

**KUO TOONG INTERNATIONAL CO., LTD.**  
**PARENT COMPANY ONLY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023**  
**WITH**  
**REPORT OF INDEPENDENT AUDITORS**

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

## **Independent Auditors' Report Translated from Chinese**

To KUO TOONG INTERNATIONAL CO., LTD.

### **Opinion**

We have audited the accompanying parent company only balance sheets of KUO TOONG INTERNATIONAL CO., LTD. (the "Company") as of 31 December 2024 and 2023, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2024 and 2023, and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2024 and 2023, and its financial performance and cash flows for the years ended 31 December 2024 and 2023, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China on Taiwan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China on Taiwan (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2024 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## 1. Operating Revenue

For the year ended 31 December 2024, the Company's public work construction revenue amounted to NT\$3,557,062 thousand, and constituted 79% of total revenue, and is significant to parent company only financial statements. Because public work construction revenue is gradually satisfied over time and recognize revenue by degree of completion while the degree of completion is measured as the cumulative cost incurred as a proportion of the estimated total contract cost. The assumptions used in relation to the estimated total contract costs may involve significant management estimates and judgements, therefore we determined this as a key audit matter.

Our audit procedures included but not limited to assessing the timing and accuracy regarding the recognition of construction revenues and costs; selecting samples of significant contracts and interviewing management to understand the specific clauses involving recognition of revenue in each significant contract; selecting samples to test the rationality of estimated amount about total cost of contracts, the degree of completion of contracts, the reasonableness of the variable consideration of contracts and onerous contract losses; check the relevant vouchers of the current cost and expenses to confirm the correctness of the current construction in progress; recalculate the completion percentage to confirm the rationality of the recognition of revenue.

We also assessed the adequacy of disclosures of public work construction revenue. Please refer to Notes V and VI to the Company's parent company only financial statements.

## 2. Contingent Liabilities – Fines to Overdue Construction

Kuo Toong Company's main business operations include engineering contracts signed with customers. The possible fines for overdue projects involve significant estimates and judgments, therefore, they are considered key audit matters.

Our audit procedures included selecting samples of significant contracts and interviewing with management to understand the clauses of breach of contract regarding overdue construction; reviewing the communication documents between the Company and the owners and the mediation meeting minutes from authorities, and reviewing the management's assessment documents and the lawyers' opinions on major disputes to assess whether the Company disclosed contingent liabilities appropriately.

We also assessed the adequacy of disclosures of relevant contingent liabilities. Please refer to Note V and IX to the Company's parent company only financial statements.

## **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

### **Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements**

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China on Taiwan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2024 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hong, Kuo Sen

Yao, Shih Chieh

Ernst & Young, Taiwan

11 March 2025

Notice to Readers

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

English Translation of Financial Statements Originally Issued in Chinese

KUO TOONG INTERNATIONAL CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS

31 December 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	31 Dec. 2024	31 Dec. 2023
Current Assets			
Cash and cash equivalents	IV/VI.1	\$744,098	\$827,910
Current financial assets at amortised cost	IV/VI.3、20/VIII	825,581	717,496
Current contract assets	IV/VI.19、20	1,731,310	987,073
Notes receivable, net	IV/VI.4、20	46,826	7,785
Accounts receivable, net	IV/VI.5、20	242,817	248,306
Accounts receivable due from related parties, net	IV/VI.5/VII	505,593	730,577
Other receivables	IV/VI.6	4,312	907
Other receivables due from related parties	IV/VI.6/VII	74,930	55,316
Current inventories	IV/VI.7	329,745	306,005
Other current assets	IV/VI.8	513,969	181,670
Construction deposits paid		3,627	17,268
Total current assets		<u>5,022,808</u>	<u>4,080,313</u>
Non-current assets			
Non-current financial assets at fair value through other comprehensive income	IV/VI.2	678,664	527,472
Non-current financial assets at amortised cost	IV/VI.3、20/VIII	39,200	100,194
Investments accounted for using equity method	IV/VI.9	2,903,558	2,428,906
Property, plant and equipment	IV/VI.11/VIII	350,953	306,025
Right-of-use asset	IV/VI.21	10,884	11,050
Deferred tax assets	IV/VI.25	27,835	25,980
Guarantee deposits paid		22,930	32,825
Long-term accounts receivables	VI.5	115,867	115,867
Other non-current assets, others	IV/VI.8	36,791	43,543
Total non-current assets		<u>4,186,682</u>	<u>3,591,862</u>
Total Assets		<u>\$9,209,490</u>	<u>\$7,672,175</u>

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese  
 KUO TOONG INTERNATIONAL CO., LTD.  
 PARENT COMPANY ONLY BALANCE SHEETS  
 31 December 2024 and 2023  
 (Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31 Dec. 2024	31 Dec. 2023
Current liabilities			
Current borrowings	IV/VI.12/VII	\$633,845	\$175,500
Short-term notes and bills payable	IV/VI.13/VII	50,000	50,000
Current contract liabilities	IV/VI.19/VII	383,159	91,831
Notes payable		170,518	143,403
Accounts payable		547,258	542,918
Accounts payable to related parties	VII	924	410
Other payables	VI.14	243,127	189,662
Other payables to related parties	VI.14/VII	14,827	11,062
Current tax liabilities	IV/VI.25	87,467	212,408
Current lease liabilities	IV/VI.21	3,749	4,704
Bonds payable, current portion	IV/VI.15	249,995	-
Long-term borrowings, current portion	IV/VI.16/VII	234,350	44,400
Other current liabilities, others	VII	6,475	13,660
Total current liabilities		2,625,694	1,479,958
Non-current liabilities			
Bonds payable	IV/VI.15	-	249,802
Non-current portion of non-current borrowings	IV/VI.16	107,000	85,866
Deferred tax liabilities	IV/VI.25	156,499	155,307
Non-current lease liabilities	IV/VI.21	4,986	6,411
Net defined benefit liability, non-current	IV/VI.17	798	5,918
Other non-current liabilities, others		20,163	21,954
Total non-current liabilities		289,446	525,258
Total liabilities		2,915,140	2,005,216
Equity attributable to the parent company			
Share capital	IV/VI.18		
Ordinary share		2,480,782	2,480,782
Capital surplus	IV/VI.18	1,470,181	1,470,181
Retained earnings	IV/VI.18		
Legal reserve		534,164	463,673
Special reserve		355,360	205,904
Unappropriated retained earnings		1,650,275	1,401,779
Subtotal		2,539,799	2,071,356
Other equity	IV/VI.24		
Exchange differences on translation of foreign financial statements		(90,738)	(89,822)
Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income		(105,674)	(265,538)
Subtotal		(196,412)	(355,360)
Total equity		6,294,350	5,666,959
Total liabilities and equity		\$9,209,490	\$7,672,175

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese  
 KUO TOONG INTERNATIONAL CO., LTD.  
 PARENT COMPANY ONLY OF COMPREHENSIVE INCOME  
 For the years ended 31 December 2024 and 2023  
 (Expressed in Thousands of New Taiwan Dollars)

ITEMS	Notes	2024	2023
Operating revenue	IV/VI.19/VII	\$4,490,474	\$3,224,302
Operating costs	IV/VI.7、17、21、22/VII	(3,380,501)	(2,006,779)
Gross profit from operations		1,109,973	1,217,523
Unrealized (loss) profit from sales		(41)	3
Realized profit on from sales		662	8,142
Gross profit from operations		1,110,594	1,225,668
Operating expenses	IV/VI.17、20、21、22/VII		
Selling expenses		(4,605)	(2,347)
Administrative expenses		(186,449)	(164,869)
Research and development expenses		(28,231)	(30,353)
Total operating expenses		(219,285)	(197,569)
Operating income		891,309	1,028,099
Non-operating income and expenses			
Other income	VI.23	36,946	37,442
Other gains and losses	VI.23	4,067	(8,093)
Finance costs	VI.23	(15,542)	(13,790)
Share of profit (loss) of associates and joint ventures accounted for using equity method, net	IV/VI.9	102,524	(98,452)
Total non-operating income and expenses		127,995	(82,893)
Profit from continuing operations before tax		1,019,304	945,206
Tax expense	IV/VI.25	(182,098)	(231,336)
Net income		837,206	713,870
Other comprehensive income (loss)	IV/VI.24		
Components of other comprehensive income that will not be reclassified to profit or loss			
Gains (losses) on remeasurements of defined benefit plans		4,193	(11,205)
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		159,864	(146,326)
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(839)	2,241
Components of other comprehensive income that will be reclassified to profit or loss			
Exchange differences on translation		(916)	(3,130)
Total other comprehensive income, net of tax		162,302	(158,420)
Total comprehensive income		\$999,508	\$555,450
Earnings per share (NTD)			
Earnings per share-basic	IV/VI.26	\$3.37	\$2.88
Earnings per share-diluted	IV/VI.26	\$3.36	\$2.86

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

KUO TOONG INTERNATIONAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	Ordinary share	Capital surplus	Retained earnings			Other equity		Total Equity
			Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	
Balance as of 1 January 2023	\$2,480,782	\$1,470,181	\$399,779	\$249,554	\$965,195	\$(86,692)	\$(119,212)	\$5,359,587
Appropriation and distribution of 2022 retained earning								
Legal reserve appropriated	-	-	63,894	-	(63,894)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(248,078)	-	-	(248,078)
Reversal of special reserve	-	-	-	(43,650)	43,650	-	-	-
Net income for the year ended 31 December 2023	-	-	-	-	713,870	-	-	713,870
Other comprehensive income, net of tax for the year ended 31 December 2023	-	-	-	-	(8,964)	(3,130)	(146,326)	(158,420)
Total comprehensive income	-	-	-	-	704,906	(3,130)	(146,326)	555,450
Balance as of 31 December 2023	\$2,480,782	\$1,470,181	\$463,673	\$205,904	\$1,401,779	\$(89,822)	\$(265,538)	\$5,666,959
Balance as of 1 January 2024	\$2,480,782	\$1,470,181	\$463,673	\$205,904	\$1,401,779	\$(89,822)	\$(265,538)	\$5,666,959
Appropriation and distribution of 2023 retained earning								
Legal reserve appropriated	-	-	70,491	-	(70,491)	-	-	-
Special reserve appropriated	-	-	-	149,456	(149,456)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(372,117)	-	-	(372,117)
Net income for the year ended 31 December 2024	-	-	-	-	837,206	-	-	837,206
Other comprehensive income, net of tax for the year ended 31 December 2024	-	-	-	-	3,354	(916)	159,864	162,302
Total comprehensive income	-	-	-	-	840,560	(916)	159,864	999,508
Balance as of 31 December 2024	\$2,480,782	\$1,470,181	\$534,164	\$355,360	\$1,650,275	\$(90,738)	\$(105,674)	\$6,294,350

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese  
 KUO TOONG INTERNATIONAL CO., LTD.  
 PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
 For the year ended 31 December 2024 and 2023  
 (Expressed in Thousands of New Taiwan Dollars)

ITEMS	2024	2023	ITEMS	2024	2023
Cash flows from operating activities:			Cash flows (used in) investing activities:		
Net income before tax	\$1,019,304	\$945,206	Acquisition of financial assets at fair value through other comprehensive income	(10,662)	-
Adjustments:			Acquisition of financial assets at amortised cost	(47,091)	(135,054)
Adjustments to reconcile profit (loss):			Acquisition of investments accounted for using equity method	(411,395)	-
Depreciation expense	47,497	40,681	Acquisition of property, plant and equipment	(92,553)	(65,548)
Amortization expense	680	355	Proceeds from disposal of property, plant and equipment	7,387	-
Expected credit losses	-	107	Increase in refundable deposits	-	(27,172)
Interest expense	15,542	13,790	Decrease in refundable deposits	23,536	-
Interest income	(30,350)	(30,649)	Acquisition of intangible assets	(105)	(1,713)
Share of (profit) loss of associates and joint ventures accounted for using equity method	(102,524)	98,452	Acquisition of use-of-right assets	(2,394)	-
(Gain) loss on disposal of property, plan and equipment	(1,428)	1,694	Increase in other non-current assets	-	(10,868)
Property, plant and equipment transferred to expenses	-	4,261	Decrease in other non-current assets	6,177	-
Impairment loss on non-financial assets	-	2,498	Dividends received	58,306	33,693
Unrealized profit (loss) from sales	41	(3)	Net cash flows (used in) investing activities	<u>(468,794)</u>	<u>(206,662)</u>
Realized (profit) from sales	(662)	(8,142)			
(Gain) on lease liabilities modification	-	(2)	Cash flows from (used in) financing activities:		
Total adjustments to reconcile (loss) profit	<u>(71,204)</u>	<u>123,042</u>	Increase in short-term loans	815,285	219,454
Changes in operating assets and liabilities:			Decrease in short-term loans	(356,940)	(323,954)
(Increase) in contract assets	(744,237)	(63,729)	Increase in short-term notes and bills payable	250,000	100,000
(Increase) decrease in notes receivable	(39,041)	2,564	Decrease in short-term notes and bills payable	(250,000)	(50,000)
Decrease (increase) in accounts receivable	5,489	(53,855)	Proceeds from long-term debt	768,000	79,400
Decrease in accounts receivable due from related parties	224,984	146,410	Repayments of long-term debt	(560,720)	(315,720)
(Increase) decrease in other receivable	(3,405)	26	Payments of lease liabilities	(5,651)	(3,861)
(Increase) in other receivable due from related parties	(923)	(24,666)	Cash dividends paid	<u>(372,117)</u>	<u>(248,078)</u>
(Increase) in inventories	(23,740)	(58,851)	Net cash flows from (used in) financing activities	<u>287,857</u>	<u>(542,759)</u>
(Increase) in other current assets	(328,505)	(61,904)			
Increase (decrease) in contract liabilities	291,328	(69,170)	Net (decrease) increase in cash and cash equivalents	(83,812)	134,108
Increase in notes payable	27,115	10,325	Cash and cash equivalents at the beginning of period	<u>827,910</u>	<u>693,802</u>
Increase in accounts payable	4,340	177,705	Cash and cash equivalents at the end of period	<u>\$744,098</u>	<u>\$827,910</u>
Increase in accounts payable to related parties	514	155			
Increase in other payable	53,166	67,667			
Increase in other payable to related parties	3,765	2,166			
(Decrease) in other current liabilities	(7,185)	(88,816)			
(Decrease) in net defined benefit liability	(927)	(13,069)			
(Decrease) in other non-current liabilities	(1,791)	(4,674)			
Cash inflow generated from operations	<u>409,047</u>	<u>1,036,532</u>			
Interest received	11,659	6,301			
Interests paid	(15,050)	(15,091)			
Income taxes (paid)	<u>(308,531)</u>	<u>(144,213)</u>			
Net cash flows from operating activities	<u>97,125</u>	<u>883,529</u>			

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese  
KUO TOONG INTERNATIONAL CO., LTD.  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS  
For the Years Ended 31 December 2024 and 2023  
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

I. HISTORY AND ORGANIZATION

- (1) KUO TOONG INTERNATIONAL CO., LTD. (the “Company”) was incorporated under the laws of the Republic of China (the “ROC”) in July 1978.

The Company's main business activities are manufacturing and trading various prestressed concrete pipes, straight steel pipes, propelling steel pipes, ductile iron pipes, cement products, spare parts, assembling and embedding of various water pipes, and spare parts.

- (2) The Company became a listed company on the Taiwan Stock Exchange on 9 September 2002.

II. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements of the Company for the years ended 31 December 2024 and 2023 were authorized for issue in accordance with a resolution of the Board of directors on 11 March 2025.

III. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

1. Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first-time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2024. The adoption of these new standards and amendments had no material impact on the Company.

2. Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which have been endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

- (1) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The abovementioned amendments are applicable for annual periods beginning on or after 1 January 2025 and have no material impact on the Company.

3. Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
2	IFRS 17 “Insurance Contracts”	1 January 2023
3	IFRS 18 “Presentation and Disclosure in Financial Statements”	1 January 2027
4	Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)	1 January 2027
5	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
6	Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
7	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	1 January 2026

- (1) IFRS 10“Consolidated Financial Statements” and IAS 28“Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

## (2) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

## (3) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 replaces IAS 1 Presentation of Financial Statements. The main changes are as below:

### (a) Improved comparability in the statement of profit or loss (income statement)

IFRS 18 requires entities to classify all income and expenses within their statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. The first three categories are new, to improve the structure of the income statement, and requires all entities to provide new defined subtotals, including operating profit or loss. The improved structure and new subtotals will give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.

### (b) Enhanced transparency of management-defined performance measures

IFRS 18 requires entities to disclose explanations of those entity-specific measures that are related to the income statement, referred to as management-defined performance measures.

(c) Useful grouping of information in the financial statements

IFRS 18 sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. IFRS 18 also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(4) Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures (IFRS 19)

This standard permits subsidiaries without public accountability to provide reduced disclosures when applying IFRS Accounting Standards in their financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

(5) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments include:

- (a) Clarify that a financial liability is derecognised on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
- (b) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.
- (c) Clarify the treatment of non-recourse assets and contractually linked instruments.
- (d) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

(6) Annual Improvements to IFRS Accounting Standards – Volume 11

- (a) Amendments to IFRS 1
- (b) Amendments to IFRS 7
- (c) Amendments to Guidance on implementing IFRS 7
- (d) Amendments to IFRS 9
- (e) Amendments to IFRS 10
- (f) Amendments to IAS 7

## (7) Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

The amendments include:

- (a) Clarify the application of the ‘own-use’ requirements.
- (b) Permit hedge accounting if these contracts are used as hedging instruments.
- (c) Add new disclosure requirements to enable investors to understand the effect of these contracts on a company’s financial performance and cash flows.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the new or amended standards and interpretations listed under (c), it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

## IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. Statement of compliance

The financial statements of the Company for the years ended 31 December 2024 and 2023 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

### 2. Basis of preparation

The Company prepares parent company only financial statements in accordance with the standards for the preparation of financial reports for securities issuers. According to Article 21 of the Securities Issuer’s Financial Report Preparation Standards, the current profit and loss and other comprehensive profit and loss of the parent company only financial statements are the same as the current profit and loss and other comprehensive profit and loss in the financial report prepared on a consolidated basis attributable to the owners of the parent company. The equity of the owners of the financial report is the same as the equity attributable to the owners of the parent company in the financial report prepared on the basis of the merger. Therefore, investment subsidiaries are expressed in parent company only financial statements as "investments using the equity method", and necessary evaluation adjustments are made.

The financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

### 3. Foreign currency transactions

The Company's financial statements are presented in NT\$, which is also the Company's functional currency. Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

### 4. Translation of financial statements in foreign currency

Each foreign operating of the Company determines its functional currency upon its primary economic environment and items included in the financial statements of each operation are measured using that functional currency. The assets and liabilities of foreign operations are translated into NT\$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considering as disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

## 5. Current and non-current distinction

An asset is classified as current when:

- (a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- (b) The Company holds the asset primarily for the purpose of trading.
- (c) The Company expects to realize the asset within twelve months after the reporting period.
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Company expects to settle the liability in its normal operating cycle.
- (b) The Company holds the liability primarily for the purpose of trading.
- (c) The liability is due to be settled within twelve months after the reporting period.
- (d) The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

## 6. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## 7. Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

### (1) Financial instruments: recognition and measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- A. the Company's business model for managing the financial assets and
- B. the contractual cash flow characteristics of the financial asset.

#### Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, Financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

#### Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described below:

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
  - (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

## (2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

- A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- D. For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note XII for further details on credit risk.

### (3) Derecognition of financial assets

A financial asset is derecognized when:

- i. The rights to receive cash flows from the asset have expired.
- ii. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- iii. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

### (4) Financial liabilities and equity

#### Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

#### Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

#### Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

#### Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

#### (5) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

### 8. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

## 9. Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – At actual purchase cost using weighted-average method.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

## 10. Investments accounted for using the equity method

The Company's investment in subsidiaries is based on the Article 21 of the Securities Issuer's Financial Report Preparation Standards, expressed as "investments using the equity method" and made necessary evaluation adjustments to enable individual financial reporting of the current period's profit and loss and other comprehensive gains and losses. The current profit and loss and other comprehensive gains and losses in the financial report prepared on the basis of the merger are the same as the share of the owners of the parent company, and the owner's equity of the parent company only financial statements is the same as the equity of the owners of the parent company in the financial report prepared on the basis of the merger. These adjustments are mainly due to the consideration of the treatment of the consolidated financial statements of the investment subsidiary in accordance with IFRS No. 10 "Consolidated Financial Statements" and the differences in the application of IFRS at different levels of reporting entities, and debits or credits to "adopt equity Subjects such as "Investment under the law", "Share of profits and losses of subsidiaries, affiliates and joint ventures using the equity method" or "Share of other comprehensive profits and losses of subsidiaries, affiliates and joint ventures using the equity method".

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro-rata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in additional paid-in capital and investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro-rata basis when the Company disposes of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

- (1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

## 11. Joint operations

A joint operation is a joint agreement whereby the parties that have joint control over the agreement (i.e., the joint operators) have rights to the assets related to the agreement and obligations for the liabilities related to the agreement.

When assessing the classification of a joint agreement, the Company considers the structure of the agreement, the legal form of the separate vehicles, the terms of the contractual agreements, and other facts and circumstances. If there are changes in facts and circumstances, the Company will reassess whether the type of joint agreement it is involved in has changed.

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

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

- (1) Its assets, including its share of any assets held jointly.
- (2) Its liabilities, including its share of any liabilities incurred jointly.
- (3) Its revenue from the sale of its share of the output arising from the joint operation.
- (4) Its share of the revenue from the sale of the output of the joint operation.
- (5) Its expenses, including its share of any expenses incurred jointly.

Joint operators should recognize and measure the assets and liabilities related to their interests in the agreement in accordance with the applicable International Financial Reporting Standards (IFRS) accounting standards for specific assets, liabilities, income, and expenses, and recognize the related income and expenses.

## 12. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	3~55 years
Machinery and equipment	2~20 years
Other equipment	2~20 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 13. Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

#### Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the Company is reasonably certain to exercise that option;
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the lessee;
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 *Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

#### Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

#### 14. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized.

#### Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (2 to 3 years).

### 15. Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

## 16. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

## 17. Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and construction contract. The accounting policies are explained as follows:

### Sale of goods

The Company manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main products of the Company are prestressed concrete pipes and ductile iron pipes, etc. Revenue from these sales is based on the price specified in the contract.

The credit period of the Company's merchandise sales transaction is usually set in accordance with the contract. In most of the contracts, the accounts receivable is recognized when the control of goods is transferred and the unconditional right to receive the consideration is recognized. Such accounts receivable usually have a short period and no significant financial components.

### Construction contract

The Company is engaged in the contracting business of public constructions because the assets are controlled by customers when they are under construction. Revenue is gradually recognized over time on the basis of the percentage of construction costs incurred among the estimated total contract costs. The contract includes fixed and variable consideration. The customer pays a fixed amount of money according to the agreed schedule. Certain changes in consideration (such as fines and price adjustment subsidies calculated based on the number of overdue days) are estimated at the most likely amount. The Company only recognizes revenue within the range where the accumulated revenue is highly unlikely to undergo a major reversal. If the amount of recognized income has not been requested, it is recognized as contract assets. When there is an unconditional right to the consideration, the contract assets are transferred to accounts receivable. However, there are some contracts, because part of the consideration has been charged when signing the contract, the Company is obligated to provide services; therefore, the contract revenue is recognized as contract liabilities.

If it is impossible to reasonably measure the percentage of completion of the obligated project contract performance, the contract revenue is recognized within the expected recoverable cost range.

When the Company expects that the unavoidable cost of fulfilling the obligations of a construction contract exceeds the expected economic benefits from the contract, it shall recognize the provision for onerous contract.

If the situation changes, the estimation of revenue, cost and completion will be revised, and during the period when the management noticed the change of the situation and make the correction, the resulting increase or decrease will be reflected in profit or loss.

#### 18. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 19. Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Company's financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

- (1) the date of the plan amendment or curtailment, and
- (2) the date that the Company recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

## 20. Share-based payment transactions

The cost of equity-settled transaction between the Company and its employees is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

## 21. Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

### Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

### Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

## V. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

#### (1) Revenue recognition

The recognition of profit and loss on contract is based on the degree of completion of contract activities to recognize contract revenue and contract costs respectively and to measure the percentage of completion based on the ratio of contract costs incurred to date to the total estimated contract costs. The company considers the nature of each project, estimated construction period, project, construction process, construction method, estimated contract amount and other factors to estimate the total contract cost. Any change in the above estimation basis may cause a significant adjustment of the estimated amount.

## (2) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example the discounted cash flow model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note XII for more details.

## (3) Accounts receivable—estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note VI for more details.

## (4) Inventory

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note VI for more details.

## (5) Impairment of Non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. For further explanation, please refer to Note VI.

(6) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(7) Provision

The Company estimates the provisions for onerous contracts based on the historical experience and other known reasons.

The Company regularly evaluates the occurrence of obligations such as legal actions, and related legal costs. If the current obligation is likely to occur and the amount can be reasonably estimated, provisions for related legal matters will be recognized.

VI. CONTENTS OF SIGNIFICANT ACCOUNTS

1. Cash and cash equivalents

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>
Cash on hand	\$2,065	\$1,961
Check Deposit	8,696	637
Saving Account	725,337	820,287
Investments in bonds with resale agreements	8,000	5,025
Total	<u>\$744,098</u>	<u>\$827,910</u>

## 2. Financial assets at fair value through other comprehensive income

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>
Equity instrument investments measured at fair value through other comprehensive income – Non-current:		
Listed companies' stocks	\$10,422	\$-
Unlisted companies' stocks	668,242	527,472
Total	<u>\$678,664</u>	<u>\$527,472</u>

The Company's financial assets measured at fair value through other comprehensive income were not pledged as collateral.

For equity instrument investments measured at fair value through other comprehensive income, the Company did not recognize dividends for the years ended 31 December 2024 and 2023.

## 3. Financial assets at amortized cost

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>
Time deposits	\$366,260	\$306,251
Saving account-pledge account	498,521	511,439
Total	<u>\$864,781</u>	<u>\$817,690</u>
Current	\$825,581	\$717,496
Non-current	39,200	100,194
Total	<u>\$864,781</u>	<u>\$817,690</u>

The Company classified certain financial assets as financial assets at amortized cost. Please refer to Note VI (20) for more details on loss allowance and Note VIII for more details on financial assets at amortized cost under pledge and Note XII for more details on credit risk.

## 4. Notes receivables

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>
Notes receivables	\$46,826	\$7,785
Less: allowance for doubtful accounts	-	-
Total	<u>\$46,826</u>	<u>\$7,785</u>

Notes receivables were not pledged.

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note VI (20) for more details on loss allowance and Note XII for details on credit risk.

5. Accounts Receivable, Accounts Receivable Due From Related Parties and Long-term Accounts Receivables

	31 Dec. 2024	31 Dec. 2023
Accounts Receivable	\$242,863	\$248,352
Long-term Accounts Receivables(Note)	115,867	115,867
Less: allowance for doubtful accounts	(46)	(46)
Subtotal	<u>358,684</u>	<u>364,173</u>
Accounts receivable due from related parties	505,593	730,577
Less: allowance for doubtful accounts	-	-
Subtotal	<u>505,593</u>	<u>730,577</u>
Total	<u><u>\$864,277</u></u>	<u><u>\$1,094,750</u></u>
Current (recognized as accounts receivable (related parties included) - net)	\$748,410	\$978,883
Non-current (recognized as long-term accounts receivable)	<u>115,867</u>	<u>115,867</u>
Total	<u><u>\$864,277</u></u>	<u><u>\$1,094,750</u></u>

Accounts receivable and long-term accounts receivables under pledge were not pledged.

Accounts receivables are generally regulated by contracts. Account receivable amounted to NT\$864,323 thousand and NT\$1,094,796 thousand as at 31 December 2024 and 2023. Please refer to Note VI(20) for more details on loss allowance for accounts receivables for the years ended 31 December 2024 and 2023 and please refer to Note XII for credit risk disclosure.

(Note) The Company is in litigation with the owner regarding the case of “New Construction Project of Magong Additional 4,000 ton Seawater Desalination Plant” (Magong Second Desalination Plant Phase I). The dispute of overdue construction days is still pending in the Taichung District Court of Taiwan, so the relevant payment is transferred to long-term accounts receivables. Please refer to Note IX (VII).1.

6. Other Receivables

	31 Dec. 2024	31 Dec. 2023
Other receivables	\$42,615	\$39,210
Less: allowance for doubtful accounts	(38,303)	(38,303)
Subtotal	<u>4,312</u>	<u>907</u>
Other receivables due from related parties	74,930	55,316
Less: allowance for doubtful accounts	-	-
Subtotal	<u>74,930</u>	<u>55,316</u>
Total	<u><u>\$79,242</u></u>	<u><u>\$56,223</u></u>

Information on changes of loss allowance for other receivables for the years ended 31 December 2024 and 2023 are as follows:

	<u>Other Receivables</u>
1 Jan. 2024	\$38,303
Addition for the current period	-
31 Dec. 2024	<u>\$38,303</u>
1 Jan. 2023	\$38,196
Addition for the current period	107
31 Dec. 2023	<u>\$38,303</u>

#### 7. Inventories

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>
Raw materials	\$54,546	\$27,363
Work in progress	85,795	122,151
Finished goods	187,022	153,253
Merchandise	2,382	3,238
Total	<u>\$329,745</u>	<u>\$306,005</u>

The cost of inventories recognized in expenses amounted to NT\$531,357 thousand and NT\$604,415 thousand for the years ended 31 December 2024 and 2023. The Company therefore recognized loss of inventory valuation in the amount of NT\$11,607 thousand, due to the recognition of write-down of inventory reduced to net realizable value for the year ended 31 December 2024, and inventory destocking in each age range for the year ended 31 December 2024, resulting in decrease in slow-moving inventory appropriated by the Company. The Company therefore recognized reversal gains on inventory in the amount of NT\$23,616 thousand for the year ended 31 December 2023.

No inventories were pledged.

#### 8. Other Current Asset and Other Non-current Assets

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>
Prepayments	\$51,298	\$53,865
Prepayments for land	74,400	-
Prepayments for construction	275,149	54,446
Inventory of supplies	70,885	64,298
Advance payments in equipment	35,938	42,115
Others	43,090	10,489
Total	<u>\$550,760</u>	<u>\$225,213</u>
Current	\$513,969	\$181,670
Non-current	36,791	43,543
Total	<u>\$550,760</u>	<u>\$225,213</u>

- (1) Prepayments include prepayments for insurance and prepayments for various business expenses.
- (2) Other advance payments are for pavement construction fees, temporary project miscellaneous expenses, and subcontracted projects disbursement, etc.

#### 9. Investments accounted for using equity method

The following table lists the investments accounted for using the equity method of the Company:

Investees	31 Dec. 2024		31 Dec. 2023	
	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
<b>Investments in Associates</b>				
Kuo Toong International LLC.	\$681,871	100.00%	\$230,816	100.00%
Hsiyu Seawater Desalination Co., Ltd.	47,731	100.00%	46,926	100.00%
Jie Mao International Co., Ltd.	79,128	100.00%	88,549	100.00%
Jian-yi Construction Co., Ltd.	271,736	100.00%	282,848	100.00%
Kuo Hsin Technology Co., Ltd.	47,173	73.60%	50,266	73.60%
Ding Teng Co., Ltd.	1,772,494	50.50%	1,727,734	50.50%
Marvel Line Co., Ltd.	3,425	0.50%	1,767	0.76%
<b>Total</b>	<b>\$2,903,558</b>		<b>\$2,428,906</b>	

- (1) The Board of directors of Kuo Hsin Technology Co., Ltd. resolved to apply for suspension of business on 20 May 2022. The National Taxation Bureau of Kaohsiung approved the application for suspension of business from 1 August 2022 to 31 July 2023 on 29 July 2022, and the cessation of business was approved on 5 July 2023 to be extended to 31 July 2024, and the application for re-commencement was approved by the National Taxation Bureau of Kaohsiung, Ministry of Finance on 16 November 2023.
- (2) Kuo Toong International LLC. passed a board resolution on 9 August and 8 November of the year 2024 to conduct cash capital increases for its subsidiary, Marvel Line Co., amounting to USD 12,500 thousand and USD 350 thousand respectively. The entire amount was subscribed by Kuo Toong International LLC., increasing its shareholding ratio to 99.50%. The company did not subscribe according to its shareholding ratio, resulting in a decrease in its shareholding ratio to 0.50%.
- (3) The above-mentioned subsidiaries will pay NT\$58,306 thousand and NT\$33,693 thousand in cash dividends to the company as of 31 December 2024 and 2023, respectively.
- (4) For information on the company's subsidiaries, please also refer to the company's 2024 consolidated financial statements.

## Investments subsidiaries

The investment of subsidiaries in parent company only financial statements is expressed as "investments accounted for using the equity method" and necessary evaluation adjustments are made.

### 10. Joint Operations

Some of the Company's construction projects are joint construction projects, and the Company 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. This cooperation agreement is deemed a joint operation as it is not constructed through a separate vehicle. Regarding the interests in the joint operation, the Company recognizes its direct interests (and its share) in the assets, liabilities, income, and expenses of the joint operation, which have been included in the applicable items of the financial statements.

The joint contractor, along with the construction assets and liabilities, and the details of the amounts that the Company has contributed in proportion to its interest in the joint agreements as of 31 December 2024, are as follows:

#### Tainan Seawater Desalination Plant JV Project

<u>Contract Name</u>	<u>Percentages of the work contracted</u>	<u>Joint Contracting Parties</u>	<u>Description</u>
The construction of the turnkey project (Phase I) and operation and maintenance project of the Tainan Seawater Desalination Plant	57%	BES Engineering Corporation	Jiangjun District, Tainan City
<u>Assets</u>			<u>31 December 2024</u>
Cash			\$51,471
Current contract assets			35,852
Other current assets			32,663
Total Assets			<u>\$119,986</u>
<u>Liabilities</u>			<u>31 December 2024</u>
Accounts payable			\$(4,273)
Other current liabilities			(1,153)
Total Liabilities			<u>\$(5,426)</u>

According to the contract, the recognized construction revenue should be NT\$5,157,143 thousand. For the period from 1 January to 31 December 2024, the recognized construction revenue is NT\$35,852 thousand.

## 11. Property, plant and equipment

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>
Owner occupied property, plant and equipment	<u>\$350,953</u>	<u>\$306,025</u>

Owner occupied property, plant and equipment are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other Equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:						
1 Jan. 2024	\$124,305	\$197,261	\$752,849	\$115,766	\$4,909	\$1,195,090
Additions	-	920	64,463	14,645	12,525	92,553
Disposal	-	-	(166,304)	(4,684)	-	(170,988)
Other	-	11,908	-	-	(11,908)	-
31 Dec. 2024	<u>\$124,305</u>	<u>\$210,089</u>	<u>\$651,008</u>	<u>\$125,727</u>	<u>\$5,526</u>	<u>\$1,116,655</u>
1 Jan. 2023	\$107,642	\$184,695	\$825,995	\$106,031	\$4,687	\$1,229,050
Additions	10,676	1,291	19,882	16,215	17,484	65,548
Disposal	-	-	(88,096)	(6,680)	-	(94,776)
Other	5,987	11,275	(4,932)	200	(17,262)	(4,732)
31 Dec. 2023	<u>\$124,305</u>	<u>\$197,261</u>	<u>\$752,849</u>	<u>\$115,766</u>	<u>\$4,909</u>	<u>\$1,195,090</u>
Depreciation and impairment						
1 Jan. 2024	\$-	\$138,069	\$661,844	\$84,465	\$4,687	\$889,065
Depreciation	-	6,406	28,104	7,156	-	41,666
Disposal	-	-	(160,457)	(4,572)	-	(165,029)
31 Dec. 2024	<u>\$-</u>	<u>\$144,475</u>	<u>\$529,491</u>	<u>\$87,049</u>	<u>\$4,687</u>	<u>\$765,702</u>
1 Jan. 2023	\$-	\$131,659	\$727,180	\$86,144	\$2,189	\$947,172
Depreciation	-	6,410	25,342	5,001	-	36,753
Impairment loss(Note)	-	-	-	-	2,498	2,498
Disposal	-	-	(86,402)	(6,680)	-	(93,082)
Other	-	-	(4,276)	-	-	(4,276)
31 Dec. 2023	<u>\$-</u>	<u>\$138,069</u>	<u>\$661,844</u>	<u>\$84,465</u>	<u>\$4,687</u>	<u>\$889,065</u>
Net book value:						
31 Dec. 2024	<u>\$124,305</u>	<u>\$65,614</u>	<u>\$121,517</u>	<u>\$38,678</u>	<u>\$839</u>	<u>\$350,953</u>
31 Dec. 2023	<u>\$124,305</u>	<u>\$59,192</u>	<u>\$91,005</u>	<u>\$31,301</u>	<u>\$222</u>	<u>\$306,025</u>

(Note) The Company reduced part of the PPE to recoverable amounts for the year ended 31 December 2023, resulting in an impairment loss of NT\$2,498 thousand, which was recognized in the non-operating income and expenses of the income statement. Please refer to Note VI (23) for details.

Some of the Company's land accounted for as property, plant and equipment is not yet available for transfer in the Company's name because the land is agricultural land. It is temporarily registered in the name of a third party to obtain a statement of unconditional transfer of ownership from the owner.

Refer to Note VIII for details of guarantees for property, plant and equipment.

## 12. Current borrowings

	Interest rate range	31 Dec. 2024	31 Dec. 2023
Secured bank loans	2.30%~2.99%	\$633,845	\$175,500

Secured bank loans are pledged with asset mortgage. Please refer to Note VIII for the detail of the assets pledged as collateral.

## 13. Short-term notes and bills payable

	Interest rate range	31 Dec. 2024	31 Dec. 2023
Commercial paper payable	2.45%	\$50,000	\$50,000
Less: Discount of commercial paper payable		-	-
Total		\$50,000	\$50,000

## 14. Other Payable and Other Payable-Related Parties

	31 Dec. 2024	31 Dec. 2023
Salaries Payable	\$27,294	\$40,955
Other expenses payable	212,719	146,801
Equipment payments payable	1,221	1,701
Other payables to related parties	14,827	11,062
Other payable – others	1,893	205
Total	\$257,954	\$200,724

## 15. Bonds payable

	31 Dec. 2024	31 Dec. 2023
Secured and non-convertible bonds	\$250,000	\$250,000
Less: Discount of bonds payable	(5)	(198)
Total	249,995	249,802
Less: Current portion	(249,995)	-
Net	\$-	\$249,802

(1) As at 11 January 2022, the Company issued secured bond amounted to NT\$250,000 thousand with par rate of 0.63%. The issuance period is from 11 January 2022 to 11 January 2025.

(2) Please refer to Note VI (23) for the interest expenses of bonds payable.

#### 16. Non-current portion of non-current borrowings

Details of long-term as at 31 December 2024 and 2023 are as follows:

Creditors	31 Dec. 2024	Interest rate (Note)	Maturity date and terms of repayment
Shanghai Commercial Bank Secured Loan	\$50,000		From 1 August 2022 to 1 August 2026, repayment began on 1 September 2022, amortized and interest paid monthly.
O-Bank Secured Loan	36,100		From 26 August 2024 to 26 August 2025, interest will be paid monthly basis and will be deducted at 40% of the actual inward remittance of payment for construction, and the outstanding balance would be settled by a lump sum on maturity date.
O-Bank Secured Loan	64,000		From 17 October 2024 to 17 October 2025, interest will be paid monthly basis and will be deducted at 40% of the actual inward remittance of payment for construction, and the outstanding balance would be settled by a lump sum on maturity date.
Taiwan Cooperative Bank Secured Loan	40,000		From 29 August 2024 to 23 May 2027, interest will be paid monthly basis and will be deducted at 45% of the actual inward remittance of payment for construction, and the outstanding balance would be settled by a lump sum on maturity date.
Taiwan Cooperative Bank Secured Loan	47,000		From 15 October 2024 to 27 November 2027, interest will be paid monthly basis and will be deducted at 45% of the actual inward remittance of payment for construction, and the outstanding balance would be settled by a lump sum on maturity date.
Hua Nan Bank Secured Loan	53,000		From 18 September 2024 to 18 September 2025, interest will be paid monthly basis and will be deducted at 50% of the actual inward remittance of payment for construction, and the outstanding balance would be settled by a lump sum on maturity date.

Creditors	31 Dec. 2024	Interest rate (Note)	Maturity date and terms of repayment
Taishin International Bank Co., Ltd. Secured Loan	51,250		From 20 September 2024 to 19 March 2025, interest will be paid monthly basis and will be deducted at 40% of the actual inward remittance of payment for construction, and the outstanding balance would be settled by a lump sum on maturity date.
Subtotal	341,350		
Less: current portion	(234,350)		
Total	\$107,000		

Note: Interest rate range is between 2.65%~3.15%.

Creditors	31 Dec. 2023	Interest rate (Note)	Maturity date and terms of repayment
Shanghai Commercial Bank Credit Loan	\$18,000		From 22 March 2021 to 22 March 2026, repayment began on 22 April 2021, amortized and interest paid monthly.
Shanghai Commercial Bank Secured Loan	80,000		From 1 August 2022 to 1 August 2026, repayment began on 1 September 2022, amortized and interest paid monthly.
Taichung Commercial Bank Co., Ltd. Secured Loan	29,670		From 15 October 2021 to 15 March 2026, interest will be paid monthly basis and will be deducted at 40% of the actual inward remittance of payment for construction, and the outstanding balance would be settled by a lump sum on maturity date.
Bank of Panshin Secured Loan	6,400		From 16 October 2023 to 12 July 2024, interest will be paid monthly basis and will be deducted at 40% of the actual inward remittance of payment for construction, and the outstanding balance would be settled by a lump sum on maturity date. The loan facility can be drawn from 16 October 2023 to 16 April 2026, and is available for revolving use.
Subtotal	134,070		
Less: current portion	(44,400)		
Less: unamortized expense	(3,804)		
Total	\$85,866		

Note: Interest rate range is between 2.75% ~ 3.00%

Please refer to Note VIII for more details on long-term borrowings under pledge.

## 17. Post-Employment Benefits

### Defined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended 31 December 2024 and 2023 were NT\$7,699 thousand and NT\$6,933 thousand, respectively.

### Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2%~3% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before end of each year, the Company and subsidiaries make estimates of the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the following year, the Company will make up the difference in one appropriation before the end of March of the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes control and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with IAS 19. The Company expects to contribute NT\$1,210 thousand to its defined benefit plan during the 12 months beginning after 31 December 2024.

As at 31 December 2024 and 2023, the Company's defined benefit plans are expected to mature in 2032 and 2031, respectively.

The following table summarizes the cost of the defined benefit plan recognized to profit and loss:

	2024	2023
Current service cost	\$247	\$440
Net interest on the net defined benefit liability (asset)	24	95
Total	<u>\$271</u>	<u>\$535</u>

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	31 Dec. 2024	31 Dec. 2023	1 Jan. 2023
Defined benefit obligation	\$43,824	\$47,626	\$47,661
Plan assets at fair value	(43,026)	(41,708)	(39,879)
Net defined benefit liability	<u>\$798</u>	<u>\$5,918</u>	<u>\$7,782</u>

Reconciliations of liabilities (assets) of the defined benefit plan are as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
1 Jan. 2023	\$47,661	\$(39,879)	\$7,782
The cost of defined benefit plan recognized to profit and loss:			
Current service cost	440	-	440
Interest expense (income)	630	(535)	95
Subtotal	<u>48,731</u>	<u>(40,414)</u>	<u>8,317</u>
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in financial assumptions	528	-	528
Experience adjustments	10,952	-	10,952
Remeasurements of the defined benefit assets	-	(275)	(275)
Subtotal	<u>11,480</u>	<u>(275)</u>	<u>11,205</u>
Payment of benefit obligation	(12,585)	6,810	(5,775)
Contribution by employer	-	(7,829)	(7,829)
31 Dec. 2023	\$47,626	\$(41,708)	\$5,918
The cost of defined benefit plan recognized to profit and loss:			
Current service cost	247	-	247
Interest expense (income)	561	(537)	24
Subtotal	<u>48,434</u>	<u>(42,245)</u>	<u>6,189</u>
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in financial assumptions	(1,011)	-	(1,011)
Experience adjustments	249	-	249
Remeasurements of the defined benefit assets	-	(3,431)	(3,431)
Subtotal	<u>(762)</u>	<u>(3,431)</u>	<u>(4,193)</u>
Payment of benefit obligation	(3,848)	3,848	-
Contribution by employer	-	(1,198)	(1,198)
31 Dec. 2024	<u>\$43,824</u>	<u>\$(43,026)</u>	<u>\$798</u>

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	31 Dec. 2024	31 Dec. 2023
Discount rate	1.48%	1.18%
Expected rate of salary increase	1.00%	1.00%

A sensitivity analysis for significant assumption as at 31 December 2024 and 2023 was, as shown below:

	2024		2023	
	Defined benefit obligations increase	Defined benefit obligations decrease	Defined benefit obligations increase	Defined benefit obligations decrease
Discount rate increase by 0.25%	\$-	\$(819)	\$-	\$(909)
Discount rate decrease by 0.25%	844	-	938	-
Rate of future salary increase by 0.25%	832	-	923	-
Rate of future salary decrease by 0.25%	-	(812)	-	(898)

The sensitivity analysis above is based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

## 18. Equity

### (1) Ordinary share

As at 31 December 2024 and 2023, the Company's authorized common share capital totaled NT\$4,500,000 thousand, each at a par value of NT\$10 for 450,000 thousand shares. Both the issued share capital amounted to NT\$2,480,782 thousand, at a par value of NT\$10 per share, accounting for 248,078 thousand shares. Each share has one voting right and the right to receive dividends.

### (2) Capital surplus

	31 Dec. 2024	31 Dec. 2023
Additional paid-in capital	\$1,388,625	\$1,388,625
Unproportionally subscribed equity investment to adjust the capital reserve	16,308	16,308
Treasury stock transactions	38,932	38,932
Employee stock options	9,616	9,616
Invalidation of employee stock options	14,497	14,497
Invalidation of conversion rights of convertible corporate debt	2,203	2,203
Total	<u>\$1,470,181</u>	<u>\$1,470,181</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

### (3) Retained earnings and dividend policies

The Company's Articles of Incorporation provide that the current net income, after deducting the previous years' losses, shall set aside 10% as legal reserve and special reserve according to the company laws and other regulations of R.O.C., unless the legal reserve has reached the total capital of the Company. The retained earnings shall be provisioned or reversed in accordance with the law or the competent authority. If there is any surplus, together with the undistributed retained earnings over the past few years, the board of directors should come up with a retained earnings distribution plan and submit it to the shareholders meeting for resolution.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Jin-Guan-Cheng-Fa-Zi-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the special reserve in the amount equal to the reversal may be released for earnings distribution.

For the first-time adoption of IFRS, the special reserve set aside both amounted to NT\$39,793 thousand as of 1 January 2024 and 2023. In addition, the Company did not use, dispose of or reclassify any related assets from 1 January to 31 December 2024 and 2023, therefore they did not reverse the retained earnings to undistributed retained earnings.

As at 31 December 2024 and 2023, the amount of the first adoption of retained earnings were both NT\$39,793 thousand.

Details of the 2024 and 2023 earnings distribution and dividends per share as approved and resolved at the board meeting and shareholders' meeting held on 11 March 2025 and 18 June 2024, respectively, are as follows:

	Appropriation of earnings		Cash dividend per share	
	2024	2023	2024	2023
Legal reserve	\$84,056	\$70,491		
Special reserve	(158,948)	149,456		
Cash dividends	496,156	372,117	NT\$ 2.00 per share	NT\$ 1.50 per share

Please refer to Note VI(22) for relevant information about estimation basis and recognized amounts for employees' compensation and remuneration to directors.

#### 19. Operating revenues

	2024	2023
Revenue from contracts with customers		
Sales - merchandise	\$856,388	\$932,271
Sales - construction	3,557,062	2,179,433
Sales - rendering of services	77,024	112,598
Total	\$4,490,474	\$3,224,302

Analysis of revenue from contracts with customers for the years ended 2024 and 2023 was as follows:

##### (1) Disaggregation of revenue

For the year ended 31 December 2024

	Single Operating Department
Pipe Fittings	\$856,388
Public Work Construction Revenue	3,557,062
Service Revenue	77,024
Total	\$4,490,474

##### Timing of Revenue Recognition:

Goods transferred at a point in time	\$856,388
Construction transferred over time	3,557,062
Labor transferred at a point in time	77,024
Total	\$4,490,474

For the year ended 31 December 2023

	<u>Single Operating Department</u>
Pipe Fittings	\$932,271
Public Work Construction Revenue	2,179,433
Service Revenue	111,626
Other Revenue	972
Total	<u>\$3,224,302</u>
Timing of Revenue Recognition:	
Goods transferred at a point in time	\$932,271
Construction transferred over time	2,179,433
Labor transferred a point in time	112,598
Total	<u>\$3,224,302</u>

(2) Contract balances

A. Current contract assets

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>	<u>1 Jan. 2023</u>
Sale of goods	\$22,977	\$15,306	\$15,306
Public work construction	1,708,333	971,767	908,038
Total	<u>\$1,731,310</u>	<u>\$987,073</u>	<u>\$923,344</u>

The engineering retention generated by the Company's operations is interest-free and will be recovered at the end of the individual construction contract retention period, which is the normal operating cycle of the Company, which usually exceeds one year. The retention receivables as at 31 December 2024, 31 December 2023, and 1 January 2023 amounted to NT\$286,867 thousand, NT\$203,409 thousand and NT\$97,386 thousand, respectively, which were classified as contract assets.

B. Current contract liabilities

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>	<u>1 Jan. 2023</u>
Public Work Construction	\$70,763	\$50,924	\$46,096
Advanced Receipts	312,396	40,907	114,905
Total	<u>\$383,159</u>	<u>\$91,831</u>	<u>\$161,001</u>

(3) The changes in contract assets and contract liabilities are mainly due to the difference between the time when the Company transfers goods or services to customers to meet the performance obligations and the time when the customers pay. There were no other major changes for the years ended 31 December 2024 and 2023.

20. Expected credit losses

	2024	2023
Operating Expense- Expected credit losses		
Contract assets	\$-	\$-
Notes receivable	-	-
Accounts receivable	-	-
Total	\$-	\$-

Please refer to Note XII for more details on credit risk.

The credit risk for the Company's financial assets at amortized cost as at 31 December 2024 and 2023 was assessed as low (the same as the assessment result in the beginning of the period). Therefore, the loss allowance is measured at an amount equal to 12-month expected credit losses. As the Company transacts with financial institutions with good credit, no allowance for losses has been provided in current period.

The Company measures the loss allowance of its contract assets and trade receivables (including note receivables and accounts receivables) at an amount equal to lifetime expected credit losses. The Company considers that the credit loss is actually included in the impairment loss except for individual customers by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using provision matrix, details are as follows:

- (1) The total book value of the contract assets was NT\$1,731,310 thousand and NT\$987,073 thousand, and the amount of loss allowance measured by the expected credit loss rate of 0% was NT\$0 thousand.
- (2) Accounts receivables are divided into groups based on factors such as the counterparty credit rating, region and industry. Provision matrix is used to measure the loss allowance. For counterparties facing financial difficulties, individual assessment are adopted for loss allowance. The relevant information is as follows:

As at 31 December 2024

	Not yet due (Note)	Overdue				Total
		<=90 days	91-180 days	181-360 days	>=361 days	
Gross carrying amount	\$911,103	\$-	\$-	\$-	\$46	\$911,149
Loss ratio	0%	0%	0%	0%	100%	
Lifetime expected credit losses	-	-	-	-	(46)	(46)
Carrying amount	\$911,103	\$-	\$-	\$-	\$-	\$911,103

(Note) The Company's notes receivable are not overdue.

As at 31 December 2023

	Not yet due (Note)	Overdue				Total
		<=90 days	91-180 days	181-360 days	>=361 days	
Gross carrying amount	\$1,102,535	\$-	\$-	\$-	\$46	\$1,102,581
Loss ratio	0%	0%	0%	0%	100%	
Lifetime expected credit losses	-	-	-	-	(46)	(46)
Carrying amount	\$1,102,535	\$-	\$-	\$-	\$-	\$1,102,535

(Note) The Company's notes receivable are not overdue.

The movement in the provision for impairment of contract assets, notes receivable and trade receivables for the years ended 31 December 2024 and 2023 is as follows:

	Contract assets	Notes receivables	Trade receivables
1 Jan. 2024	\$-	\$-	\$46
Addition for the current period	-	-	-
Write-off due to uncollectible	-	-	-
31 Dec. 2024	\$-	\$-	\$46
1 Jan. 2023	\$-	\$-	\$46
Addition for the current period	-	-	-
Write-off due to uncollectible	-	-	-
31 Dec. 2023	\$-	\$-	\$46

## 21. Leases

### (1) The Company as a lessee

The Company leases properties, including land, buildings and transportation equipment. The lease terms for each contract range from 2 to 20 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follows:

#### A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	31 Dec. 2024	31 Dec. 2023
Land	\$9,142	\$9,440
Buildings	65	533
Transportation equipment	1,677	1,077
Total	<u>\$10,884</u>	<u>\$11,050</u>

For the years ended 31 December 2024 and 2023, the company's additions to right-of-use assets amounted to NT\$5,665 thousand and NT\$15,338 thousand, respectively.

(b) Lease liabilities

	31 Dec. 2024	31 Dec. 2023
Current	\$3,749	\$4,704
Non-current	4,986	6,411
Total	<u>\$8,735</u>	<u>\$11,115</u>

Please refer to Note VI (23) for the interest on lease liabilities recognized for the years ended 31 December 2024 and 2023. Please refer to Note XII (5) Liquidity Risk Management for the maturity analysis for lease liabilities.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	2024	2023
Land	\$3,489	\$2,199
Buildings	860	795
Transportation equipment	1,482	934
Total	<u>\$5,831</u>	<u>\$3,928</u>

C. Income and costs relating to leasing activities

	2024	2023
The expenses relating to short-term leases	<u>\$6,671</u>	<u>\$7,486</u>

D. Cash outflow relating to leasing activities

For the years ended 31 December 2024 and 2023, the Company's total cash outflows for leases amounted to NT\$12,322 thousand and NT\$11,347 thousand, respectively.

22. Employee benefit, depreciation, and amortization expense are summarized as follows:

	2024			2023		
	Operating costs	Operating expenses	Total Amount	Operating costs	Operating expenses	Total Amount
Employee benefits expense						
Salaries	\$172,543	\$102,380	\$274,923	\$149,247	\$92,726	\$241,973
Labor and health insurance	22,044	4,021	26,065	16,050	4,123	20,173
Pension	5,208	2,762	7,970	4,348	3,120	7,468
Remuneration of directors	-	47,241	47,241	-	43,627	43,627
Other personnel expenses	13,935	2,452	16,387	9,986	2,762	12,748
Depreciation	35,967	11,530	47,497	31,992	8,689	40,681
Amortization	69	611	680	12	343	355

- (1) The number of employees of the company as of 31 December 2024 and 2023 were 405 and 295, respectively; among whom the number of directors who did not serve as employees concurrently were 8 and 7, respectively.
- (2) Companies whose stocks have been listed on the stock exchange or the OTC trading center should disclose the following information:
  - A. The average employee benefit expense for the year was NT\$ 820 thousand. The average employee benefit cost of the previous year was NT\$ 980 thousand.
  - B. The average employee salary cost of this year was NT\$ 693 thousand. The average employee salary cost of the previous year was NT\$ 840 thousand.
  - C. The average employee salary cost adjustment changes decreased by 17.50%.
  - D. The Company's salary and remuneration policy (including directors, supervisors, managers and employees):

The remunerations of directors, general managers and deputy general managers are determined in accordance with the company's articles of association and regulations, and are reviewed by the Salary and Compensation Committee and approved by the board of directors.

The remuneration of the directors of the company is determined in accordance with the company's articles of association, and with reference to the company's overall operating performance, future risks and development trends of the industry, as well as the individual's performance achievement rate and contribution to the company, and reasonable remuneration is given. Relevant performance appraisal and reasonableness of remuneration have been reviewed by the Salary and Compensation Committee and the Board of Directors, and the remuneration system will be reviewed in a timely manner based on actual operating conditions and relevant laws and regulations.

Manager's remuneration includes salary and employee remuneration. According to the position held, the responsibilities assumed and the salary standard of the company's managers, the payment shall be reviewed by the Salary and Compensation Committee and approved by the board of directors.

Employees are paid according to the salary level of the position in the industry market, the scope of the position's rights and responsibilities, and the degree of contribution to the company's operating goals. The procedures for determining the remuneration, in addition to referring to the company's overall operating performance, and based on factors such as consumer price index, salary market conditions, company financial status and performance appraisal, provide reasonable remuneration.

According to the Articles of Incorporation, 2% of profit of the current year is distributable as employees' compensation and no higher than 4% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit level, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for year ended 31 December 2024 to be in the amount of NT\$50,319 thousand and NT\$44,169 thousand, respectively, recognized as employee benefits expense. Based on the profit level, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for year ended 31 December 2023 to be in the amount of NT\$46,460 thousand and NT\$40,782 thousand, respectively, which was recognized as employee benefits expense.

A resolution was approved at a Board meeting held on 11 March 2025 to distribute NT\$50,319 thousand and NT\$44,169 thousand in cash as employee's compensation and remuneration to directors and supervisors, respectively. There is no significant difference between the distributed employee bonuses and remuneration to directors and supervisors and the amount recognized as employee benefits expense in the financial statements for the year ended 31 December 2024.

No material differences existed between the estimated amounts and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2023.

## 23. Non-operating income and expenses

### (1) Other income

	<u>2024</u>	<u>2023</u>
Interest income	\$30,350	\$30,649
Other income-other	6,596	6,793
Total	<u>\$36,946</u>	<u>\$37,442</u>

### (2) Other gains and losses

	<u>2024</u>	<u>2023</u>
Gains (loss) on disposal of property, plant and equipment	\$1,428	\$(1,694)
Non-financial asset impairment (loss)	-	(2,498)
Foreign exchange (loss), net	5,103	(1,504)
Others	(2,464)	(2,397)
Total	<u>\$4,067</u>	<u>\$(8,093)</u>

### (3) Finance costs

	<u>2024</u>	<u>2023</u>
Interest on borrowings from bank	\$(15,038)	\$(13,432)
Interest on bonds payable	(193)	(178)
Interest on lease liabilities	(311)	(180)
Total	<u>\$(15,542)</u>	<u>\$(13,790)</u>

## 24. Components of other comprehensive income

For the year ended 31 December 2024

	<u>Arising during the period</u>	<u>Tax Benefit (Expense)</u>	<u>Net of Tax</u>
Items that will not be reclassified subsequently to profit or loss:			
Gains on remeasurements of defined benefit plans	\$4,193	\$(839)	\$3,354
Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	159,864	-	159,864
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation	(916)	-	(916)
Total other comprehensive income	<u>\$163,141</u>	<u>\$(839)</u>	<u>\$162,302</u>

For the year ended 31 December 2023

	Arising during the period	Tax Benefit (Expense)	Net of Tax
Items that will not be reclassified subsequently to profit or loss:			
Gains on remeasurements of defined benefit plans	\$(11,205)	\$2,241	\$(8,964)
Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	(146,326)	-	(146,326)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation	(3,130)	-	(3,130)
Total other comprehensive income	<u>\$(160,661)</u>	<u>\$2,241</u>	<u>\$(158,420)</u>

## 25. Income tax

The major components of income tax expense (income) for the years ended 2024 and 2023 were as follows:

### Income tax expense (income) recognized in profit or loss

	<u>2024</u>	<u>2023</u>
Current income tax expense:		
Current income tax charge	\$186,041	\$212,959
Adjustments in respect of current income tax of prior periods	(2,441)	(110)
Deferred tax expense (income):		
Deferred tax expense relating to origination and reversal of temporary differences	(1,502)	18,487
Total income tax expense	<u>\$182,098</u>	<u>\$231,336</u>

### Income tax recognized in other comprehensive income

	<u>2024</u>	<u>2023</u>
Deferred income tax expense (benefits):		
Gains (losses) on remeasurements of defined benefit plans	\$839	\$(2,241)
Income tax related to other comprehensive profit and loss components	<u>\$839</u>	<u>\$(2,241)</u>

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate is as follows:

	2024	2023
Accounting profit before tax from continuing operations	\$1,019,304	\$945,206
Tax amount calculated at the domestic tax rate applicable to income in relevant countries	\$203,860	\$189,041
Tax effect of revenues exempt from taxation	(16,111)	(26,136)
Tax effect of expenses not deductible for tax purposes	42	109
Tax effect of deferred tax assets/liabilities	(4,394)	50,430
Adjustments in respect of current income tax of prior periods	(2,441)	(110)
Undistributed retained earnings - levy	1,142	18,002
Total income tax expense recognized in profit and loss	\$182,098	\$231,336

The balance of deferred income tax assets (liabilities) related to the following items:

For the year ended 31 December 2024:

	Opening Balance	Recognized in profit and loss	Recognized in others Comprehensive profit and loss	Ending balance
Temporary difference				
Net defined benefit liability-non-current	\$2,339	\$(186)	\$(839)	\$1,314
Unrealized impairment losses	8,393	(13)	-	8,380
Land appreciation tax preparation	(13,383)	-	-	(13,383)
Investment under the equity method	(136,916)	-	-	(136,916)
Other	10,240	1,701	-	11,941
Deferred income tax benefits (expense)		\$1,502	\$(839)	
Deferred income tax assets/(liabilities) net	\$(129,327)			\$(128,664)
The information expressed on the balance sheet is as follows:				
Deferred tax assets	\$25,980			\$27,835
Deferred income tax liabilities	\$(155,307)			\$(156,499)

For the year ended 31 December 2023:

	Opening Balance	Recognized in profit and loss	Recognized in others Comprehensive profit and loss	Ending balance
Temporary difference				
Net defined benefit liability-non-current	\$1,557	\$(1,459)	\$2,241	\$2,339
Unrealized impairment losses	11,907	(3,514)	-	8,393
Land appreciation tax preparation	(13,383)	-	-	(13,383)
Investment under the equity method	(136,916)	-	-	(136,916)
Other	23,754	(13,514)	-	10,240
Deferred income tax benefits (expense)		<u>\$(18,487)</u>	<u>\$2,241</u>	
Deferred income tax assets/(liabilities) net	<u>\$(113,081)</u>			<u>\$(129,327)</u>
The information expressed on the balance sheet is as follows:				
Deferred tax assets		<u>\$40,766</u>		<u>\$25,980</u>
Deferred income tax liabilities		<u>\$(153,847)</u>		<u>\$(155,307)</u>

#### Unrecognized deferred income tax assets

As of 31 December 2024 and 2023, the total amount of unrecognized deferred income tax assets of the Company was NT\$51,859 thousand and NT\$47,465 thousand.

#### The assessment of income tax returns

As of 31 December 2024, the Company's income tax filings is as follows:

	<u>The assessment of income tax returns</u>
The Company	2022

## 26. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible bonds payable) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2024	2023
(1) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$837,206	\$713,870
Weighted average number of ordinary shares outstanding after dilution (in thousands)	248,078	248,078
Basic earnings per share (NT\$)	\$3.37	\$2.88
(2) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$837,206	\$713,870
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	248,078	248,078
Effect of dilution:		
Employee compensation - stock (in thousands)	1,165	1,134
Weighted average number of ordinary shares outstanding after dilution (in thousands)	249,243	249,212
Diluted earnings per share (NT\$)	\$3.36	\$2.86

During the reporting date and the date the financial statement was prepared, no other transactions affected the common shares and dilutive potential ordinary shares.

## VII. RELATED PARTIES TRANSACTIONS

Information of the related parties that had transactions with the Company during the financial reporting period is as follow:

### Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Hsiyu Seawater Desalination Co., Ltd.	Associate
Kuo Yang Environment Technology Co., Ltd.	Associate
Kuo Hsin Technology Co., Ltd.	Associate
Jian-yi Construction Co., Ltd.	Associate
Marvel Line Co., Ltd.	Associate
Kuo Chuang Engineering Co., Ltd.	Associate
Xiamen Guoxin Century Technology Co., Ltd.	Associate (Note2)
Shang Ting Construction Co., Ltd.	Substantives related party
Lian Chuang Enterprise Co., Ltd.	Substantives related party
Hung Ya Man	Director of the Company
Ye Qin Zheng	President of the Company (Note1)
Du Guan zhen	Vice president of the Company

Note1: Stepped down from the position of the Company's president in 14 June 2021.

Note2: The Company's subsidiary, Marvel Line Co., Ltd.(hereinafter referred to as Marvel Line Company), on 29 August 2022, the Company held an extraordinary shareholders' meeting as a shareholder of its subsidiary, Xiamen Guoxin Century Technology Company Limited (hereinafter referred to as Xiamen Guoxin), and resolved to approve the re-election of all directors and supervisors, change the address of the Company and amend the articles of association of the Company, but the former management of Xiamen Guoxin did not recognize the resolution of the extraordinary shareholders' meeting on 29 August 2022 and refused to cooperate with the handover procedures. Therefore, the Company filed a lawsuit with the Haicang Court in Xiamen City, Fujian Province on 17 November 2022 against the former management of Xiamen Guoxin for the return of the relevant licenses of the Company. In order to ensure the legitimate interests of shareholders, the Company has appointed local lawyers to take legal action to resume normal management of Xiamen Guoxin and related asset preservation measures. As at the date of adoption of the financial statements, the case is still under trial and the outcome of the aforementioned litigation cannot be estimated yet.

In addition, as at 31 December 2024, the Company had lost control and significant influence over Xiamen Guoxin as a result of the above-mentioned events, which prevented the Company from influencing Xiamen Guoxin's operating decisions by participating in voting on motions, and therefore ceased to adopt the equity method of investment and transferred it to financial assets at fair value through other comprehensive income or loss.

#### Significant related party transactions

##### 1. Sales

	<u>2024</u>	<u>2023</u>
Associates		
Kuo Chuang Engineering Co., Ltd.	<u>\$53,722</u>	<u>\$379,467</u>

Due to the different specifications of pipes and packaging materials, the sales prices sold by the company to related parties have no general transaction prices to compare, and the payment shall be collected as agreed in the sales contract.

##### 2. Construction revenue

	<u>2024</u>	<u>2023</u>
Associates		
Kuo Yang Environment Technology Co., Ltd.	<u>\$107,976</u>	<u>\$235,009</u>

The total contract price of the contract of the related party is based on the negotiation between the two parties, and the payment is requested according to the progress of the construction of the project, and the payment period for the related party is extended if necessary. In addition, the company's contract liabilities arising from the contracting of projects to related parties are as follows:

	Contract liabilities	
	For the years ended 31 December	
	2024	2023
Associates		
Kuo Yang Environment Technology Co., Ltd.	\$45,572	\$522,058
Jian-yi Construction Co., Ltd.	501,391	501,391
Total	<u>\$546,963</u>	<u>\$1,023,449</u>

### 3. Purchase

	2024	2023
Associates		
Kuo Chuang Engineering Co., Ltd.	<u>\$1,765</u>	<u>\$-</u>

As the company's purchases from related parties comprise different types of goods, there is no general transaction price for comparison. The payment period is about 60 to 90 days, which is equivalent to ordinary transactions.

### 4. Amounts owed by related parties

	31 Dec. 2024	31 Dec. 2023
Associates		
Kuo Yang Environment Technology Co., Ltd.	\$504,774	\$653,673
Kuo Chuang Engineering Co., Ltd.	819	76,904
Total	<u>\$505,593</u>	<u>\$730,577</u>

### 5. Amounts owed to related parties

	31 Dec. 2024	31 Dec. 2023
Associates		
Others	<u>\$924</u>	<u>\$410</u>

### 6. Others

#### (1) Other receivables-related parties

	31 Dec. 2024	31 Dec. 2023
Associates		
Kuo Yang Environment Technology Co., Ltd.(Note)	\$74,194	\$54,360
Others	736	956
Total	<u>\$74,930</u>	<u>\$55,316</u>

(Note)The interest on accounts receivable from the company's subsidiary-Kuo Yang Environment Technology Co., Ltd. is calculated based on the interest rate of the long-term borrowing from financial institutions by Kuo Yang Environment Technology Co., Ltd. in 2024 and 2023. The interest income was NT\$18,691 thousand and NT\$22,848 thousand, which are reported under other income.

- (2) The amount of construction funds collected by the Company from the owner on behalf of its related parties is listed below:

Account Listed Items	Categories of Related		
	Parties		
		31 Dec. 2024	31 Dec. 2023
Other payables to related parties	Associate	\$14,827	\$11,062
Other current liabilities	Associate	-	9,806

- (3) As of 31 December 2024 and 2023, the subsidiary Kuo Hsin Technology Co., Ltd. provided real estate, plant and equipment for the company's bank loans at NT\$59,128 thousand and NT\$64,384 thousand, respectively.
- (4) As of 31 December 2024 and 2023, the Company borrowed money from financial institutions. In accordance with the requirements of part of the loan contract, the Company's key management staffs provided joint guarantees.
- (5) As at 31 December 2024, the company and its related parties have jointly contracted engineering projects.

#### 7. Key management personnel compensation

	2024	2023
Short-term employee benefits	\$94,368	\$72,800
Post-employment benefits	1,370	1,109
Total	\$95,738	\$73,909

## VIII. ASSETS PLEDGED AS COLLATERAL

The Company has the following Assets pledged as Collateral:

Items	Book Value		Purpose of pledge
	31 Dec. 2024	31 Dec. 2023	
Financial assets at amortised costs - current	\$755,581	\$574,996	Current borrowings, Short-term notes and bills payable, Penghu desalinated water contract performance guarantee, and construction performance guarantee
Financial assets at amortised costs – non-current	39,200	100,194	Non-current portion of non-current borrowings, CPC credit sale collateral
Property, plant and equipment	108,248	108,334	Non-current borrowings, Current borrowings
Investments accounted for using equity method	456,326	474,853	Bond
Total	<u>\$1,359,355</u>	<u>\$1,258,377</u>	

## IX. Significant contingencies and unrecognized contract

1. The guarantee notes deposit issued by the Company for related operating needs are as follows:

	31 Dec. 2024	31 Dec. 2023
Performance guarantee for purchase contract	\$4,000	\$5,000
Performance guarantee for sales contract	221,480	86,061
Performance guarantee for financing contracts	200,000	200,000
Total	<u>\$425,480</u>	<u>\$291,061</u>

2. The performance guarantee issued by the Bank due to the Company's contracting projects is as follows:

	31 Dec. 2024	31 Dec. 2023
Guarantee of performance of the contracted work	\$1,895,626	\$1,406,508
Guarantee of performance in the contract of sale	-	5,000
Total	<u>\$1,895,626</u>	<u>\$1,411,508</u>

3. As at 31 December 2024 and 2023, the Company issued NT\$251,575 thousand of common bonds for the first time in 2022, which were guaranteed by banks.

4. As at 31 December 2024, some of the Company's long-term and current borrowings were guaranteed by promissory notes issued under financing lines or drawdown lines, which were not included in the financial statements because of the nature of contingent liabilities.

5. As of 31 December 2024, the credit line of the Company's issued but unused letter of credit amounted to NT\$760 thousand.

6. Joint Venture Contracts:

Participants of the Joint Venture Contracts	Case	31 Dec. 2024		31 Dec. 2023	
		Contract Total Price	Contract Proportion	Contract Total Price	Contract Proportion
Mountain Forestry and Water Environmental Engineering Co., Ltd And Chin Cheng Construction Co., Ltd.	A	\$3,110,476	65.00%	\$3,110,476	65.00%
Sheng Ho Construction Co., Ltd.	B	379,638	30.00%	379,638	30.00%
Kao Kun Construction Co., Ltd.	C	1,722,857	25.00%	1,722,857	25.00%
Sheng Ho Construction Co., Ltd.	D	1,266,667	20.00%	1,266,667	20.00%
Yu Lin Engineering Co., Ltd.	E	420,952	20.00%	420,952	20.00%
Jian-yi Construction Co., Ltd.	F	499,022	30.00%	499,022	30.00%
Yu Lin Engineering Co., Ltd.	G	854,000	20.00%	854,000	20.00%
BES Engineering Corporation	H	19,966,430	43.00%	-	-
Sheng Ho Construction Co., Ltd.	I	2,123,800	30.00%	-	-
De Yi Construction Co., Ltd.	J	2,208,571	10.00%	-	-
Shang Ting Construction Co., Ltd. And Lian Chuang Enterprise Co., Ltd	K	770,476	70.00%	-	-
Total		<u>\$33,322,889</u>		<u>\$8,253,612</u>	

7. Contingent Liabilities:

(1) The Company's contract for the "Construction of additional 4,000-ton desalination plant in Magong (Magong No. 2 Desalination Plant Phase I)," for which the proprietor determined that the deadline for performance of the contract was 12 December 2019, considered that the Company had been overdue for 405 days and calculated the overdue penalty based on the uncompleted percentage of 25.73%, and intended to impose an overdue penalty of NT\$132,044 thousand on the Company. After evaluating the relevant documents and analyzing the legal opinions, the Company considered that the reasons for the delay of the project included the location change of the seawater intake station, the impact of the amendment of the regulations and the impact of Covid-19 that prevented the entry of foreign technicians, etc., which could not be attributed to the Company, and would negotiate with the proprietor to extend the deadline of the contract. In addition, the percentage of uncompleted works as at 12 December 2019 was determined by the proprietor to be 25.73%, while the actual percentage of uncompleted works according to the Company's construction records should be 3.78%. The Company negotiated with the proprietor to redetermine the percentage. The Company received a letter from the proprietor on 6 August 2021. Due to the amendment to the Labor Standards Act, the Company agreed to extend the construction period by 36 days; therefore, the deadline for the completion of the contract was 18 January 2020. The proprietor considered that the

Company had been overdue for 368 days and should be fined NT\$115,867 thousand for the violation and withheld the settlement of the accepted project amount (recorded as Long-term Accounts Receivables).

The Company claimed that the change in the location of the seawater intake station affected the construction period, and thus a 130-day construction period should be granted. Based on the 96.22% completion rate of the construction log on the date of the final performance deadline, the remaining work should be 3.78%, and the amount of late penalty should be calculated after calculating the daily late penalty.

As stated above, the Company assessed the possible overdue penalties from approximately NT\$10,310 thousand to NT\$29,813 thousand, and therefore the Company estimated the overdue penalties of NT\$29,813 thousand in the account. On 9 January 2023, our company filed a civil lawsuit with the Taichung District Court in Taiwan, requesting the payment of contract amounts. This lawsuit is aimed at recovering a total of NT\$223,731 thousand, which includes the amounts temporarily withheld by the owner for the settlement and acceptance of the project, as well as the related amounts advanced for the overdue construction period.

On 4 February 2025, our company received a civil judgment from the Taichung District Court in Taiwan. The judgment stated that the judge, based on Article 252 of the Civil Code, reduced the amount that the owner should pay for the temporarily withheld settlement and acceptance of the project. In response to the judgment, our company filed an appeal with the Taichung District Court on 18 February 2025. As of the date of the consolidated financial statements, this case is still under review by the Taichung District Court, and the outcome of the aforementioned lawsuit cannot be estimated at this time.

- (2) On 2 August 2022, a former employee of the Company, Mr. Fu, filed a civil action in the Pingtung District Court in Taiwan to confirm the existence of the employment relationship, seeking compensation for the retirement benefits plus the expatriate allowance and damages of NT\$15,410 thousand resulting from the arbitrary termination of the employment relationship between the Company and him.

The Company did not unlawfully terminate Fu's appointment as a manager in accordance with the Company Act. Fu served as the general manager of the overseas reinvestee company without the Company's consent and did not return to Taiwan at the Company's request; therefore, the Company terminated the employment relationship in accordance with the Labor Standards Act. On 2 November 2023, the fifth oral argument was proceeded in Taiwan Pingtung District Court. The Company has estimated that the pensions expected to be paid amounted to NT\$5,734 thousand, which was recorded in the accounts as Net defined benefit liability, non-current, and was deposited in Taiwan Kaohsiung District Court. Subsequently, the Company received a civil judgment from Taiwan Pingtung District Court on 30 November 2023, in favor of the Company. The Company filed a civil claim form for the final certificate to Taiwan Pingtung District Court on 9 January 2024, and received the final certificate on 29 January 2024. As of the issuance date of the parent company only financial statements, the case was closed after Mr. Fu withdrew the pension lodged at Taiwan Kaohsiung District Court.

X. Significant Disaster Losses

None.

XI. Significant subsequent events

None.

XII. Other

1. Categories of financial instruments

Financial Assets

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>
Financial assets at fair value through other comprehensive income	\$678,664	\$527,472
Financial assets at amortised cost:		
Cash and cash equivalents (exclude cash on hand)	742,033	825,949
Financial assets measured at amortised cost(current and non-current)	864,781	817,690
Notes receivables	46,826	7,785
Trade receivables (related parties included)	748,410	978,883
Other receivables (related parties included)	79,242	56,223
Construction refundable deposits	3,627	17,268
Refundable deposits	22,930	32,825
Long-term accounts receivables	115,867	115,867
Subtotal	<u>2,623,716</u>	<u>2,852,490</u>
Total	<u>\$3,302,380</u>	<u>\$3,379,962</u>

Financial Liabilities

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>
Financial liabilities at amortized cost:		
Current borrowings and notes payable	\$683,845	\$225,500
Payments payable (related parties included)	976,654	887,455
Bond payable (current portion included)	249,995	249,802
Long-term borrowings (current portion included)	341,350	130,266
Lease liabilities(current and non-current)	8,735	11,115
Refundable deposits received(recognized as other current liabilities - others)	19,270	20,486
Total	<u>\$2,279,849</u>	<u>\$1,524,624</u>

2. Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

### 3. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise currency risk, interest rate risk, and other price risk (such as equity instruments related risks).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

#### Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables; therefore, natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly affected by USD. Sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2024 and 2023 decreases/increases by NT\$4 thousand and NT\$4 thousand, respectively.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate risk of the Company mainly comes from floating rate investment, fixed rate and floating rate borrowing.

The Company maintains an appropriate combination of fixed and floating interest rates, supplemented by interest rate exchange contracts to manage interest rate risk, however, because it does not meet the requirements of hedge accounting, hence hedge accounting is not applied.

Sensitivity analysis of interest rate risk mainly focuses on interest rate exposure items at the end of the financial reporting period, including floating rate investments, floating rate borrowings, and interest rate exchange contracts. It is assumed to be held for an accounting year when interest rates rise or fall by ten basis points, the profit and loss of the Company in 2024 and 2023 will decrease by NT\$624 thousand and NT\$1,331 thousand respectively.

#### Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed equity securities are classified under held for trading financial assets or available-for-sale financial assets, while unlisted equity securities are classified as available-for-sale. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's board of directors reviews and approves all equity investment decisions.

At the reporting date, a change of 1% in the price of the listed companies stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT\$104 thousand and NT\$0 thousand on the equity attributable to the Company for the years ended 31 December 2024 and 2023, respectively.

Please refer to Note XII (8) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

#### 4. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for contract assets, accounts receivables and Notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain customer's credit risk will also be managed by taking credit enhancement procedures, such as requesting for prepayment or insurance.

As at 31 December 2024 and 2023, accounts receivables from top ten customers represented 95% and 98% of the total accounts receivables of the Company, the credit concentration risk of contract assets and other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

## 5. Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings and convertible bonds. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

### Non-derivative financial liabilities

	<u>Less than 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over than 5 years</u>	<u>Total</u>
31 Dec. 2024						
Loans	\$321,432	\$565,314	\$22,539	\$88,559	\$-	\$997,844
Notes and accounts payable	645,264	5,295	46,716	21,425	-	718,700
Other payables	257,954	-	-	-	-	257,954
Bonds payable	251,575	-	-	-	-	251,575
Lease liabilities	2,113	1,829	3,657	871	750	9,220
Refundable deposits received	995	9,692	2,901	5,682	-	19,270
31 Dec. 2023						
Loans	\$192,853	\$26,817	\$40,018	\$52,055	\$-	\$311,743
Notes and accounts payable	646,244	35,108	-	5,379	-	686,731
Other payables	200,724	-	-	-	-	200,724
Bonds payable	1,575	-	251,575	-	-	253,150
Lease liabilities	2,852	2,092	3,098	3,510	-	11,552
Refundable deposits received	4,984	1,530	9,542	4,430	-	20,486

## 6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2024:

	Current Borrowings	Short-term notes and bills payable	Long-term borrowings (current portion included)	Bonds payable	Lease liabilities	Total
1 Jan. 2024	\$175,500	\$50,000	\$130,266	\$249,802	\$11,115	\$616,683
Cash flows	458,345	-	207,280	-	(5,651)	659,974
Non-cash changes	-	-	3,804	193	3,271	7,268
31 Dec. 2024	<u>\$633,845</u>	<u>\$50,000</u>	<u>\$341,350</u>	<u>\$249,995</u>	<u>\$8,735</u>	<u>\$1,283,925</u>

Reconciliation of liabilities for the year ended 31 December 2023:

	Current borrowings	Short-term notes and bills payable	Long-term borrowings (current portion included)	Bonds payable	Lease liabilities	Total
1 Jan. 2023	\$280,000	\$-	\$364,755	\$249,624	\$-	\$894,379
Cash flows	(104,500)	50,000	(236,320)	-	(3,860)	(294,680)
Non-cash changes	-	-	1,831	178	14,975	16,984
31 Dec. 2023	<u>\$175,500</u>	<u>\$50,000</u>	<u>\$130,266</u>	<u>\$249,802</u>	<u>\$11,115</u>	<u>\$616,683</u>

## 7. Fair values of financial instruments

- (1) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- A. The carrying amount of cash and cash equivalents, trade receivables, accounts payable, deposit received and other current liabilities approximate their fair value due to their short maturities.
- B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, etc.) at the reporting date.
- C. Fair value of equity instruments without market quotations (including private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

D. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

(2) Fair value of financial instruments measured at amortized cost

The book value of the financial assets and financial liabilities measured at amortized cost by the Company approximated their fair value.

(3) Fair value measurement hierarchy for financial instruments

Please refer to Note XII (8) for fair value measurement hierarchy for financial instruments of the Company.

8. Fair value measurement hierarchy

(1) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(2) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As at 31 December 2024

	Level 1	Level 2	Level 3	Total
Assets at fair value through other comprehensive income				
Financial assets at fair value through other comprehensive income	\$10,422	\$-	\$668,242	\$678,664

As at 31 December 2023

	Level 1	Level 2	Level 3	Total
Assets at fair value through other comprehensive income				
Financial assets at fair value through other comprehensive income	\$-	\$-	\$527,472	\$527,472

Transfers between Level 1 and Level 2 during the period

For the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

Changes in Level 3 of the recurring fair value hierarchy

If the assets and liabilities measured by the recurring fair value of the Company belong to deemed at level 3 of the fair value hierarchy, the adjustment of the balance from the beginning to the end is listed as follows:

	<u>Assets</u>
	<u>At fair value through other comprehensive income</u>
	<u>Stock</u>
1 Jan. 2024	\$527,472
Total gains and losses recognized	
Amount recognized in OCI	140,770
31 Dec. 2024	<u>\$668,242</u>
	<u>Assets</u>
	<u>At fair value through other comprehensive income</u>
	<u>Stock</u>
1 Jan. 2023	\$481,198
Total gains and losses recognized	
Amount recognized in OCI	46,274
31 Dec. 2023	<u>\$527,472</u>

## Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

31 December 2024

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets: Measured at fair value through other comprehensive income					
Stocks	Comparable Public Company Method	Discount for lack of marketability	26%~33%	The higher the lack of marketability, the lower the fair value estimation	When the percentage of lack of marketability increases (decreases) by 2%, the equity of the company will decrease/increase by NT\$13,338 thousand

31 December 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets: Measured at fair value through other comprehensive income					
Stocks	Comparable Public Company Method	Discount for lack of marketability	26%~33%	The higher the lack of marketability, the lower the fair value estimation	When the percentage of lack of marketability increases (decreases) by 2%, the equity of the company will decrease/increase by NT\$10,648 thousand

## Valuation process of Level 3 fair value measurement

The Company's financial accounting department is responsible for fair value verification, using independent sources of information to bring the valuation results closer to the market, confirming that the source of the information is independent, reliable, consistent with other resources, and representing executable prices. In accordance with the Company's accounting policies on each reporting day, the changes in the value of assets and liabilities that need to be remeasured or reassessed should be analyzed to ensure that the valuation results are reasonable.

(3) Fair value measurement hierarchy of the Company's assets not measured at fair value but for which the fair value is disclosed

31 December 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investments accounted for using equity method	\$-	\$-	\$2,903,558	\$2,903,558

31 December 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investments accounted for using equity method	\$-	\$-	\$2,428,906	\$2,428,906

9. Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	<u>31 Dec. 2024</u>			<u>31 Dec. 2023</u>		
	<u>Foreign currencies</u>	<u>Foreign exchange rate</u>	<u>NTD</u>	<u>Foreign currencies</u>	<u>Foreign exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>						
Monetary items:						
USD	\$13	32.735	\$426	\$13	30.655	\$399
JPY	3	0.208	1	200,001	0.215	43,000

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

The Company has various functional currencies, no information about the foreign exchange gains or losses by a specific currency is available. For the years ended 31 December 2024 and 2023, the foreign exchange gains or losses on monetary financial assets and financial liabilities were NT\$5,103 thousand and NT\$(1,504) thousand, respectively.

## 10. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

## XIII. ADDITIONAL DISCLOSURES

1. The following are additional disclosures for the Company and its affiliates as required by the R.O.C. Securities and Futures Bureau:

- (1) Financing provided to others for the year ended 31 December 2024: Please refer to Attachment 1.
- (2) Endorsement/Guarantee provided to others for the year ended 31 December 2024: Please refer to Attachment 2.
- (3) Securities held as of 31 December 2024 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 3.
- (4) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2024: None.
- (5) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2024: None.
- (6) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2024: None.
- (7) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended 31 December 2024: Please refer to Attachment 4.
- (8) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of 31 December 2024: Please refer to Attachment 5.
- (9) Name of the Investee Company, location, etc. (Do not include investees in China): Please refer to Attachment 6.
- (10) Financial instruments and derivative transactions: None.

2. Information in Mainland China:

- (1) Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 7.

(2) Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: Please refer to Attachment 7.

3. Main Stockholders' Information:

Main stockholders' name, shares holding amount and proportion: None.

**XIV. SEGMENT INFORMATION**

The Company is exempted from preparing segment information in accordance with Article 22 of the Guidelines for the Preparation of Financial Reports for Securities Issuers, and has disclosed the operating segment information in the consolidated financial report.

## Attachment 1: Financing provided to others

No. (Note 1)	Lender	Counterparty	Financial statement account	Related Party (Note 8)	Maximum balance for the period (Note 7)	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 4)	Amount of sales to (purchases from) Counterparty (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counterparty (Note 2)	Limit of total financing amount (Note 3)	Note
													Item	Value			
1	Marvel Line Co., Ltd.	Xiamen Guoxin Century Technology Co., Ltd.	Long-term accounts receivables	Yes	\$257,640 (CNY 57,000 thousand)	\$253,821 (CNY 57,000 thousand)	\$253,821 (CNY 57,000 thousand)	4.25%	2	\$-	Need for operating	\$(222,656)	-	\$-	\$274,032	\$274,032	(Note 8)

(Note 1) The financial information of the parent company and its subsidiaries are coded as follows:

- (1) The parent company is coded "0".
- (2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

(Note 2) Limit of financing amount for individual counterparty:

- (1) Limit of financing amount for individual counterparty shall not exceed 40% of the net asset value and shall not exceed the amount of business transactions. The amount of business transactions is the amount of business transaction in recent 1 year between lender and the counterparty.
- (2) Necessary for operating: financing amount to individual counterparty shall not exceed 40% of the net asset value.

(Note 3) Limit of total financing amount shall not exceed 40% of the Company's net asset value.

(Note 4) The financing provided to others are coded as follows:

- (1) Business contacts is coded "1".
- (2) Short-term financing is coded "2".

(Note 5) If financing provided to others is coded "1", the amount of business transactions should be filled in. The amount of business transactions is the amount of business transaction in recent 1 year between lender and the counterparty.

(Note 6) If financing provided to others is coded "2". The reasons for the necessary loans and funds and the use of the loans and objects should be specified, such as refunding, purchasing equipments, need for operating, etc.

(Note 7) The balance of which is at its maximum balance of financing provided to others in the current year.

(Note 8) Xiamen Guoxin Century Technology Co., Ltd. is listed as an affiliated enterprise of the company (relevant explanations are detailed in Note VII (NOTE 1)). The disclosure of the transactions shall not be made until the day when the control is lost, and the transactions between related parties shall not be written off when the consolidated statement is compiled from the day when the control is lost.

(Note 9) This exchange rate of CNY to New Taiwan dollars was based on 4.453 as of the end of December 2024 as announced by the Company.

(Note 10) This exchange rate of USD to New Taiwan dollars was based on 32.735 as of the end of December 2024 as announced by the Company.

Attachment 2: Endorsement/Guarantee provided to others

No. (Note1)	Endorsor/ Guarantor	Receiving party		Limit of guarantee/ endorsement amount for receiving party	Maximum balance for the period (Note 9)	Ending balance (Note 10)	Actual amount provided (Note 11)	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount	Parent company's guarantee/ endorsement amount to subsidiaries	Subsidiaries' guarantee/ endorsement amount to parent company	Guarantee/ endorsement amount to company in Mainland China	Note
		Company Name	Releationship											
0	The Company	Kuo Yang Environment Technology Co., Ltd.	Kuo Toong Holding Corporation	\$7,442,346 (Note 4)	\$2,450,000	\$2,450,000	\$2,044,670	None	38.92%	\$12,403,910 (Note 4)	Y	N	N	(Note 12)
0	The Company	Hsiyu Seawater Desalination Co., Ltd.	Kuo Toong Holding Corporation	7,442,346 (Note 4)	75,000	75,000	55,000	None	1.19%	12,403,910 (Note 4)	Y	N	N	(Note 12)
0	The Company	Kuo Chuang Engineering Co., Ltd.	Kuo Toong Holding Corporation	4,406,045 (Note 2)	142,000	82,000	44,000	None	1.30%	5,979,633 (Note 3)	Y	N	N	(Note 12)
1	Kuo Hsin Technology Co., Ltd.	The Company	Parent Company of Kuo Hsin	215,000 (Note 5)	110,000	110,000	-	59,128	171.62%	430,000 (Note 6)	N	Y	N	(Note 12)
2	Ding Teng Co., Ltd.	Kuo Yang Environment Technology Co., Ltd.	Ding Teng Holding Corporation	5,837,874 (Note 7)	2,450,000	2,450,000	2,044,670	None	69.65%	9,729,790 (Note 8)	Y	N	N	(Note 12)

(Note 1) The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

(Note 2) Shall not exceed 70% of net asset value of the Company.

(Note 3) Shall not exceed 95% of net asset value of the Company.

(Note 4) The limit of endorsement guarantee for the implementation of the "Promotion of Private Participation in Public Construction Law" for engineering projects is limited to not more than five times the company's paid-in capital; in addition, for a single enterprise, it is limited to not more than three times the company's paid-in capital.

(Note 5) Shall not exceed 50% of pad capital of the Endorsor/Guarantor.

(Note 6) Shall not exceed 100% of pad capital of the Endorsor/Guarantor.

(Note 7) Shall not exceed three times net asset value of the Endorsor/Guarantor.

(Note 8) Shall not exceed five times net asset value of the Endorsor/Guarantor.

(Note 9) The balance of which is at its maximum balance of endorsement/guarantee provided to others in the current year.

(Note 10) The guarantee quota/amount the Company and its subsidiaries are approved by the board of directors to endorse for others.

(Note 11) The actual amount drawn by the endorsed guarantee company within the limit of the endorsed guarantee balance.

(Note 12) The above transactions were all made between consolidated entities in the Company and have been reversed.

Attachment 3: Securities held as of 31 December 2024. (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type and name of securities (Note)	Relationship	Financial statement account	As of 31 December 2024				Note
				Shares (thousand)	Book value (thousands)	Percentage of ownership (%)	Fair value	
The Company	Unisted stock- Harbin Kuo Toong Pipeline Co., Ltd.	NA	Non-current financial assets at fair value through other comprehensive income	10,000,000	\$112,665	25.00%	\$112,665	Not pledged
	Unisted (counter) stock- Shanghai Songjiang Huaqiao Modern Agriculture Co., Ltd.	NA	Non-current financial assets at fair value through other comprehensive income	-	-	10.42%	-	Not pledged
	Unisted (counter) stock- Jihben International Development Co., Ltd.	NA	Non-current financial assets at fair value through other comprehensive income	3,000,000	-	18.00%	-	Not pledged
	Unisted (counter) stock- Fujian Taiming Casting Pipes Technology Co., Ltd.	NA	Non-current financial assets at fair value through other comprehensive income	132,250,705	555,577	22.68%	555,577	Not pledged
	Listed (counter) stock - New Asia Construction & Development Corp.	NA	Non-current financial assets at fair value through other comprehensive income	811,000	10,422	0.36%	10,422	Not pledged
				Subtotal		678,664		678,664
Jie Mao International Co., Ltd.	Unisted (counter) stock- Shanghai Songjiang Huaqiao Modern Agriculture Co., Ltd.	NA	Non-current financial assets at fair value through other comprehensive income	-	-	9.73%	-	Not pledged
Marvel Line Co., Ltd.	Unisted (counter) stock- Xiamen Guoxin Century Technology Co., Ltd.	NA	Non-current financial assets at fair value through other comprehensive income	91,000,000	133,724	91.00%	133,724	Not pledged
Jian-yi Construction Co., Ltd.	Listed (counter) stock - New Asia Construction & Development Corp.	NA	Non-current financial assets at fair value through other comprehensive income	4,604,000	59,161	2.03%	59,161	Not pledged
			Subtotal		\$871,549		\$871,549	

(Note) Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 “Financial instruments”.

Attachment 4: Related party transactions for purchases and sales exceeding the lower of NT\$100 million or 20 percent of the capital stock as of 31 December 2024

Related party	Counterparty	Relationship	Intercompany Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total consolidated purchase (Sales)	Terms	Unit Price	Terms	Carrying amount	Percentage of total consolidated receivables (payable)	
The Company	Kuo Yang Environment Technology Co., Ltd.	Subsidiary	Construction revenue	\$107,976	2.40%	-	-	In accordance with the project contract, the payment will be received after the payment is assessed phase by phase	Accounts receivable \$504,774	63.47%	(Note)
Kuo Yang Environment Technology Co., Ltd.	The Company	Ultimate parent company of Kuo Yang	Construction costs	107,976	28.37%	-	-	Payment according to project contract assessment progress	Accounts payable 504,774	99.75%	(Note)

(Note) The above transactions were all made between consolidated entities in the Company and have been reversed.

Attachment 5: Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of 31 December 2024

Related party	Counterparty	Relationship	Amount	Average amount turnover	Overdue account receivable-related parties		Amount received in subsequent period	Allowance for doubtful debts	Note
					Amount	Processing method			
The Company	Kuo Yang Environment Technology Co., Ltd.	Subsidiary	Accounts receivable \$504,774 Other receivables – interests receivable \$74,194	18.64%	\$-	-	\$35,166	\$-	(Note 1)
Marvel Line Co., Ltd.	Xiamen Guoxin Century Technology Co., Ltd.	Subsidiary of Marvel Line Co., Ltd.	Long-term accounts receivables -financial accommodation \$253,821 Long-term accounts receivables – interests receivable \$94,831	-	-	-	-	(222,656)	(Note 2)

(Note 1) The above transactions were all made between consolidated entities in the Company and have been reversed.

(Note 2) Xiamen Guoxin Century Technology Co., Ltd., is included in the Company's affiliated companies (Note VII (NOTE 1)). The transactions are disclosed until the date of loss of control, and the transactions between related parties since the date of loss of control are not eliminated in the preparation of the consolidated financial statements.

Attachment 6: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2024, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2024: (Excluding investment in Mainland China)

Investor	Investee company	Address	Main businesses and products	Initial Investment		Investment as of 31 December 2024			Net income (loss) of investee company	Investment income (loss) recognized (Note 2)	Note
				Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value (Note 1)			
The Company	Kuo Toong International LLC.	Delaware, USA	Engaged in reinvestment holding activities	\$435,020	\$23,625	13,530,000	100.00%	\$681,871	\$21,861	\$21,861	(Note 6)
	Hsiyu Seawater Desalination Co., Ltd.	Zuoying district, Kaohsiung	Tap water management, piping engineering, automatic control equipment engineering, mechanical installation, etc.	117,000	117,000	11,700,000	100.00%	47,731	805	805	(Note 6)
	Jie Mao International Co., Ltd.	Zuoying district, Kaohsiung	Building materials wholesale, building materials retail, international trade and machinery wholesale, etc.	109,000	109,000	10,900,100	100.00%	79,128	7,693	7,693	(Note 6)
	Kuo Hsin Technology Co., Ltd. (Note 3)	Zuoying district, Kaohsiung	Chemical material manufacturing and water supply management	316,500	316,500	31,650,000	73.60%	47,173	(4,203)	(3,093)	(Note 6)
	Jian-yi Construction Co., Ltd.	Zuoying district, Kaohsiung	Construction, dredging, sandstone and silt sea dumping, wholesale of building materials, housing and building development and rental etc.	274,235	274,235	27,000,000	100.00%	271,736	(89)	(89)	(Note 6)

Investor	Investee company	Address	Main businesses and products	Initial Investment		Investment as of 31 December 2024			Net income (loss) of investee company	Investment income (loss) recognized (Note 2)	Note
				Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Book value (Note 1)			
The Company	Marvel Line Co., Ltd.	SAMOA	Engaged in reinvestment holding activities	\$5,319	\$5,319	\$183,488	0.5%	\$3,425	\$21,960	\$110	(Note 6)
	Ding Teng Co., Ltd.	Zuoying district, Kaohsiung	Energy technology services, water supply management, machinery, equipment manufacturing and installation piping engineering, other environmental sanitation and pollution prevention services, etc.	1,363,692	1,363,692	98,272,152	50.50%	1,772,494	147,625	75,060	(Note 6)
Jie Mao International Co., Ltd.	Kuo Chuang Engineering Co., Ltd.	Zuoying district, Kaohsiung	Water supply management and piping works, etc.	60,000	60,000	6,000,000	100.00%	79,225	7,738	7,738	(Note 6)
Kuo Toong International LLC.	Marvel Line Co., Ltd.	SAMOA	Engaged in reinvestment holding activities	1,135,485	731,352	36,747,211	99.50%	681,656	21,960	21,850	(Note 6)
Ding Teng Co., Ltd.	Kuo Yang Environment Technology Co., Ltd.	Miaoli County	Machinery installation, other environmental sanitation and pollution prevention services, etc.	2,697,221	2,697,221	276,080,065	100.00%	3,513,443	146,995	146,995	(Note 6)

(Note 1) The book value of the investment using the equity method is the net amount after deducting the unrealized gains and losses of downstream transactions.

(Note 2) The investment income recognized for this period included unrealized gain or losses.

(Note 3) On 20 May 2022, the Board of Directors resolved to suspend operations and the National Taxation Bureau of Kaohsiung, Ministry of Finance, approved the application for suspension of operations from 1 August 2022 to 31 July 2023 on 29 July 2022, and the cessation of business was approved on 5 July 2023 to be extended to 31 July 2024, and the application for re-commencement was approved by the National Taxation Bureau of Kaohsiung, Ministry of Finance, on 16 November 2023.

(Note 4) Kuo Toong International LLC. conducted cash capital increases of NT\$400,188 thousand on 26 September 2024, and NT\$11,207 thousand on 9 December 2024, all of which were subscribed by our company, maintaining a 100% shareholding ratio.

(Note 5) Kuo Toong International LLC. passed board resolutions on 9 August 2024 and 8 November 2024 to increase the capital of its subsidiary, Marvel Line Co., Ltd., by USD 12,500 thousand and USD 350 thousand, respectively. All shares were subscribed by Kuo Toong International LLC., raising its ownership percentage to 99.50%. The company did not subscribe according to its ownership percentage, resulting in a decrease to 0.50%. The Group holds a total of 100.00%.

(Note 6) The above transactions were all made between consolidated entities in the Company and have been reversed.

Attachment 7: Investment in Mainland China

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of 1 January 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2024	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 3)	Carrying Value as of 31 December 2024	Accumulated Inward Remittance of Earnings as of 31 December 2024	Note
					Outflow	Inflow							
Xiamen Guoxin Century Technology Co., Ltd.	Design, research, manufacturing, etc. of equipment and materials for seawater desalination and sewage treatment projects	\$445,300 (CNY 100,000 thousand)	(1) Marvel Line Co., Ltd.	\$475,279 (USD 14,519 thousand)	\$-	\$-	\$475,279 (USD 14,519 thousand)	\$-	91.00%	\$-	\$-	-	(Note 2)
Fujian Taiming Casting Pipes Technology Co., Ltd.	Metal structure manufacturing, architectural decoration and plumbing pipe parts manufacturing, ductile iron pipes, various pipe fittings, fittings and precision casting products manufacturing	2,596,580 (CNY 583,108 thousand)	(1) 、(2) Xiamen Guoxin Century Technology Co., Ltd. (Note 3)	779,519 (USD 23,813 thousand)	-	-	779,519 (USD 23,813)	-	28.63%	-	-	-	(Note 2)

Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 5)
\$1,447,182 (USD44,209 thousand) (Note 4)	\$1,447,182 (USD44,209 thousand) (Note 4)	\$4,831,435

(Note 1) Methods of investment are divided into three:

(1) Indirectly investment in Mainland China through companies registered in a third region. (2) Reinvest with mainland China company's own funds (3) Other

(Note 2) It was reclassified as financial assets measured at fair value through other comprehensive income for the year ended 31 December 2022.

(Note 3) Accumulated investment outflow of the Company from Taiwan is USD 23,813 thousand (converted to NTD 779,519 thousand) ; the accumulated indirect investment in Mainland China (Xiamen Guoxin Century Technology Co., Ltd.) from the Company is CNY 40,000 thousand (converted to NTD 178,120 thousand).

(Note 4) The amount of reinvestment in the mainland area includes Xinqiang Guotong Pipeline Co., Ltd., Harbin Guotong Pipeline Co., Ltd. and Shanghai Songjiang Huaqiao Modern Agriculture Co., Ltd.

(Note 5) According to the provisions of 97.8.22 "Investment or Technical Cooperation Licensing in Mainland China" and "Investment or Technical Cooperation Review Principles in Mainland China", the cumulative amount of investors' investment in mainland China depends on the upper limit of other enterprises: net value or a combined net value of 60%, whichever is higher.

(Note 6) This exchange rate of USD to New Taiwan dollars was based on 32.735 as of the end of December 2024 as announced by the Company. This exchange rate of CNY to New Taiwan dollars was based on 4.453 as of the end of December 2024 as announced by the Company.

KUO TOONG INTERNATIONAL CO., LTD.

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KUO TOONG INTERNATIONAL CO., LTD.

1.STATEMENT OF CASH AND CASH EQUIVALENTS

31 December 2024

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

Item	Description	Total	Note
Cash		\$474	1.The exchange rate of the USD to the NTD is 1:32.735.
Petty cash		1,591	
Subtotal		2,065	
Investments in bonds with resale agreements		8,000	2.The exchange rate of the CNY to the NTD is 1:4.453.
Bank Check Deposits		8,696	
Bank Deposits-NT Dollars		724,109	3.The exchange rate of the EUR to the NTD is 1:33.94.
Bank Deposits-Foreign currency	USD 7,620.30	249	4.The exchange rate of the JPY to the NTD is 1:0.2079.
	CNY 216,187.44	963	
	EUR 436.00	15	
	JPY 2,784.00	1	
Subtotal		742,033	
Total		\$744,098	

KUO TOONG INTERNATIONAL CO., LTD.

2.STATEMENT OF ACCOUNTS RECEIVABLE

31 December 2024

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

Client	Description	Amount	Note
Client A		\$72,233	The amount of individual client in others does not exceed 5% of the account balance.
Client B		63,389	
Client C		32,090	
Client D		32,011	
Client E		12,271	
Others		30,869	
Subtotal		242,863	
Less:Loss allowance		(46)	
Net amount		\$242,817	

KUO TOONG INTERNATIONAL CO., LTD.

3.STATEMENT OF INVENTORIES

31 December 2024

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

Item	Description	Amount		Note
		Cost	Market Price	
Raw materials		\$58,510	\$54,546	The market price is the net realizable value.
Work in progress		86,815	85,795	
Finished goods		202,531	187,022	
Merchandise		2,887	2,382	
Subtotal		350,743	\$329,745	
Less: Allowance for inventory valuation losses		(20,998)		
Net amount		\$329,745		

KUO TOONG INTERNATIONAL CO., LTD.  
4.STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED  
FOR UNDER THE EQUITY METHOD

31 December 2024

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

Investee Company	Beginning Balance		Additions		Decrease		Ending Balance		Fair value/Net assets value		Accrual basis %	Collateral	Note
	Shares(In thousands)	Amount	Shares(In thousands)	Amount	Shares(In thousands)	Amount	Shares(In thousands)	Amount	Unit price (NTD)	Total Amount			
Kuo Toong International LLC.	680	\$230,816	-	\$21,861 (Note 1) 411,395 (Note 6) 20,194 (Note 8)	-	\$(2,395) (Note 2)	680	\$681,871	1,002.75	\$681,871	100%	None	
Hsiyu Seawater Desalination Co., Ltd.	11,700	46,926	-	805 (Note 1)	-	-	11,700	47,731	4.08	47,731	100%	None	
Jie Mao International Co., Ltd.	10,900	88,549	-	7,692 (Note 1) 766 (Note 4)	-	(17,735) (Note 7) (144) (Note 3)	10,900	79,128	7.26	79,128	100%	None	
Jian-yi Construction Co., Ltd.	27,000	282,848	-	89 (Note 1)	-	(10,271) (Note 7) (930) (Note 8)	27,000	271,736	10.06	271,736	100%	None	
Kuo Hsin Technology Co., Ltd.	31,650	50,266	-	-	-	(3,093) (Note 1)	31,650	47,173	1.49	47,173	73.60%	None	
Ding Teng Co., Ltd.	92,053	1,727,734	-	75,060 (Note 1)	-	(30,300) (Note 7)	92,053	1,772,494	19.26	1,772,494	50.50%	(Note5)	
Marvel Line Co., Ltd.	183	1,767	-	110 (Note 1) 69 (Note 8) 1,479 (Note 2)	-	-	183	3,425	18.72	3,425	0.50%	None	
Total		\$2,428,906		\$539,520		\$(64,868)		\$2,903,558					

(Note 1) The equity method recognizes investment income (loss).

(Note 2) Exchange differences resulting from translating the financial statements of a foreign operations.

(Note 3) Downstream transactions are written off.

(Note 4) The unrealized sales benefit of the current period.

(Note 5) 25,300 thousand shares are mortgaged for bank loans and corporate bond guarantee.

(Note 6) Increase in investment.

(Note 7) Dividend distribution.

(Note 8) The unrealized evaluation (loss) of the subsidiary's financial assets measured at fair value through other comprehensive income is recognized based on the shareholding.

KUO TOONG INTERNATIONAL CO., LTD.

5.STATEMENT OFACCOUNTS PAYABLE

31 December 2024

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

Client	Description	Amount	Note
Client A		\$136,566	The amount of individual client in others does not exceed 5% of the account balance.
Client B		66,668	
Client C		53,658	
Client D		45,165	
Client E		45,033	
Client F		33,642	
Others		166,526	
Total		\$547,258	

KUO TOONG INTERNATIONAL CO., LTD.

6.STATEMENT OF OPERATING REVENUES

For the year ended 31 December 2024

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

Item	Amount	Amount	Note
Construction revenue		\$3,557,062	
Operating revenue			
Steel pipe	1,338.84 M	83,630	
Steel pipe parts	1 Set	155,839	
Ductile cast iron pipe	1,319 Cubic Meter	503,426	
Ductile cast iron pipe parts	1 Set	45,696	
Others		67,797	
Subtotal		856,388	
Labor revenue		77,024	
Total		\$4,490,474	

KUO TOONG INTERNATIONAL CO., LTD.

7. STATEMENT OF OPERATING COSTS

For the year ended 31 December 2024

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

Item	Amount	Note
Cost of Goods Sold of Self-made Product		
Direct material : Beginning of year	\$29,358	
Add : Raw material purchased	522,641	
Less : Raw material, end of year	(58,510)	
Sold raw materials	(7,075)	
Transferred to expense	(4,067)	
Transferred to construction work-in-process	(10,650)	
Transferred to other	(146)	
Supplies and parts used	471,551	
Direct labor	89,181	
Factory overheads	337,861	
Manufacturing cost	898,593	
Work in process, beginning of year	125,981	
Add : Raw material purchased	40,925	
Transferred from other	11,804	
Less : Work in process, end of year	(86,815)	
Sold work in process	(12)	
Transferred to construction work-in-process	(90)	
Transferred to expense	(54)	
Transferred to other	414	
Cost of finished goods	990,746	
Finished goods, beginning of year	156,819	
Less : Finished goods, end of year	(202,531)	
Transferred to construction work-in-process	(517,518)	
Transferred to expense	(6,592)	
Transferred to others	(2,915)	
Cost of Goods Sold of Self-made Product	418,009	
Cost of Goods sold of Merchandise		
Merchandise: Beginning of year	3,238	
Add: Merchandise purchased	115,598	
Less: Merchandise, end of year	(2,887)	
Transferred to construction work-in-process	(113,147)	
Transferred to others	2,207	
Cost of Goods sold of Merchandise	5,009	
Invoicing cost	423,018	
Cost of raw materials sold	7,087	
Loss on inventory impairment	11,607	
Others	89,645	
Construction costs	2,849,144	
Total operating costs	\$3,380,501	

KUO TOONG INTERNATIONAL CO., LTD.

8. STATEMENT OF OPERATING EXPENSES

For the year ended 31 December 2024

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

Item	Marketing expenses	Management expenses	Research and development expenses	Total	Note
Salary expenses	\$983	\$98,088	\$6,097	\$105,168	The amount of individual client in other does not exceed 5% of the account balance.
Traveling expense	339	1,037	177	1,553	
Repairs and maintenance expense	284	503	11	798	
Communication fee	1,193	688	58	1,939	
Depreciation	-	3,499	8,031	11,530	
Other expenses	1,806	82,634	13,857	98,297	
Total	\$4,605	\$186,449	\$28,231	\$219,285	