings	\$ 1,854,106
Mega	Bills 450,000	136	449,864	2.710%	Land and	494,592

Guarantee institution	Face value	Discount amount	Carrying amount	Interest rate range	Name of collateral	Collateral Carrying amount
Finance Co., Ltd.					buildings	
Taiwan Finance Corporation	314,000	273	313,727	2.850%	Land and buildings	887,129
	<u>\$ 1,478,000</u>	<u>\$ 624</u>	<u>\$ 1,477,376</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.

September 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	\$ 1,608	\$ 738,392	2.605%	Note 1	Note 1
Mega Bills Finance Co., Ltd.	500,000	1,234	498,766	2.160%	Land and buildings	\$ 1,800,465
Mega Bills Finance Co., Ltd.	450,000	343	449,657	2.100%	Land and buildings	496,754
Taiwan Finance Corporation	390,000	604	389,396	2.420%	Note 2	Note 2
Taiwan Finance Corporation	185,000	402	184,598	2.605%	Note 1	Note 1
	<u>\$ 2,265,000</u>	<u>\$ 4,191</u>	<u>\$ 2,260,809</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\$1,108,607 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\$932,707 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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Secured borrowings</u>			
Bank borrowings	\$ 5,322,262	\$ 4,397,569	\$ 4,407,261
<u>Unsecured borrowings</u>			
Bank borrowings	<u>2,537,728</u>	<u>1,403,648</u>	<u>1,554,352</u>
Subtotal	7,859,990	5,801,217	5,961,613
Less: Current portion	(<u>66,142</u>)	(<u>57,057</u>)	(<u>581,925</u>)
Long-term borrowings	<u>\$ 7,793,848</u>	<u>\$ 5,744,160</u>	<u>\$ 5,379,688</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, buildings, and certificates of deposit (refer to Note 34). As of September 30, 2023 and December 31 and September 30, 2022, the effective interest rates per annum were 2.240 %-3.132%, 2.115%-4.000% and 1.990%-4.000%, respectively.

XX. Accounts payable

	September 30, 2023	December 31, 2022	September 30, 2022
Due to operations	<u>\$ 5,934,745</u>	<u>\$ 4,292,669</u>	<u>\$ 3,879,993</u>

In the accounts payable, the amounts of construction retention payable under construction contracts as of September 30, 2023 and December 31 and September 30, 2022, were NT\$2,098,007 thousand, NT\$1,979,280 thousand, and NT\$1,942,208 thousand, respectively. Construction retentions payable are non-interest bearing and will be paid at the end of the retention period of each construction contract. The warranty period is the Group's normal operating cycle, which is usually more than one year.

XXI. Accounts payable for the development of industrial districts

	September 30, 2023	December 31, 2022	September 30, 2022
Litzer Industrial District	\$ 1,661	\$ 2,400	\$ 2,699
Yunlin Technology-Based Industrial Park	-	-	774
Other Industrial Districts	<u>15,963</u>	<u>15,963</u>	<u>15,963</u>
	<u>\$ 17,624</u>	<u>\$ 18,363</u>	<u>\$ 19,436</u>

For the nine months ended September 30, 2023 and 2022, the amounts of the accounts payable (receivable) for the development of industrial districts were NT\$20 thousand and NT\$38,088 thousand, respectively; the costs invested for the nine months ended September 30, 2023 and 2022 were NT\$759 thousand and NT\$5,006 thousand, respectively; for the nine months ended September 30, 2022, the balance of amounts recovered was NT\$1,995,329 thousand.

XXII. Provision

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Warranty	<u>\$ 488,869</u>	<u>\$ 492,541</u>	<u>\$ 458,843</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>\$ 971,846</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 nine months ended September 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\$1,397 thousand, NT\$1,519 thousand, NT\$4,192 thousand and NT\$4,659 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:

	September 30, 2023		
	Less than 1 year	Over 1 year	Total
<u>Assets</u>			
Financial assets at amortized cost - current	\$ 956,455	\$ 432,266	\$ 1,388,721
Construction receivable	4,826,501	364,947	5,191,448
Contract assets - current	510,428	3,428,820	3,939,248
Accounts receivable on the development of industrial districts	-	2,550,811	2,550,811
Inventories	209,364	-	209,364
Buildings and land held for sale, net	1,970,644	9,777,628	11,748,272
Construction in progress	-	9,272,483	9,272,483
Refundable deposits on construction contracts	59,857	19,249	79,106
	<u>\$ 8,533,249</u>	<u>\$ 25,846,204</u>	<u>\$ 34,379,453</u>
<u>Liabilities</u>			
Notes payable	\$ 2,378	\$ -	\$ 2,378
Accounts payable	5,193,999	721,611	5,915,610
Contract liabilities - current	772,361	2,096,277	2,868,638
Accounts payable for the development of industrial districts	-	17,624	17,624
Provision - current	83,135	405,734	488,869
Guarantee deposits on construction contracts	497,333	256,202	753,535
	<u>\$ 6,549,206</u>	<u>\$ 3,497,448</u>	<u>\$ 10,046,654</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

	December 31, 2022		
	Less than 1 year	Over 1 year	Total
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>

	December 31, 2022		
	Less than 1 year	Over 1 year	Total
<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>

	September 30, 2022		
	Less than 1 year	Over 1 year	Total
<u>Assets</u>			
Financial assets at amortized cost - current	\$ 1,240,170	\$ 623,331	\$ 1,863,501
Construction receivable	3,066,400	231,012	3,297,412
Contract assets - current	989,882	2,227,494	3,217,376
Accounts receivable on the development of industrial districts	-	3,040,864	3,040,864
Inventories	268,402	-	268,402
Buildings and land held for sale, net	2,353,054	9,572,517	11,925,571
Construction in progress	-	4,445,375	4,445,375
Refundable deposits on construction contracts	138,321	81,038	219,359
	<u>\$ 8,056,229</u>	<u>\$ 20,221,631</u>	<u>\$ 28,277,860</u>

<u>Liabilities</u>			
Notes payable	\$ 2,367	\$ -	\$ 2,367
Accounts payable	2,467,862	1,396,393	3,864,255
Contract liabilities - current	1,273,410	1,435,758	2,709,168
Accounts payable for the development of industrial districts	-	19,436	19,436
Provision - current	36,202	422,641	458,843

Guarantee deposits on construction contracts	151,738	390,184	541,922
	<u>\$ 3,931,579</u>	<u>\$ 3,664,412</u>	<u>\$ 7,595,991</u>

XXV. Equity

(I) Share capital

	September 30, 2023	December 31, 2022	September 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

	September 30, 2023	December 31, 2022	September 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.

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

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

An amount shall be set aside for the legal reserve until its balance reaches the amount of the Corporation's total paid-in capital. The legal reserve may be used to compensate the deficit. When the Corporation has no deficit and the legal reserve has exceeded 25% of the total paid-in capital, the excess may be used to transfer to the capital and distribute in 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	\$ 83,937	\$ 295,784
Cash dividends	\$ 805,254	\$ 817,500
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

	<u>Nine Months Ended September 30, 2023</u>	<u>Nine Months Ended September 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	(29,335)	92,773
Share of associates using the equity method	<u>23,279</u>	<u>97,940</u>
Other Comprehensive Income of the Period	(6,056)	190,713
Part of the equity of subsidiaries acquired (Note 31)	(<u>1,205</u>)	(<u>285</u>)
Ending balance	(<u>\$ 188,054</u>)	(<u>\$ 145,624</u>)

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

	<u>Nine Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2022</u>
Balance at the beginning of the Period	(\$ 296,350)	\$ 112,261
Incurring in the current period		
Unrealized gain or loss on Equity instruments	(49,101)	(472,910)
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)	(689)	(269)
Ending balance	<u>(\$ 575,860)</u>	<u>(\$ 365,547)</u>

(VI) Non-controlling Equity

	<u>Nine Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2022</u>
Balance at the beginning of the Period	\$ 71,411	\$ 93,223
Net loss in this period	(3,109)	(9,109)
Other Comprehensive Income of the Period		
Exchange differences on translation of the financial statements of foreign operations	1	14
Unrealized gains or losses on financial assets at fair value through other comprehensive income	(7)	(138)
Non-controlling interests increased of subsidiaries acquired	49,010	-
Non-controlling interests of subsidiaries acquired (Note 31)	(7,463)	(5,737)
Cash dividends distributed by shareholders of subsidiaries	(174)	-
Ending balance	<u>\$ 109,669</u>	<u>\$ 78,253</u>

XXVI. Revenue

	<u>Three Months Ended September 30, 2023</u>	<u>Three Months Ended September 30, 2022</u>	<u>Nine Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2022</u>
Revenue from customer contracts				
Income from construction	\$ 4,649,959	\$ 3,734,213	\$ 12,529,982	\$ 9,581,025
Service income	259,004	322,067	869,004	929,357
Income from property sales	42,088	-	311,459	-
Other operating income	34,059	17,447	101,709	75,965
	<u>\$ 4,985,110</u>	<u>\$ 4,073,727</u>	<u>\$ 13,812,154</u>	<u>\$ 10,586,347</u>

Balance of contracts

	September 30, 2023	December 31, 2022	September 30, 2022	January 1, 2022
Trade receivables (Note 10)	<u>\$ 129,168</u>	<u>\$ 95,423</u>	<u>\$ 99,701</u>	<u>\$ 96,507</u>
Construction receivable (Note 10)	<u>\$ 5,191,448</u>	<u>\$ 2,603,165</u>	<u>\$ 3,297,412</u>	<u>\$ 2,286,738</u>
Contract assets				
Construction retention receivable	\$ 1,971,744	\$ 1,765,201	\$ 1,850,293	\$ 1,666,471
Construction contracts receivable	<u>1,967,504</u>	<u>733,340</u>	<u>1,367,083</u>	<u>792,572</u>
	<u>\$ 3,939,248</u>	<u>\$ 2,498,541</u>	<u>\$ 3,217,376</u>	<u>\$ 2,459,043</u>
Contract liabilities				
Construction contracts payable	\$ 2,732,222	\$ 2,065,899	\$ 2,548,791	\$ 2,627,413
Property sales	136,416	94,363	160,377	106,965
Sales of service	<u>18,133</u>	<u>21,212</u>	<u>830</u>	<u>29,874</u>
	<u>\$ 2,886,771</u>	<u>\$ 2,181,474</u>	<u>\$ 2,709,998</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 September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Financial assets at amortized cost	\$ 3,072	\$ 2,507	\$ 12,045	\$ 6,116
Cash in banks	1,519	808	10,185	3,486
Interest income from bond-type preferred stocks	-	-	-	374,807
Others	<u>3,353</u>	<u>7,693</u>	<u>14,886</u>	<u>25,655</u>
	<u>\$ 7,944</u>	<u>\$ 11,008</u>	<u>\$ 37,116</u>	<u>\$ 410,064</u>

(II) Other income

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Rent income	\$ 23,431	\$ 24,048	\$ 64,934	\$ 62,129
Dividend income	6,710	6,788	16,599	2,454,916
Other income	-	216	383	14,844
	<u>\$ 30,141</u>	<u>\$ 31,052</u>	<u>\$ 81,916</u>	<u>\$ 2,531,889</u>

(III) Other gains and losses

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Processing fee expenses	(\$ 27,717)	(\$ 31,987)	(\$ 72,539)	(\$ 87,442)
Gains on reversal of compensation	1,296	12,406	1,009	13,832
Gains (losses) on financial assets and financial liabilities				
-financial assets mandatorily classified as at fair value through profit or loss	5	(7)	48	(2,348,607)
Gain (loss) on disposal of	(38)	(940)	10,908	(2,321)

property, plant and equipment				
Others	<u>10,398</u>	<u>4,934</u>	<u>19,054</u>	<u>12,753</u>
	<u>(\$ 16,056)</u>	<u>(\$ 15,594)</u>	<u>(\$ 41,520)</u>	<u>(\$ 2,411,785)</u>

(IV) Financial costs

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Bank overdraft and interests on bank borrowings	\$ 55,778	\$ 46,356	\$ 160,394	\$ 123,728
Interest on lease liabilities	958	1,275	3,228	3,689
Interest expense of customer contracts	<u>83</u>	<u>87</u>	<u>195</u>	<u>401</u>
	<u>\$ 56,819</u>	<u>\$ 47,718</u>	<u>\$ 163,817</u>	<u>\$ 127,818</u>

Please refer to Note 12 for information on interest capitalization.

V. Depreciation

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Depreciation expenses by function				
Operating costs	\$ 21,812	\$ 18,687	\$ 56,295	\$ 48,574
Operating expenses	<u>17,100</u>	<u>17,205</u>	<u>52,385</u>	<u>57,434</u>
	<u>\$ 38,912</u>	<u>\$ 35,892</u>	<u>\$ 108,680</u>	<u>\$ 106,008</u>

The depreciation expenses of investment properties for the three months and the nine months ended September 30, 2023 and 2022 were NT\$4,173 thousand, NT\$4,341 thousand, NT\$12,432 thousand, and NT\$12,295 thousand, respectively and were recognized in other income - rental income on a net basis.

(VI) Employee benefit expenses

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Short-term employee benefit expenses	<u>\$ 555,775</u>	<u>\$ 483,248</u>	<u>\$ 1,603,730</u>	<u>\$ 1,464,428</u>
Post-employment benefits				
Defined contribution plan	24,909	22,187	71,786	65,579
Defined benefit plan	<u>1,397</u>	<u>1,519</u>	<u>4,192</u>	<u>4,659</u>
	26,306	23,706	75,978	70,238
Other employee benefits	<u>58,592</u>	<u>50,903</u>	<u>169,315</u>	<u>150,966</u>
Total employee benefit expenses	<u>\$ 640,673</u>	<u>\$ 557,857</u>	<u>\$ 1,849,023</u>	<u>\$ 1,685,632</u>
By function				
Operating costs	\$ 571,219	\$ 493,823	\$ 1,651,558	\$ 1,480,318
Operating expenses	<u>69,454</u>	<u>64,034</u>	<u>197,465</u>	<u>205,314</u>
	<u>\$ 640,673</u>	<u>\$ 557,857</u>	<u>\$ 1,849,023</u>	<u>\$ 1,685,632</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 nine months ended September 30, 2023 and 2022 as follows:

Percentage for estimation

	<u>Nine Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2022</u>
Employee remuneration	2%	2%
Remuneration to directors and supervisors	2%	2%

Amount

	<u>Three Months Ended September 30, 2023</u>	<u>Three Months Ended September 30, 2022</u>	<u>Nine Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2022</u>
Employee remuneration	\$ 3,955	\$ 3,193	\$ 11,501	\$ 15,301
Remuneration to directors and supervisors	\$ 3,955	\$ 3,193	\$ 11,501	\$ 15,301

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:

Amount

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

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:

	<u>Three Months Ended September 30, 2023</u>	<u>Three Months Ended September 30, 2022</u>	<u>Nine Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2022</u>
Current income tax				
Incurred in this period	\$ 809	\$ 466	\$ 15,683	\$ 9,856
Income tax on undistributed earnings	-	-	-	78,162
Land value increment tax	663	-	4,924	-
Adjustment for the prior year	<u>-</u>	<u>(4,778)</u>	<u>4,391</u>	<u>(2,357)</u>
	<u>1,472</u>	<u>(4,312)</u>	<u>24,998</u>	<u>85,661</u>
Deferred tax				
Incurred in this period	36,888	22,313	104,220	43,878
Adjustment for the prior year	<u>-</u>	<u>-</u>	<u>(364)</u>	<u>3,183</u>
	<u>36,888</u>	<u>22,313</u>	<u>103,856</u>	<u>47,061</u>

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Income tax expenses recognized in profit or loss	\$ <u>38,360</u>	\$ <u>18,001</u>	\$ <u>128,854</u>	\$ <u>132,722</u>

(II) Income tax approval

	Income tax Approval Year
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 September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Net income used to calculate basic earnings per share	\$ <u>152,287</u>	\$ <u>100,778</u>	\$ <u>425,148</u>	\$ <u>588,940</u>

Number of shares

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
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>1,060</u>	<u>-</u>	<u>1,690</u>	<u>3,406</u>
Weighted average number of ordinary shares used to calculate diluted earnings per share	<u>1,531,959</u>	<u>1,530,899</u>	<u>1,532,589</u>	<u>1,534,305</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\$355 thousand under the Ministry of Culture's Regulations Governing Relief and Revitalization for Industries and Businesses Experiencing Operational Difficulties due to the Impact of Severe Pandemic with Novel Pathogens 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. Also, the Group applied for relief measures for the outsourced parking operators with operational difficulties due to the impact of the Severe Pneumonia with Novel Pathogens and the royalties were reduced based on the monthly revenue. As of September 30, 2022, the effect of said royalty concessions on Group amounted to NT\$239 thousand.

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	983
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	269
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, 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, Ltd.
	<hr/>
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
September 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Mutual funds	\$ <u>4,186</u>	\$ -	\$ -	\$ <u>4,186</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investment in equity instruments				
- Domestic listed stocks	\$ 2,559,857	\$ -	\$ -	\$ 2,559,857
- Domestic unlisted stocks	<u>-</u>	<u>106,369</u>	<u>-</u>	<u>106,369</u>
Total	<u>\$ 2,559,857</u>	<u>\$ 106,369</u>	<u>\$ -</u>	<u>\$ 2,666,226</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Mutual funds	\$ <u>4,142</u>	\$ -	\$ -	\$ <u>4,142</u>
<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	<u>-</u>	<u>104,762</u>	<u>-</u>	<u>104,762</u>
Total	<u>\$ 3,022,883</u>	<u>\$ 104,762</u>	<u>\$ -</u>	<u>\$ 3,127,645</u>

September 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Mutual funds	\$ <u>4,039</u>	\$ -	\$ -	\$ <u>4,039</u>
<u>Financial assets at fair value through other</u>				

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>comprehensive income</u>				
Investment in equity instruments				
- Domestic listed stocks	\$ 2,919,179	\$ -	\$ -	\$ 2,919,179
- Domestic unlisted stocks	<u>-</u>	<u>104,171</u>	<u>-</u>	<u>104,171</u>
Total	<u>\$ 2,919,179</u>	<u>\$ 104,171</u>	<u>\$ -</u>	<u>\$ 3,023,350</u>

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

2. Reconciliation of financial instruments at Level 3 fair value
Nine Months Ended September 30, 2022

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

3. Valuation techniques and inputs applied for Level 2 fair value measurement
Category of financial instruments

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
<u>Financial asset</u>			
Financial assets at fair value through profit or loss			
Mandatorily at fair value through profit or loss	\$ 4,186	\$ 4,142	\$ 4,039
Financial assets at amortized cost (Note 1)	12,653,558	11,670,905	12,690,548
Financial assets at fair value through other comprehensive income	2,666,226	3,127,645	3,023,350
Investment in equity instruments			

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial liabilities</u>	23,719,892	17,932,619	17,405,022
Measured at amortized cost (Note 2)			

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	
	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Equity	\$ 55,515	\$ 59,328	\$ 24,151	\$ 27,227

(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:

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
- Financial assets	\$ 2,954,631	\$ 2,486,980	\$ 2,924,281
- Financial liabilities	1,701,256	1,311,256	2,537,442
Cash flow interest rate risk			
- Financial assets	3,989,639	6,221,602	5,609,721
- Financial liabilities	14,056,723	10,499,219	9,237,118

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. An increase/decrease by one percent is the sensitivity rate used in reporting the interest rate to the key management team within the Group and represents the management's assessment of the reasonable range of potential changes in the interest rates.

If the interest rate had increased by 1%, with all other variables unchanged, the Group's profit before tax for nine months ended September 30, 2023 and 2022 would decrease by NT\$75,503 thousand and NT\$27,205 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 nine months ended September 30, 2023 and 2022, would increase NT\$133,311 thousand and NT\$151,168 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 September 30, 2023 and December 31 and September 30, 2022.

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Unsecured bank financing facilities (reviewed annually)			
-Amount drawn	\$ 4,037,728	\$ 1,917,648	\$ 2,070,352
-Amount undrawn	<u>3,713,829</u>	<u>4,641,950</u>	<u>4,333,814</u>
	<u>\$ 7,751,557</u>	<u>\$ 6,559,598</u>	<u>\$ 6,404,166</u>
Secured bank financing facilities			
-Amount drawn	\$ 11,496,371	\$ 9,647,620	\$ 9,448,470
-Amount undrawn	<u>11,980,569</u>	<u>13,913,945</u>	<u>15,178,407</u>
	<u>\$ 23,476,940</u>	<u>\$ 23,561,565</u>	<u>\$ 24,626,877</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.

September 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		\$ 2,010,834	\$ 2,440,416	\$ 755,306	\$ 613,872	\$ 117,052
Lease liabilities	2.100-4.750	7,332	14,620	57,597	140,736	16,488
Instruments at floating interest rates	1.660-3.353	1,205,323	1,014,339	4,343,710	8,058,519	51,626
Instruments at fixed interest rates	2.710-2.850	<u>1,478,000</u>	-	-	-	-
		<u>\$ 4,701,489</u>	<u>\$ 3,469,375</u>	<u>\$ 5,156,613</u>	<u>\$ 8,813,127</u>	<u>\$ 185,166</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
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<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities						
Lease liabilities	2.100-4.750	\$ 1,016,432 6,486	\$ 1,665,415 12,300	\$ 867,233 51,900	\$ 649,797 168,198	\$ 97,146 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>

September 30, 2022

	Interest rate range (%)	Repayment on demand or less than 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities						
Lease liabilities	2.100-4.750	\$ 760,874 7,479	\$ 1,407,631 14,442	\$ 310,956 53,705	\$ 1,277,094 172,377	\$ 128,551 24,652
Instruments at floating interest rates						
	1.400-2.975	88,615	1,373,762	2,583,643	5,616,397	70,263
Instruments at fixed interest rates						
	2.100-4.000	<u>1,767,172</u>	<u>504,335</u>	<u>14,625</u>	<u>-</u>	<u>-</u>
		<u>\$ 2,624,140</u>	<u>\$ 3,300,170</u>	<u>\$ 2,962,929</u>	<u>\$ 7,065,868</u>	<u>\$ 223,466</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	Relations with the Corporation
	<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)
	Agora Garden Co., Ltd.	The Corporation's affiliate
	Glory Construction Co., Ltd	The Corporation's affiliate
	Cheng Yao Enterprise Co., Ltd.	The Corporation's affiliate
	Golden Wheel Co., Ltd.	The Corporation's affiliate
	Tsou Seen Chemical Industries Corporation	Subsidiary of the Corporation's institutional director
	BES Twin Towers Development Co., Ltd	Subsidiary of the Corporation's institutional director
	Ding Yue Development Co., Ltd.	Subsidiary of the Corporation's institutional director
	Taivex Therapeutics Corporation	Subsidiary of the Corporation's institutional director

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

(II) Business transactions

Account	Category of related party	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Operating revenue	The Corporation's institutional director	\$ 6,331	\$ 5,026	\$ 56,830	\$ 20,105
	Subsidiary of the Corporation's institutional director	157	135	562	273
	Substantive related party	160	46	250	138
	The Corporation's affiliate	49	55	147	129
	Associate	-	-	-	191
		<u>\$ 6,697</u>	<u>\$ 5,262</u>	<u>\$ 57,789</u>	<u>\$ 20,836</u>
Operating costs	The Corporation's affiliate	<u>\$ 824</u>	<u>\$ 2,035</u>	<u>\$ 3,345</u>	<u>\$ 5,963</u>
Operating expenses	The Corporation's affiliate	\$ 2,776	\$ 2,649	\$ 8,261	\$ 6,118
	Substantive related party	286	-	823	-
	The Corporation's institutional director	29	220	59	220
		<u>\$ 3,091</u>	<u>\$ 2,869</u>	<u>\$ 9,143</u>	<u>\$ 6,338</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	September 30, 2023	December 31, 2022	September 30, 2022
Construction receivable	The Corporation's institutional director	<u>\$ 39,405</u>	<u>\$ 1,240</u>	<u>\$ 413</u>
Trade receivables	The Corporation's institutional director	\$ 4,180	\$ 3,463	\$ 3,025
	Subsidiary of the Corporation's institutional director	40	58	-
	Substantive related party	<u>28</u>	<u>16</u>	<u>-</u>
		<u>\$ 4,248</u>	<u>\$ 3,537</u>	<u>\$ 3,025</u>
Other receivables (included in its other current assets)	The Corporation's affiliate	\$ 505	\$ 505	\$ 540
	Substantive related party	-	616	633
	Subsidiary of the Corporation's institutional director	-	-	1
		<u>\$ 505</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 nine months ended September 30, 2023 and 2022 were not listed as bad debts.

(IV) Payables to related party

Account	Category of related party	September 30, 2023	December 31, 2022	September 30, 2022
Accrued expenses	Substantive related party	\$ 1,453	\$ -	\$ -
	The Corporation's affiliate	965	965	965
	The Corporation's institutional director	-	650	650
		<u>\$ 2,418</u>	<u>\$ 1,615</u>	<u>\$ 1,615</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:

September 30, 2023

<u>Name of related party</u>	<u>Construction project code</u>	<u>Total contract price</u>	<u>Contract liabilities</u>
China Petrochemical Development Corporation	A6E	<u>\$ 1,528,593</u>	<u>\$ 57,207</u>

December 31, 2022

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

September 30, 2022

<u>Name of related party</u>	<u>Construction project code</u>	<u>Total contract price</u>	<u>Contract liabilities</u>
China Petrochemical Development Corporation	A6E	<u>\$ 1,528,593</u>	<u>\$ 27,538</u>

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

(VI) Lease arrangements

<u>Category of related party</u>	<u>Nine Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2022</u>
<u>Acquisition of right-of-use assets</u>		
The Corporation's affiliate	\$ 4,333	\$ 41,708
The Corporation's institutional director	-	21,574
	<u>\$ 4,333</u>	<u>\$ 63,282</u>

<u>Account</u>	<u>Category of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Lease liabilities	The Corporation's affiliate	\$ 21,627	\$ 31,436	\$ 36,983
	Substantive related party	19,222	20,528	20,761
	The Corporation's institutional director	<u>11,555</u>	<u>16,897</u>	<u>18,658</u>
		<u>\$ 52,404</u>	<u>\$ 68,861</u>	<u>\$ 76,402</u>

<u>Account</u>	<u>Category of related party</u>	<u>Three Months Ended September 30, 2023</u>	<u>Three Months Ended September 30, 2022</u>	<u>Nine Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2022</u>
Interest expense	The Corporation's affiliate	\$ 135	\$ 185	\$ 485	\$ 398
	Substantive related party	116	126	348	381
	The Corporation's institutional director	<u>67</u>	<u>104</u>	<u>229</u>	<u>179</u>
		<u>\$ 318</u>	<u>\$ 415</u>	<u>\$ 1,062</u>	<u>\$ 958</u>

(VII) Acquisition of financial assets
Nine Months Ended September 30, 2022

Name of related party	Account	Number of shares traded	Target traded	Acquisition price
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
Nine Months Ended September 30, 2022

Name of related party	Account	Number of shares traded	Target traded	Disposal price	Gains (loss) from disposal
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

Account	Category of related party	September 30, 2023	December 31, 2022	September 30, 2022
Other receivables (included in other current assets)	The Corporation's affiliate	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>

As of September 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 Corporation set aside an allowance for doubtful accounts of \$22,628 thousand for the above-mentioned in September 2022.

Interest income

Category of related party	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Associate	<u>\$ -</u>	<u>\$ 460</u>	<u>\$ -</u>	<u>\$ 713</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:

Category of related party	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Subsidiary of the Corporation's institutional director	\$ 5,319	\$ 5,592	\$ 16,433	\$ 9,701
Substantive related party	1,913	1,762	5,598	5,285
The Corporation's affiliate	1,485	1,483	4,453	4,399
The Corporation's institutional director	1,416	1,416	4,248	17,655
Associate	-	-	-	51
	<u>\$ 10,133</u>	<u>\$ 10,253</u>	<u>\$ 30,732</u>	<u>\$ 37,091</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 were as follows:

Category of related party	September 30, 2023	December 31, 2022	September 30, 2022
The Corporation's affiliate	\$ 837	\$ 1,292	\$ 1,292
Substantive related party	238	-	-
Subsidiary of the Corporation's institutional director	10	10	-
Associate	-	1	1
	\$ 1,085	\$ 1,303	\$ 1,293

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

Category of related party	September 30, 2023	December 31, 2022	September 30, 2022
Subsidiary of the Corporation's institutional director	\$ 7,584	\$ 7,584	\$ 7,584
The Corporation's institutional director	-	-	2,196
	\$ 7,584	\$ 7,584	\$ 9,780

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

Category of related party	September 30, 2023	December 31, 2022	September 30, 2022
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 nine months ended September 30, 2023 and 2022 were as follows:

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Short-term employee benefit	\$ 11,502	\$ 10,237	\$ 30,190	\$ 33,628
Post-employment benefits	-	-	12,168	-
	\$ 11,502	\$ 10,237	\$ 42,358	\$ 33,628

The remuneration to directors and other key management personnel is 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets at fair value through other comprehensive income - current	\$ 509,520	\$ 800,401	\$ 778,768
Financial assets at amortized cost - current	3,654,991	3,588,808	4,913,393
Accounts receivable on the development of industrial districts	-	-	1,108,607
Buildings and land held for sale, net	4,916,631	4,855,276	4,815,737
Construction in progress	1,244,634	1,244,634	1,244,634
Financial assets at fair value through other comprehensive income - non-current	1,427,402	1,454,089	1,399,634
Financial assets at amortized cost - non-current	630,343	631,820	2,911
Property, plant and equipment, net	1,701,606	1,513,013	1,549,779
Investment property, net	<u>795,801</u>	<u>799,342</u>	<u>803,586</u>
	<u>\$ 14,880,928</u>	<u>\$ 14,887,383</u>	<u>\$ 16,617,049</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:

September 30, 2023

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial asset</u>			
<u>Non-monetary item</u>			
CNY	\$ 251,483	4.415 (CNY:NTD)	\$ 1,110,296
HKD	117,154	4.123 (HKD:NTD)	483,025

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

September 30, 2022

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial asset</u>			
<u>Non-monetary item</u>			
CNY	\$ 265,270	4.473 (CNY/NTD)	\$ 1,186,554
HKD	134,653	4.044 (HKD/NTD)	544,537

The Group's foreign currency exchange gains (including realized and unrealized) for the three months and nine months ended September 30, 2023 and 2022 were NT\$4,994 thousand, NT\$1,183 thousand, NT\$2,851 thousand, and NT\$4,636 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 November 10, 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: Table 5.
 9. Trading in Derivative Instruments: None.
 10. Information on Investees: Table 6.
 11. Other: Intercompany relationships and significant intercompany transactions: None.
- (III) Information on Investment in Mainland China:
- Information on investees in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, percentage of ownership, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the mainland China area: Table 7.
- (IV) Information on Major Shareholders:
- The name of shareholders with a shareholding ratio of 5% or more, and the number and percentage of shares held: Table 8.

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:

	<u>Revenue of segment</u>		<u>Profit or loss of segment</u>	
	<u>Nine Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2022</u>	<u>Nine Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2022</u>
Construction Engineering Department	\$ 11,819,270	\$ 8,793,533	\$ 591,784	\$ 218,974
Construction and Development Department	1,113,608	861,528	79,092	(38,957)
Other departments	<u>879,276</u>	<u>931,286</u>	<u>(12,135)</u>	<u>158,475</u>
Total amount of continuing operations	<u>\$ 13,812,154</u>	<u>\$ 10,586,347</u>	658,741	338,492
Interest income			37,116	410,064
Other income			81,916	2,531,889
Other gains and losses			(41,520)	(2,411,785)
Financial costs			(163,817)	(127,818)
Expected credit impairment loss			-	(22,628)
Share of profit or loss of associates accounted for using the equity method			(21,543)	(5,661)
Income before income tax			<u>\$ 550,893</u>	<u>\$ 712,553</u>

The revenue of segments reported above was from transactions with external clients. There were no inter-segment sales for the nine months ended September 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, expected credit impairment loss, 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 nine months ended September 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 drafted	Interest rate range	Nature of Loaning of funds (Note 3)	Business relationship Amount	Reason for short-term financing	Amount to be provided for bad 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	—	\$ -	\$ 887,081 (4% of BES Engineering Corporation's net equity)	\$ 8,870,805 (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	15,000	3	2	-	Operating Turnover	-	—	-	147,770 (40% of net worth of Cinemark-Core Pacific, Ltd.'s net equity)	147,770 (40% of net worth of Cinemark-Core Pacific, Ltd.'s net equity)	
2	Cinemark-Core Pacific, Ltd.	Agora Garden Co., Ltd.	Other receivables	Yes	100,000	100,000	100,000	3.5	2	-	Operating Turnover	-	Property	120,000	147,770 (40% of net worth of Cinemark-Core Pacific, Ltd.'s net equity)	147,770 (40% of net worth of Cinemark-Core Pacific, Ltd.'s net equity)	Note 2

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

Note 2: At the time of preparing the consolidated financial statements, except for the receivables from the related party of BES Engineering Corporation from HRDD Logistics Co., Ltd. and the other receivables of Cinemark-Core Pacific, Ltd. from Agora Garden 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 nine months ended September 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	\$ 369,426 (Note 2)	\$ 94,300	\$ 90,000	\$ 60,000	\$ 92,331	24.36%	\$ 1,108,278 (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.	Chung Kung Management Consultant Co., Ltd.	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).
 September 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	\$ 4,186	-	\$ 4,186	(Note 1)
		Taiwan Business Bank, Ltd.	—	Financial assets at fair value through other comprehensive income - current	40,613,608	536,100	0.49	536,100	(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	1,716,892	4.84	1,716,892	(Note 1)
		Century Development Corporation	—	Financial assets at fair value through other comprehensive income - non-current	10,633,492	75,923	3.03	75,923	(Note 1)
		Overseas Investment & Development Corp.	—	Financial assets at fair value through other comprehensive income - non-current	2,600,000	30,446	2.89	30,446	(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	287,493	0.81	287,493	(Note 1)
		Taiwan Business Bank, Ltd.	—	Financial assets at fair value through other comprehensive income - current	1,467,608	19,372	0.02	19,372	(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 September, 2023. The market price of mutual funds were calculated based on the net asset values of the respective funds at the end of September 2023. The values of the unlisted stocks were based on the fair values of respective stocks at the end of September 2023.

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 nine months ended September 30, 2023

Table 4

Unit: NTD in thousands

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>Stocks</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	40,613,608	\$ 536,100

BES Engineering Corporation and Subsidiaries
 Receivables from Related Parties Amounting to at Least NT\$100 Million or 20% of the Paid-in Capital
 September 30, 2023

Table 5

Unit: NTD in thousands

Companies listed as receivables	Name of counterparty	Relationship	Ending Balance	Turnover rate	Overdue receivable accounts-related parties		Amount Received in Subsequent Period	Allowance for impairment loss
					Amount	Treatment Method		
Cinemark-Core Pacific, Ltd.	Agora Garden Co., Ltd.	The Corporation's affiliate	\$ 100,000 (Note 1)	-	\$ -	—	\$ -	\$ -

Note 1: Loaning of funds.

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

Table 6

Unit: NTD in thousands

Name of investor	Name of investee	Location	Principle business	Initial investment amount		Holding at the end of the period			Profit or loss on 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	\$ 1,369,629	(\$ 12,086)	(\$ 12,080)	Subsidiaries	
	BES Investment Corporation Ltd.	Unit 1607,16 th Floor, Fortress Tower,250 King's Road, North Point, Hong Kong	Overseas construction and equipment sale	1,485,277	1,485,277	49,600,000	100.00	1,308,018	(18,092)	(18,092)	Subsidiaries	
	BES Logistics International Co., Ltd.	Republic of Mauritius (Mauritius)	Investment	348,278	348,278	13,995,389	100.00	741,123	9,175	9,175	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	87,825	2,281	2,281	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	55,003	3,836	2,481	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	333,774	(35,572)	(31,158)	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	28,046	(253)	(232)	Subsidiaries	
	BES Global Investment Co.	4F., Ellen Skelton Building 3076 Sir Francis Drake Highway, Tortola, Bristish Virgin Islands	Overseas construction and equipment sale	51,313	51,313	1,510,100	100.00	17,611	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	247,555	2,197	2,197	Subsidiaries	
(II) Core Pacific World Co., Ltd.	Huading Enterprise Co., Ltd.	14F., No. 12, Dongxing Rd., Taipei City	Urban Renewal Reconstruction	441,090	-	44,109,000	90.00	440,696	(438)	(394)	Subsidiaries	
	Chinese City International Investment Co., Ltd.	Republic of Mauritius (Mauritius)	Consultancy	330,714	330,714	9,500,000	100.00	488,697	(6,137)	(6,137)	Subsidiaries	
	Zhong Hua Cheng Development Co., Ltd.	Republic of Mauritius (Mauritius)	Consultancy	330,714	330,714	9,500,000	100.00	484,480	(5,534)	(5,534)	Subsidiaries	

(Continued on next page)

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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	\$ 483,025	(\$ 16,526)	(\$ 7,382)	
	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	2,508	(253)	(21)	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	12,547	(469)	(469)	Subsidiaries
	BES Engineering Vietnam Co., Ltd.	84 PHAN KHIEM ICH , P TAN PHONG, QUAN 7, TP HO CHI MINH, VIET NAM.	Contracting Construction	726,220	726,220	-	100.00	740,938	(10,145)	(10,145)	Subsidiaries
(IV) Core Asia 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	13,297	4,098	4,098	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	14,375	193	193	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	5,057	(646)	(239)	Subsidiaries
(VI) Cinemark-Core Pacific, Ltd.	Cinemark-Core (Hong Kong) Pacific, Ltd.	FLATB 3/F WING CHBONG COMMERCIAL BOILDING 19-25 JERVOIS STREET SHEVNG WAN HK	Investment Holding	246,729	246,729	61,503,000	49.60	95,378	(16,504)	(8,186)	
	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	(52,747)	(14,030)	(14,030)	Subsidiaries
(VII) Chung Kung Management Consultant Co., Ltd.	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	8,611	(646)	(407)	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 nine months ended September 30, 2023

Table 7

Unit: In thousands of NTD,
unless stated otherwise

Name of the Investee in Mainland China	Principle business	Paid-in Capital	Investment method (Note 1)	Cumulated outward remittance for investment from Taiwan at the beginning of the period	The investment amount remitted or collected from Taiwan in this period		Cumulated outward remittance for investment from Taiwan at the end of the period	Profit or loss on investee for this period	Shareholding in direct or indirect investment	Investment income or loss recognized for this year (Note 2)	Book value of investments at the end of the period	Cumulative repatriation of investment income as of the end of this period
					Outward	Inward						
Xiamen Bonded Area Airport Logistics Park Construction Co., Ltd.	Logistics, warehouse, and international trading	\$ 1,100,438 thousand CNY250,000 thousand	(2) (Note 3)	\$ 341,921 thousand USD10,703 thousand	\$ -	\$ -	\$ 341,921 thousand USD 10,703 thousand	\$ 23,655 thousand CNY 5,383 thousand	39.20%	\$ 9,273 thousand CNY 2,110 thousand	\$ 787,002 thousand CNY178,256 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	(5,446 thousand) (CNY 1,239 thousand)	100.00%	(5,446 thousand) (CNY 1,239 thousand)	475,362 thousand CNY 107,670 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	(6,049 thousand) (CNY 1,377 thousand)	100.00%	(6,049 thousand) (CNY 1,377 thousand)	479,496 thousand CNY 108,606 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 CNY 40,900 thousand	23,655 thousand CNY 5,383 thousand	9.80%	2,318 thousand CNY 528 thousand	196,750 thousand CNY 44,564 thousand	55,775 thousand USD 1,853 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)	(493 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 USD 1,975 thousand	(861 thousand) (CNY 196 thousand)	24.30%	(209 thousand) (CNY 48 thousand)	28,539 thousand CNY 6,464 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 CNY 34,000 thousand	(74,401 thousand) (CNY 16,934 thousand)	23.61%	(17,566 thousand) (CNY 3,998 thousand)	31,166 thousand CNY 7,059 thousand	-
Cinemark-Core Pacific (Jiangsu) 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	(18,310 thousand) (CNY 4,167 thousand)	49.60%	(9,082 thousand) (CNY 2,067 thousand)	38,470 thousand CNY 8,714 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	\$ 13,372,009
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 and Subsidiaries
Information on Major Shareholders
September 30, 2023

Table 8

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 Corporation's consolidated financial statements may differ from the actual number of shares that have been issued and delivered with registration of dematerialized securities completed as a result of different bases of preparation.

Note 2: If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, 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.