Stock Code: 2543

Hwang Chang General Contractor Co., Ltd.

2023

Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Published on March 10, 2024

Taiwan Stock Exchange Market Observation Post System: http://newmops.twse.com.tw

Hwang Chang Annual Report is available at: http://www.hcgc.com.tw

I. Information on the Company's Spokesperson System

Name of Spokesperson: Kuan, Hsin-Huei
Title: Vice President
Tel.: (02)2792-2988
Email: pr@hcgc.com.tw

Name of the First Acting Spokesperson: Chu, Hui-Chu
Title: Vice President
Tel.: (02)2792-2988
Email: fina-dept03@hcgc.com.tw

Name of the Second Acting Spokesperson: Chen, Wei-Hung
Title: Vice President
Tel.: (02)2792-2988
Email: wei@hcgc.com.tw

II. Address and Tel. of the Head Office

Address: 23F.,No. 539, Tanmei St., Neihu Dist., Taipei City, Taiwan (R.O.C.)
Tel.: (02)2792-2988

III. Stock Transfer Agency

Name: MasterLink Securities Corporation
Address: B1, No. 35, Lane 11, Guangfu North Road, Taipei City
Tel.: (02)2768-6668
Website: http://www.masterlink.com.tw

IV. Certified Public Accountants of the Financial Report for the Last Year

Name of CPAs: Lin, Yu-Ya and LI, HAN
Name of CPA firm: Benison Associated Certified Public Accountants Firm
Address: Room 306, 3F, No. 129, Section 3, Minsheng East Road, Taipei
Tel.: (02)2718-6659
Website: https://www.benisoncpa.com.tw

V. Name of any exchanges where the Company's securities are traded offshore and the method of inquiry of the information on the offshore securities: None

VI. Company Website: http://www.hcgc.com.tw

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I. Report to the Shareholders

I. 2023 Business Report

The Company's new contract project in 2023 is the "MRT Circular Line Project N Sections Y23(Excluded)~Y25(Excluded) - Contract CF690C". This project is the most advantageous bidding project, with a contract amount of NT$10.229 billion.

(I) Implementation status of the business plan

The Company's 2023 consolidated net operating revenue was NT$11,275,084 thousand, gross profit was NT$1,008,067 thousand, net profit after tax was NT$585,276 thousand, and the earnings after tax per share was NT$2.15.

(II) Budget execution

Per the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company did not need to prepare financial forecasts for 2023.

(III) Analysis of financial revenue and expenditure and profitability

Analysis item		2023
Analysis of financial structure	Debt to assets ratio %	77.36%
	Ratio of long-term funds to property, plant, and equipment %	100.30%
Analysis of profitability	Return on assets %	4.68%
	Return on equity %	19.00%
	Ratio of pre-tax income to paid-in capital %	29.59%
	Profit margin %	5.19%
	Earnings per share (TWD)	2.15

II. Outline of the 2024 business plan

(I) Operating guidelines

1. Actively participate in the construction of public work projects in response to the forward-looking infrastructure program, and select tender projects prudently.
2. Strengthen the performance system, enhance the team's sense of honor and personal responsibility, and increase individuals' contributions to the Company.
3. Conduct construction planning and budget preparation carefully and increase risk awareness to ensure cost control.
4. Actively cultivate talents and pass on experience to improve management

and strengthen the corporate foundation.

5. Continue to promote digitization to improve work efficiency and reduce management costs.

(II) Important production and marketing policies

1. Continue to attach importance to construction quality, occupational safety, and environmental protection, and maintain this excellent tradition.
2. Actively participate in construction-related award competitions to establish the Company's brand image.
3. Continue to strengthen efforts in public work projects and maintain profit to achieve goals.
4. Choose investment cases suitable for participation prudently to achieve the goal of sustainable operations.

III. Future development strategy of the Company is affected by the external competitive environment, regulatory environment and the general business environment

In the future, the Company will actively participate in public work construction in line with the government's most advantageous bidding policy. Now that the epidemic has slowed down and the tide of high-tech plant construction has passed, only the shortage of labor and materials in the construction market and the price increase are still long-term trends. In the future, the Company will continue to strengthen the project management, construction innovation and the development of automation equipment to reduce dependence on manpower and effectively improve the working efficiency. Leverage its multiple competitive advantages such as excellent construction quality, occupational safety and complete sets of equipment, and carefully select projects suitable for the Company's business to create stable revenue and profit so as to achieve the goal of business diversification and sustainable development.

Finally, I would like to thank all shareholders for your support and encouragement on behalf of all the colleagues in the Company

We wish you

Good health and all the best

Chiang, Cheng-Chin, Chairperson

II. Company Profile

I Date of Incorporation: February 16, 1981

II Company History

1981: The Company was established in Yonghe City, Taipei County, with a founding capital of TWD 24,000,000. It is a Grade A construction company engaged in civil engineering, hydraulic engineering, and construction. Huang Chung-Lei served as the Chairperson.

1990: Chen, Chia-Chin was elected as the Chairperson by the shareholders' meeting, and the business premises were moved from Yonghe City, Taipei County, to Banqiao City, Taipei County.

1991: Conducted capital increase in cash by TWD 36,000,000, with the capital amounting to TWD 60,000,000.

1992: Conducted capital increase in cash by TWD 40,000,000, with the capital amounting to TWD 100,000,000.

1994: Conducted capital increase in cash, with the capital amounting to TWD 199,000,000.

1995: The business premises were moved from Banqiao City, Taipei County, to Heping East Road, Taipei City; Chiang, Cheng-Chin was elected as the Chairperson by the shareholders' meeting; rated excellence in the 1995 public work construction quality evaluation.

1996: Conducted capital increase in cash by TWD 81,000,000, carried out public offering while conducting capitalization of earnings by TWD 33,600,000, with the capital amounting to TWD 313,600,000; rated as an excellent public work construction company by the Public Works Department, Taipei City Government; rated an excellent construction company by the Ministry of the Interior.

1997: Conducted capital increase in cash by TWD 49,000,000 and capitalization of earnings by TWD 64,720,000, with the capital amounting to TWD 427,320,000; passed ISO 9002 certification.

1998: Conducted capitalization of earnings by TWD 79,487,000 and capitalization of capital surplus by TWD 29,912,000 in July, with the capital amounting to TWD 536,720,000. Conducted capital increase in cash by TWD 100,000,000 in November, with the capital amounting to TWD 636,720,000.

1999: Won the 1998 National Public Work Quality Award from the Executive Yuan in February. Passed the ISO 14001 certification in May; conducted capital increase in cash by TWD 66,578,000 and capitalization of earnings by TWD 50,938,000, with the capital amounting to TWD 754,236,000. The stock was listed on the stock exchange in October, and was rated as an excellent public works construction company by the Taipei City Government.

2000: The business premises were moved from Heping East Road, Taipei City, to Zhongxiao East Road, Taipei City in May. Conducted capitalization of earnings by TWD 113,135,000 in August, with the capital amounting to TWD 867,371,000. Awarded the only High Distinction Award of the National Public Works Gold Award from the Executive Yuan in December.

2001: Obtained the "Fuguo Interchange Section of Zhoumei Expressway and the Zhoumei Tifang Section Projects" in June, and the "Zhangbin Expressway Section C327 Project" in September.

2002: Obtained the Xinzhuang Line CK570C Section tender project, Keelung River Yuanshanzi flood diversion project, and Kaohsiung Metropolitan Mass Rapid Transit System–Orange Line CO3 Section turnkey tender project; awarded the High Distinction Award of the "3rd Public Works Gold Award" by the Public Construction Commission, Executive Yuan, in December and the "Taipei City Excellent Construction Company" by the Taipei City Government.

2003: Obtained the "Xiandu Extra High Voltage Substation and Taipei and New Taipei Power Distribution Center New Construction Project" and the "East-West Expressway Bali–Xindian Line Tender No. 2-2 and Taiwan Provincial Highway No. 1–Chongqiaotou Section Project" in June. Obtained the "Kaohsiung MRT–CD1 Plant Sand Pile Turnkey Project", "East-West Expressway Bali–Xindian Line First Priority Subsequent Section Tender No. 2-3Z and Pipeline Project" in November.

2004: Acquired the "Kaohsiung MRT Orange Line CD1 Plant Turnkey Project" in January. Invested in February Ho Chang International Contractor. Issued the first domestic unsecured convertible corporate bonds of TWD 500,000,000 in June. Conducted capitalization of earnings by TWD 132,722,000 in August, with the capital amounting to TWD 1,000,093,000. Awarded the "the Excellence Award of the 5th Public Works Gold Award in Construction" by the Public Construction Commission, Executive Yuan, in December; completed the change registration of the convertible corporate bonds converted into ordinary shares at the end of the year, with the paid-in capital of TWD 1,069,367,000.

2005: Obtained the "Taipei Neihu Sports Center and Neihu Technology Park Station Service Center New Construction Turnkey Project" in May. Conducted capitalization of earnings by TWD 98,347,000 in July; obtained the "East-West Expressway Bali–Xindian Line Bali–Wugu Section Tender C805 and Wugu Section and Interchange Project" in August. Obtained the "Erchong Floodway Entrance to Huajiang Bridge Section (Tender No. 4) and the Erchong Floodway Entrance to Huajiang Bridge Section Pipeline Attachment Merger Project" in September.

2006: Conducted capitalization of earnings and capital surplus by TWD 121,995,000 in October. Obtained the "New Construction Project of the Second District, Tianmu Campus of the University of Taipei, Xinsheng South Road, and Xiamen Street Police Station and the New Construction Project of the West Side of Alley 4, Lane 25, Xiamen Street", and issued the second domestic unsecured convertible corporate bonds of TWD 450,000,000 in December. The paid-in capital at the end of the year was TWD 1,514,085,000.

2007: Won the Public Works Golden Safety Award for the "East-West Expressway Bali–Xindian Line Tender No. 2-2 Section 1 and Taiwan Provincial Highway No. 1–Chongcuiqiaotou Section Project" in April. Conducted capitalization of earnings by TWD

152,277,000 in September. Obtained the "Taipei County Provincial Highway 66 Tender No. 4-3 from Chenglin Bridge to Tucheng Interchange Section New Construction Project" in December. The paid-in capital at the end of the year was TWD 1,717,581,000.

2008: Won the Public Works Golden Safety Award for the "East-West Expressway Bali–Xindian Line Bali–Wugu Section Tender C805 and Wugu Section and Interchange Project" in November. Conducted capitalization of earnings by TWD 94,467,000 in July.
Awarded the High Distinction Award of the "9th Public Works Gold Award" by the Public Construction Commission, Executive Yuan, for the Erchong Floodway Entrance to Huajiang Bridge Section (Tender No. 4), and obtained the "Taiwan Taoyuan International Airport Access MRT System Construction Program CE01C Construction Tender" in December. The paid-in capital at the end of the year was TWD 1,812,048,000.

2009: Obtained the "National Highway No. 1 Wugu–Yangmei Section Widening Project Tender No. C911 and Zhongli–Yangmei Section Southbound Project" in September.

2010: Won the second place in the Outstanding Road Construction category of the 11th Golden Road Award of the Ministry of Transportation and Communications for the "East-West Expressway Bali–Xindian Line Bali–Wugu Section Tender C805 Project" in September.

2011: Obtained the "Circular Line CF640 Section Tender Project" in September. The "Taiwan Taoyuan International Airport Access MRT System Construction Program CE01C Construction Tender" was selected as an excellent 2011 public work project for promoting labor safety and health; the "New Construction Project of the Second District, Tianmu Campus of the University of Taipei" won the 11th Public Works Gold Award–Excellent Quality Award of "Excellence" in December. Completed change registration of the capital reduction through the cancellation of treasury shares at the end of the year, with the paid-in capital amounting to TWD 1,789,837,000.

2012: Won the 2012 Golden Road Award of the Ministry of Transportation and Communications for the "MRT Xinzhuang Line 570C Section Tender Project" in August.

2013: Won the High Distinction Award of the 2nd New Taipei City Occupational Safety Award Excellent Unit for the "Circular Line CF640 Section Tender Project" in May. Won the "Linkou National Housing and 2017 Universiade Village New Construction Turnkey Project (Tender No. 1)" in August.

2014: Conducted private placement for capital increase in April, with the paid-in capital amounting to TWD 2,419,837,000; won the High Distinction Award of the 3rd New Taipei City Occupational Safety Award Excellent Unit for the "Circular Line CF640 Section Tender Project" in June. Won the Excellence Award of the 8th Public Works Golden Safety Award of the Ministry of Labor for the "Circular Line CF640 Section Tender Project" in October.

2015: Obtained the "Wanda–Zhonghe–Shulin Line (Phase I Project) CQ860 Section Tender Project" in August. Obtained the "Zhongzheng Zhongxiao Bridge Approaches Demolition and Surrounding Plane Road Improvement Project"; won the High Distinction Award of the 15th National Public Work Gold Award from the Public Construction Commission, Executive Yuan, for the “CF642 Sub-construction Project of the Circular Line CF640 Section Tender Project” in December.

2016: Obtained the “Social Public Housing on the North Side of the New Central Village of Xindian District New Construction Turnkey Project” in April. Obtained the “Commissioned Reconstruction Project for the Main Part of the Publicly-owned Huannan Market Under the Taipei City Market Administration Office” in August. Won the 2015 Five-Star Award for Occupational Safety and Health by the Ministry of Labor for the “Circular Line CF640 Section Tender Project” in November. Won the High Distinction Award of the 16th National Public Work Quality Award from the Public Construction Commission, Executive Yuan, for the “CF643B Sub-construction Project of the Circular Line CF640 Section Tender Project”.

2017: Obtained the “Public Housing Contract Tender D Turnkey Project of the Guangci Boai Park Overall Development Program” and the “Caoluo Zones 1, 3, and 6 Overall Development Unit City Rezoning Turnkey Project in Guanyin District, Taoyuan City” in October. Won the Excellence Award of the 17th National Public Works Gold Award from the Public Construction Commission, Executive Yuan, for the “CF643A Sub-construction Project of the Circular Line CF640 Section Tender Project” in December.

2018: Obtained the “New Freeway Project from Dayuan Interchange of National Highway No. 2 to Provincial Highway 15” in March. Obtained the “New Port and Embankment Construction Project for the Third Liquefied Natural Gas Receiving Station” together with Pan Asia and Dredging International N.V. in October. Won the High Distinction Award of the 18th National Public Works Gold Award from the Public Construction Commission, Executive Yuan, for the “CF614A Sub-construction Project of the Circular Line CF640 Section Tender Project” in November.

2019: Acquired “New youth social housing turnkey project in the Anbang section in Zhonghe” in June. Won the Honorable Mention Award of the 13th Public Works Golden Safety Award for the “Social Public Housing on the North Side of the New Central Village of Xindian District New Construction Turnkey Project” and the “Caoluo Zones 1, 3, and 6 Overall Development Unit City Rezoning Turnkey Project in Guanyin District, Taoyuan City” from the Ministry of Labor in September. Obtained the “Additional System Project for the Interchange Connecting National Highway No. 3 and Provincial Highway 66 (Tender No. 336)” in November. Won the Excellence Award of the 19th National Public Works Gold Award from the Public Construction Commission, Executive Yuan, for the “Social Public Housing on the North Side of the New Central Village of Xindian District New Construction Turnkey Project” in December.

2020: Acquired the “New Youth Social Housing Turnkey Project in the Guoguang Section (Phase II) in Sanxia” in April. Won the Honorable Mention Award of the 14th Excellent Public Works Golden Safety Award of the Ministry of Labor for the “New Freeway Project from Dayuan Interchange of National Highway No. 2 to Provincial Highway 15” in November. Won the Honorable Mention Award of the 20th National Public Works Gold

Award from the Public Construction Commission, Executive Yuan, and the Special Contribution Award of the Public Works Gold Award for the “Caoluo Zones 1, 3, and 6 Overall Development Unit City Rezoning Turnkey Project in Guanyin District, Taoyuan City” in December.

2021: Obtained the “Expropriation project in the Zhongli Sports Park Section, Taoyuan City” in March. “Public housing contract tender D turnkey project of the Guangci Boai Park overall development program” won the Taipei City Government Public Constructions Excellence Award in September, 2021. “Public housing contract tender D turnkey project of the Guangci Boai Park overall development program” won the "Gold Award" by the Public Constructions Committee of the Executive Yuan and won the Gold Award Special Contribution Award from the Public Constructions Committee of the Executive Yuan.

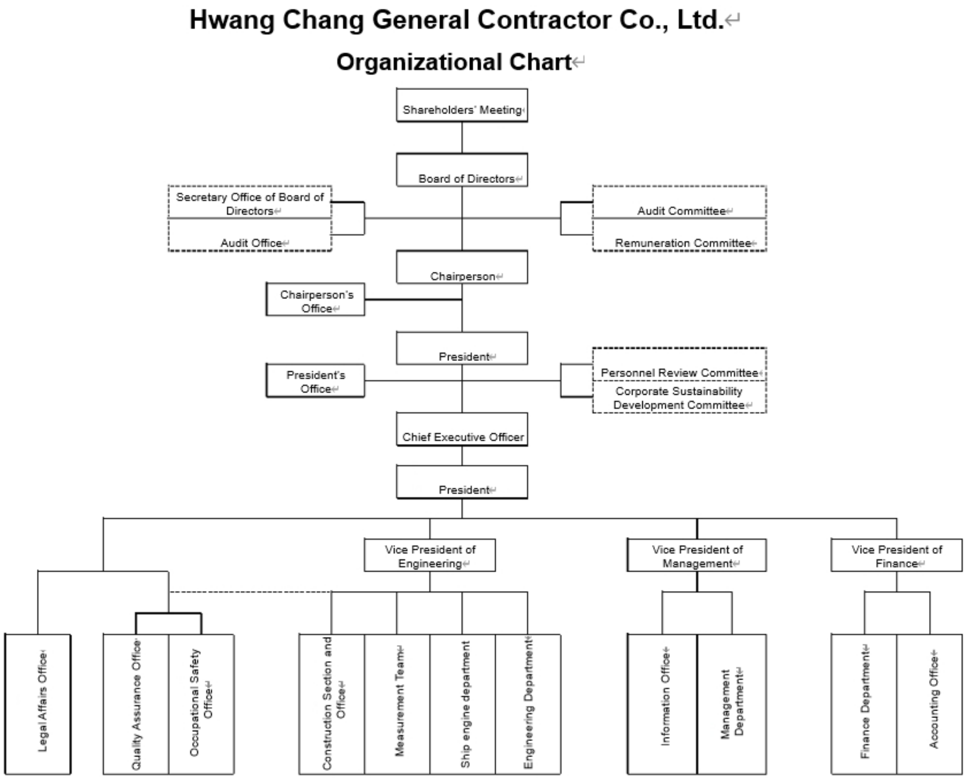
2022: Won the “New construction project for the breakwater of the Guantang Terminal expansion solution” in July. Won the “North-facing entry and exit ramps improvement project for the National Highway No.1 Wugu interchange (tender No. I103S)” in November and the “Civil and Hydroelectric Control Section tender project of the Circular Line North Section stations Y20(excluded)~Y23(included)” in December. The “Wanda–Zhonghe–Shulin Line (Phase I Project) CQ860 Section tender project” was awarded the New Taipei City Government Construction Safety Award. The “Public housing contract tender D turnkey project of the Kuang Tzu Po Ai Park overall development program” was awarded the Chinese Institute of Engineers’ Engineering Excellence Award, the Republic of China National Enterprise Competitiveness Development Association’s National Golden Award for Architecture, and the Platinum Stone Award in the public works’ construction category of the Chinese Architectural Golden Stone Award. The “Caota Zones 1, 3, and 6 overall development unit city rezoning turnkey project in Guanyin District, Taoyuan City” was awarded the Real Estate Association of R.O.C. National Excellence Engineering Award in the best construction quality category and the Chinese Architectural Golden Stone Award in the public works category. The “New youth social housing turnkey project in the Anbang section in Zhonghe” was awarded the Real Estate Association of R.O.C. National Excellence Engineering Award in the best planning and design category. The “New youth social housing turnkey project in the Guoguang Section (Phase II) in Sanxia” was awarded the Real Estate Association of R.O.C. National Excellence Engineering Award in the best social housing category. The “New social housing turnkey project in the northern Zhongyang New Village of Xindian district” was awarded the Chinese Institute of Civil and Hydraulic Engineering’s Engineering Environment and Beauty Award.

2023: Acquired “Civil and hydroelectric control section tender project of the Circular Line North Section stations Y23(excluded)-Y25(excluded)”, in December. The Wanda–Zhonghe–Shulin Line (Phase I Project) Section CQ860 tender project has received several prestigious awards, such as Golden Quality Special Award from the Public Construction Commission of Executive Yuan, Taipei City Government Construction Excellence Award, New Taipei City Government Construction Quality Award, 2023 Excellent Award for Occupational Safety and Health from the Ministry of Labor and New Taipei City Government, and Tunnel Construction Excellence Award from the Chinese Taipei Tunnelling Association. The New youth social housing turnkey project in Anbang area, Zhonghe District, has been honored with the Golden Quality Special Award from the Public Construction Commission of Executive Yuan, New Taipei City Government Construction Quality Award, and New Taipei City Government Construction Safety Award. The Taoyuan City Zhongli Sports Park Acquisition Project was awarded with the Excellent Construction Safety Award by the Ministry of Labor. The Ministry of Labor has also awarded the additional system project for the interchange connecting National Highway No. 3 and Provincial Highway 66 (Tender No. 336) with the Excellent Construction Safety Award. The reconstruction of the main part of the publicly-owned Huannan market, Taipei City Market Administration Office was also honored with the Taipei City Government Construction Excellence Award.

III. Corporate Governance Report

I. Organizational

(I) Organizational Chart



(II) Major Corporate Functions

Department	Scope of Authority
Secretary Office of the Board of Directors	Assist in matters related to the agenda and resolution compliance in Board of Directors' and Shareholders' meetings
Audit Office	Plan and manage audit work, as well as implement corrective and preventive measures for various administrative operations. Oversee and promote ISO series certification and ensure continuous implementation
Accounting Office	Handle accounting processing and tax filing, prepare various financial statements, and compile annual reports
Finance Department	Manage financial capital and bills, as well as organize shareholder meetings
Administration Department	Handle personnel administration and human resources; manage foreign workers, assets, and general affairs
Engineering Department	Handle bidding processes, project contracting and material procurement; supervise construction quality and progress of each section; participate in engineering meetings at all levels
Legal Affairs Office	Handle legal matters pertaining to disputes, arbitration, and litigation for construction projects
Information Office	Manage electronic operations, procure information equipment, and manage documents for incoming/outgoing correspondence
Occupational Safety Office	Supervise occupational safety and health implementation and operations in each unit
Measurement Team	Implement measurement work in each unit
Quality Assurance Office	Execute of quality control and supply work in each unit
Construction Section	Handle construction project bidding
Ship Engine Department	Purchase, coordinate, maintain, repair, and manage various construction machinery and materials

II. Information on the Management Team

(I) Director

1. Director information

Title	Nationality	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Concurrently Held at the Company Or Other Companies	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
		Fong Shin Development and Investment Co., Ltd.		2023.06.19	3 years	1996.06.30	119,035,965	50.12%	119,035,965	50.12%	-	-	-	-	-	-	-	-	-	-
Chairman	R.O.C.	Representative: Chiang Cheng-Chin	Male 61-70 years old	2023.06.19	3 years	1995.07.21	-	-	-	-	12,208,173	5.14%	-	-	Junior high school	Chairman, Fong Shin Development and Investment Co., Ltd. Chairman, Ho Chang International Contractor Co., Ltd. Chairman, Huandong Investment Co., Ltd. Person In Charge, Fuqian Investment Co., Ltd.	-	-	-	-
Director	R.O.C.	Representative: Huang Chung-Lea	Male 71-80 years old	2023.06.19	3 years	1995.07.21	549,049	0.23%	549,049	0.23%	1,191,610	0.50%	-	-	Department of Civil Engineering, Minghsin University of Science and Technology Director, Yixin Construction Company	President, Hwang Chang General Contractor Co., Ltd. Director, Huandong Investment Co., Ltd. Director, Ho Chang International Contractor Co., Ltd.	-	-	-	-
Director	R.O.C.	Representative: Chen Wei-Hung	Male 41-50 years old	2023.06.19	3 years	2023.06.19	660,810	0.28%	660,810	0.28%	-	-	-	-	Department of Resources Engineering, National Cheng Kung University	Vice President, Hwang Chang General Contractor Co., Ltd.	-	-	-	-
Director	R.O.C.	Huang Shu-Tsung	Male 71-80 years old	2023.06.19	3 years	2008.06.20	678,366	0.29%	678,366	0.29%	-	-	-	-	National Chung Hsing Senior High School Director, Sanhu Construction Company	Director, Huandong Investment Co., Ltd.	-	-	-	-
Independent Director	R.O.C.	Ni Tzu-Hsiou	Male 51-60 years old	2023.06.19	3 years	2017.06.28	-	-	-	-	-	-	-	-	LL.M., College of Law, National Taiwan University Practitioner Lawyer, TaiYin International Commercial Law Firm Lawyer, Yongjun Law Firm	Lawyer, Yongjun Law Firm	-	-	-	-
Independent Director	R.O.C.	Wei Yung-Neng	Male 71-80 years old	2023.06.19	3 years	2014.06.30	-	-	-	-	-	-	-	-	Labor Safety Administer, JON ENGINEERING Co., Ltd.	-	-	-	-	-
Independent Director	R.O.C.	Hsu Hsiu-Jen	Female 71-80 years old	2023.06.19	3 years	2017.06.28	-	-	-	-	-	-	-	-	Taoyuan Municipal Zhong Li Commercial Senior High School Financial Manager, Hou Chang Hallow Metal Door Enterprise Co., Ltd.	-	-	-	-	-

Note: Where the Chairman and the President, or individuals holding equivalent positions (top executives), are the same person, spouses, or close relatives within the first degree, the reasons, rationale, necessity, and countermeasures should be explained in the Remarks column: None

2. Major Shareholders

February 29, 2024

Name of corporate shareholder (Note 1)	Major shareholders of the corporate shareholder (Note 2)
Fong Shin Development and Investment Co., Ltd.	Huandong Investment Co., Ltd. 30.30%, Fuqian Investment Co., Ltd. 8.08%, Chiang Lu Hsiu-O 15.15%, Huang Chung-Lea 11.62%, Chen Hsien-Chao 7.27%, Huang Shu-Tsung 7.07%, Chen Chiung-Ling 6.06%, Chen Wen-Chang 5.05%, Yao Han-Ching 5.05%

Note1: If a director or supervisor is a representative of a corporate shareholder, fill in the name of that corporate shareholder.

Note2: Fill in the name and shareholding ratio of the major shareholders (top 10 shareholders in terms of shareholding ratio) of the corporate shareholder. If the major shareholders are corporate shareholders, they should also be listed in Table 2.

Note3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

February 29, 2024

Name of corporate/juristic person (Note 1)	Major shareholders of the corporate/juristic person (Note 2)
Huandong Investment Co., Ltd.	Fuqian Investment Co., Ltd. 13.60%, Chiang Lu Hsiu-O 21.00%, Huang Chung-Lea 18.00%, Chen Hsien-Chao 10.10%, Huang Shu-Tsung 8.00%, Chiang Mei-Chi 5.43%, Chiang Chia-Ming 4.57%, Chiang Chia-Hsin 4.00%, Chen Chiung-Ling 4.00%

Note1: If any major shareholder in Form 1 above is a corporate/juristic person, fill in the name of that corporate/juristic person.

Note2: Fill in the names of the corporate/juristic person's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios.

Note3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors(for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

February 29, 2024

Name of corporate/juristic person (Note 1)	Major shareholders of the corporate/juristic person (Note 2)
Fuqian Investment Co., Ltd.	Chiang Lu Hsiu-O 99.00%

Note1: If any major shareholder in Form 1 above is a corporate/juristic person, fill in the name of that corporate/juristic person.

Note2: Fill in the names of the corporate/juristic person's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios.

Note3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors(for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

3. Disclosure of information regarding the professional qualifications and experience of Directors and the independence of Independent Directors

Date: February 29, 2024

Criteria / Name	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Fong Shin Development and Investment Co., Ltd. Representative: Chiang Cheng-Chin	• Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company • Education: Junior high school • Current Chairman of the Company • None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	(N/A)	None
Fong Shin Development and Investment Co., Ltd. Representative: Huang Chung-Lea	• Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company • Education: Department of Civil Engineering, Minghsin University of Science and Technology • Current President of the Company • None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	(N/A)	None
Fong Shin Development and Investment Co., Ltd. Representative: Chen Wei - Hung	• Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company • Education: Department of Resources Engineering, National Cheng Kung University • Current Vice President of the Company • None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	(N/A)	None

Criteria / Name	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Huang Shu-Tsung	• Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company • Education: National Chung Hsing Senior High School • Former Vice President of the Company • None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	(N/A)	None
Ni Tzu- Hsiou	• Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company • Work experience as certified judge, attorney, lawyer, accountant or experience required for company operations • Education: LL.M., College of Law, National Taiwan University • Former: Practitioner Lawyer, TaiYin International Commercial Law Firm • Current: Lawyer, Yongjun Law Firm • None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	• The Independent Director, their spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; they do not hold any shares of the Company, nor are they serving as a director, supervisor, or employee of any subsidiaries or affiliated companies of the Company. • In the past 2 years, the Independent Director has not received compensation for providing business, legal affairs, financial, accounting, and other services to the Company or its affiliates.	None

Criteria / Name	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Wei Yung-Neng	• Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company • Expert professional and technical personnel who have passed national examinations and obtained relevant certificates required by the Company's operations • Education: Air Force Institute of Technology • Former Labor Safety Administer, JON ENGINEERING Co., Ltd. • None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	• The Independent Director, their spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; they do not hold any shares of the Company, nor are they serving as a director, supervisor, or employee of any subsidiaries or affiliated companies of the Company. • In the past 2 years, the Independent Director has not received compensation for providing business, legal affairs, financial, accounting, and other services to the Company or its affiliates.	None
Hsu Hsiu-Jen	• Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company • Education: Taoyuan Municipal Zhong Li Commercial Senior High School • Former: Financial Manager, Hou Chang Hallow Metal Door Enterprise Co., Ltd. • None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.	• The Independent Director, their spouse, or relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates; they do not hold any shares of the Company, nor are they serving as a director, supervisor, or employee of any subsidiaries or affiliated companies of the Company. • In the past 2 years, the Independent Director has not received compensation for providing business, legal affairs, financial, accounting, and other services to the Company or its affiliates.	None

Note1: Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor. If a member of the Audit Committee, specify their accounting or finance background and work experience. Additionally, specify whether any circumstance under any subparagraph of Article 30 of the Company Act exists with respect to a director or supervisor.

Note2: Describe the status of independence of each independent director, including but not limited to the following: did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates?; specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?; specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

Note3: Regarding the method for disclosure, please refer to the "SAMPLE ANNUAL REPORT" page on the website of the Taiwan Stock Exchange Corporate Governance Center.

4. Diversity and Independence of the Board of Directors:

Title	Name	Gender	Age				Board of Directors' Background and Core Competencies				
			45-55 years old	55-65 years old	65-75 years old	Over 75 years old	Leadership & Decision-making	Finance & Accounting	Business Management	Legal Affairs	Industry Knowledge
Director	Chiang Cheng-Chin	Male			V		V		V	V	V
Director	Huang Chung-Lea	Male			V		V	V	V	V	V
Director	Chen Wei - Hung	Male	V				V		V	V	V
Director	Huang Shu-Tsung	Male			V				V		V
Independent Director	Ni Tzu-Hsiou	Male		V			V			V	V
Independent Director	Wei Yung-Neng	Male				V	V		V		V
Independent Director	Hsu Hsiu-Jen	Female			V			V	V		V

According to Paragraph 3, Article 23 of the Company's "Corporate Governance Best Practice Principles", the composition of members of the Board of Directors should consider diversity, in which Directors who are the Company's managers concurrently shall not exceed one-third of the seats of Directors, and shall develop diversification plans based on the nature of business and operations and development needs, including but not limited to the following standards in two major areas: 1. Basic attributes and values: Gender, age, nationality, culture, etc. 2. Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, industry experiences, etc.

Board diversity: The Company's current Board of Directors is composed of 7 directors, including 4 Directors and 3 Independent Directors. The members have extensive experience and expertise in the fields of industry, business, management, and law. Furthermore, the Company places great importance on gender equality within its Board of Directors. At current, there are 7 directors, among whom 1 is female, making up 14% of the total.

Board independence: The Company's Board of Directors is composed of 7 Directors, with 3 being Independent Directors, and the ratio of Independent Directors is 43%. There are no spousal or immediate family relationships among Directors or between Directors and Independent Directors, and there are no circumstances specified in Article 26-3, Paragraph 3 and Paragraph 4 of the Securities and Exchange Act. The Company has formulated the "Performance Measures of the Board of Directors" and conducts self-assessment of the performance of the Board of Directors, self-assessment of Directors, and self-assessment of the performance of functional committees (Remuneration Committee and Audit Committee) once a year. The assessment results, after reporting to the Board of Directors, are disclosed in the Company's annual reports and website, and are provided as the reference basis for the nomination of Directors.

(II) Information on the Management Team

March 2, 2024

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Managers Who are Spouses or Within the Second Degree of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C.	Huang Chung-Lea	Male	1991.01.01	549,049	0.23%	1,191,610	0.50%	-	-	Department of Civil Engineering, Minghsin University of Science and Technology Yixin Construction Company	Director, Huandong Investment Co., Ltd. Director, Ho Chang International Contractor Co., Ltd.	-	-	-	-
Chief Executive Officer	R.O.C.	Lin Ming-Chao	Male	2016.07.01	-	-	-	-	-	-	M.S., Department of Civil Engineering, National Central University	-	-	-	-	-
Vice President	R.O.C.	Liu Chao-Lung	Male	2016.07.01	194	0.00%	-	-	-	-	Institute of the Law of the Sea, National Taiwan Ocean University	-	-	-	-	-
Vice President	R.O.C.	Yao Han-Ching	Male	2017.09.01	917,208	0.39%	-	-	-	-	Department of Civil Engineering, National Taipei University of Technology	Director, Fong Shin Development and Investment Co., Ltd. Supervisor, Ho Chang International Contractor Co., Ltd.	-	-	-	-
Vice President	R.O.C.	Chu Hui-Chu	Female	2020.08.14	3,137	0.00%	1,266	0.00%	-	-	Associate Department of Business and Enterprise Management, National Open University	-	-	-	-	-
Vice President	R.O.C.	Chen Wei-Hung	Male	2020.08.14	660,810	0.28%	-	-	-	-	Department of Resources Engineering, National Cheng Kung University	-	-	-	-	-
Vice President	R.O.C.	Kuan Hsin-Huei	Female	2021.05.13	-	-	-	-	-	-	Department of Land Economics, National Chung Hsing University	-	-	-	-	-
Vice President	R.O.C.	Lin Cheng-Chun	Male	2022.03.01	89,567	0.04%	223	0.00%	-	-	Graduate Institute of Civil and Disaster Prevention Engineering, National Taipei University of Technology	-	-	-	-	-
Vice President	R.O.C.	Yang Ching-Yao	Male	2022.08.11	385	0.00%	-	-	-	-	Department of Architecture, Tamkang University	-	-	-	-	-
Associate Vice President	R.O.C.	Su Tsung-Chien	Male	2014.08.01	40,000	0.02%	-	-	-	-	Department of Construction Engineering, China University of Technology	-	-	-	-	-
Associate Vice President	R.O.C.	Hsu Chen-Chi	Male	2016.07.01	26,466	0.01%	10,674	0.00%	-	-	Department of Architecture, Nanya Institute of Technology	-	-	-	-	-
Associate Vice President	R.O.C.	Wang Wen-Hsien	Male	2017.09.05	10,673	0.00%	-	-	-	-	Department of Architecture and Engineering, Hwa Hsia University of Technology	-	-	-	-	-

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Managers Who are Spouses or Within the Second Degree of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Associate Vice President	R.O.C.	Hua Ching-Sheng	Male	2019.07.05	-	-	9,000	0.00%	-	-	MBA, University of Dubuque	-	-	-	-	-
Associate Vice President	R.O.C.	Lin Shu-Fen	Female	2019.07.05	-	-	-	-	-	-	Department of Accounting, Chinese Culture University	-	-	-	-	-
Associate Vice President	R.O.C.	Chang Chin-Tsai	Male	2020.01.01	15,159	0.01%	-	-	-	-	Department of Civil Engineering, Hungkuo Delin University of Technology	-	-	-	-	-
Associate Vice President	R.O.C.	Hung Kuo-Chun	Male	2021.05.13	-	-	-	-	-	-	Department of Civil Engineering, National Taipei University of Technology	-	-	-	-	-
Associate Vice President	R.O.C.	Lin Kun-Ming	Male	2022.01.01	16,105	0.00%	3,589	0.00%	-	-	Department of Civil Engineering, National Taipei University of Technology	-	-	-	-	-
Associate Vice President	R.O.C.	Lin Yu-Ping	Male	2022.01.01	1,910	0.00%	-	-	-	-	Department of Civil Engineering, Chung Yuan Christian University	-	-	-	-	-
Associate Vice President	R.O.C.	Chen Chih-Hsin	Male	2023.04.01	-	-	-	-	-	-	Department of Civil Engineering, University of the Witwatersrand, Johannesburg	-	-	-	-	-
Associate Vice President	R.O.C.	Sun Ching-Wen	Male	2023.08.10	27,180	0.01%	3,760	0.00%	-	-	School of Architecture, Feng Chia University	-	-	-	-	-
Associate Vice President	R.O.C.	Li Ching-Hui	Male	2023.08.10	-	-	-	-	-	-	M.S., Department of Civil Engineering, National Central University	-	-	-	-	-
Chief Auditor	R.O.C.	Su Chien-Yu	Female	2003.11.11	5,214	0.00%	-	-	-	-	Department of Civil Engineering, National Taipei University of Technology	-	-	-	-	-

III. Remuneration Paid During the Most Recent Fiscal Year to Directors, Supervisors, President, and Vice Presidents

(I) Remuneration to Directors and Supervisors (including Independent Directors)

1. Remuneration to Directors and Independent Directors

Title	Name	Remuneration: Base Compensation (A) (Note 2) – The Company	Remuneration: Base Compensation (A) (Note 2) – Companies in the Consolidated Financial Statements (Note 7)	Remuneration: Severance Pay and Pension (B) – The Company	Remuneration: Severance Pay and Pension (B) – Companies in the Consolidated Financial Statements (Note 7)	Remuneration: Director Remuneration (C) (Note 3) – The Company	Remuneration: Director Remuneration (C) (Note 3) – Companies in the Consolidated Financial Statements (Note 7)	Remuneration: Expenses and perquisites (D) (Note 4) – The Company	Remuneration: Expenses and perquisites (D) (Note 4) – Companies in the Consolidated Financial Statements (Note 7)	Ratio of Total Remuneration (A+B+C+D) to Net Income (Note 10) – The Company	Ratio of Total Remuneration (A+B+C+D) to Net Income (Note 10) – Companies in the Consolidated Financial Statements (Note 7)	Relevant Remuneration Received By Directors Who are Also Employees: Salary, Bonuses, and Allowances (E) (Note 5) – The Company	Salary, Bonuses, and Allowances (E) (Note 5) – Companies in the Consolidated Financial Statements (Note 7)	Retirement Pay and Pension (F) – The Company	Retirement Pay and Pension (F) – Companies in the Consolidated Financial Statements (Note 7)	Employee profit-sharing compensation (G) (Note 6) – The Company – Cash	Employee profit-sharing compensation (G) (Note 6) – The Company – Stock	Employee profit-sharing compensation (G) (Note 6) – Companies in the Consolidated Financial Statements (Note 7) – Cash	Employee profit-sharing compensation (G) (Note 6) – Companies in the Consolidated Financial Statements (Note 7) – Stock	Sum of A+B+C+D+E+F+G and ratio to net income (Note 10) – The Company	Sum of A+B+C+D+E+F+G and ratio to net income (Note 10) – Companies in the Consolidated Financial Statements	Compensation from Ventures Other Than Subsidiaries or from the Parent Company (Note 11)
Chairman	Chiang Cheng-Chin	4,844	4,844	200	200	4,041	5,717	60	60	9,145 1.79%	10,821 2.12%	-	-	-	-	-	-	-	-	9,145 1.79%	10,821 2.12%	-
Director	Huang Chung-Lea (Note 1)	-	-	-	-	4,041	4,879	60	60	4,101 0.80%	4,939 0.97%	4,745	4,745	156	156	178	-	178	-	9,180 1.80%	10,018 1.96%	-
Director	Chen Wei-Hung (Note 1)	-	-	-	-	1,010	1,010	40	40	1,050 0.21%	1,050 0.21%	2,303	2,303	108	108	80	-	80	-	3,541 0.69%	3,541 0.69%	-
Director	Chen Chiung-Ling (Note 1)	-	-	-	-	1,010	1,010	20	20	1,030 0.20%	1,030 0.20%	-	-	-	-	-	-	-	-	1,030 0.20%	1,030 0.20%	-
Director	Huang Shu-Tsung	-	-	-	-	2,020	2,020	60	60	2,080 0.41%	2,080 0.41%			-	-	-	-	-	-	2,080 0.41%	2,080 0.41%	-
Independent Director	Ni Tzu-Hsiou	850	850	-	-	-	-	140	140	990 0.19%	990 0.19%	-	-	-	-	-	-	-	-	990 0.19%	990 0.19%	-
Independent Director	Wei Yung-Neng	850	850	-	-	-	-	140	140	990 0.19%	990 0.19%	-	-	-	-	-	-	-	-	990 0.19%	990 0.19%	-
Independent Director	Hsu Hsiu-Jen	850	850	-	-	-	-	140	140	990 0.19%	990 0.19%	-	-	-	-	-	-	-	-	990 0.19%	990 0.19%	-

1. Please specify the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the factors, such as their job responsibilities, risks, and time contributed.
   Remuneration paid to the Company's Independent Directors is a fixed monthly salary. In addition to considering the usual payment level in the industry, the salary and remuneration amounts determined as per the Company's operating conditions and future risks highly correlate to their responsibilities, contributions, and performance, which the Remuneration Committee will regularly review.
2. In addition to the disclosure above, remuneration received by Directors of the Company in the most recent year for providing services (e.g., for serving as a non-employee consultant to the parent company/all consolidated entities/ investees): None

Note1: Chen Chiung-ling, the legal representative and Director of Fong Shin Development and Investment Co., Ltd., took office on June 23, 2017 and was dismissed on June 19, 2023.

Note2: This refers to director base compensation in the most recent fiscal year (including director salary, duty allowances, severance pay, and various rewards and incentives, etc.).

Note3: Please fill in the amount of director profit-sharing compensation approved by the board of directors for distribution for the most recent fiscal year.

Note4: Refers to relevant business expenses of the Directors in the most recent year (including travel expenses, special expenses, various allowances, dormitory, provision of vehicles, etc). When providing houses, cars, and other means of transportation or exclusive personal expenses, the nature and cost of the provided assets, actual or fair market value rents, fuel, and other payments should be disclosed. If a driver is provided, please include a note explaining the remuneration paid by the Company to the driver, however, it is not included in the Director's remuneration.

Note5: Refers to the salary, post bonus, severance pay, various bonuses, incentives, travel expenses, certain expenses, various subsidies, dormitories, vehicles, etc., provided in-kind to Directors concurrently serving as employees (including President, Vice President, other managers, and employees) in recent years. When providing houses, cars, and other means of transportation or exclusive personal expenses, the nature and cost of the provided assets, actual or fair market value rents, fuel, and other payments should be disclosed. If a driver is provided, please include a note explaining the remuneration paid by the Company to the driver, however, it is not included in the Director's remuneration. Salary expenses recognized according to IFRS 2 "Share-Based Payments", including obtaining employee stock option certificates, restricting employees' rights to new shares, participating in cash capital increase subscription shares, etc., should also be included in the remuneration.

Note6: This refers to employee profit-sharing compensation (including stocks and cash) received by a director for concurrent service as an employee in the most recent fiscal year (including concurrent service as President, Vice President, other manager, or non-managerial employee). Disclose the amount of profit-sharing compensation approved or expected to be approved by the Board of Directors for distribution for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note7: Disclose the total amount of remuneration in each category paid to the directors of the Company by all companies in the consolidated financial report (including the Company).

Note8: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director by the Company.

Note9: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director of the Company by all companies in the consolidated financial report (including the Company).

Note10: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note11:

a. In this column, specifically disclose the amount of remuneration received by the Directors of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state “None”).

b. If Directors of the Company have received remuneration from investees other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column I of the Remuneration Range Table, and the name of that column shall be changed to “Parent Company and All Investees”.

c. Remuneration means remuneration received by directors of the Company for serving in capacities such as director, supervisor, or manager at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation)and expenses and perquisites.

＊ This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

2. Supervisor remuneration: The Company has established an Audit Committee in place of supervisors.

(II) Remuneration to the President and Vice Presidents

Unit: NT$ thousands

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)
(Note 2)</th><th colspan="2">Severance Pay and Pension
(B)</th><th colspan="2">Bonuses and Allowances (C)
(Note 3)</th><th colspan="4">Employee Compensation (D)
(Note 4)</th><th colspan="2">Ratio of Total Compensation (A+B+C+D) to Net Income (%)
(Note 8)</th><th rowspan="3">Compensation from Ventures Other Than Subsidiaries or from the Parent Company
(Note 9)</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">Companies in the Consolidated Financial Statements (Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the Consolidated Financial Statements (Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the Consolidated Financial Statements (Note 5)</th><th colspan="2">The Company</th><th colspan="2">All consolidated entities (Note 5)</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the Consolidated Financial Statements</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>President</td><td>Huang Chung-Lea</td><td rowspan="9">20,137</td><td rowspan="9">20,137</td><td rowspan="9">988</td><td rowspan="9">988</td><td rowspan="9">5,208</td><td rowspan="9">5,208</td><td rowspan="9">875</td><td rowspan="9">-</td><td rowspan="9">875</td><td rowspan="9">-</td><td rowspan="9">27,208
5.33%</td><td rowspan="9">27,208
5.33%</td><td rowspan="9">-</td></tr>
<tr><td>Chief Executive Officer</td><td>Lin Ming-Chao</td></tr>
<tr><td>Vice President</td><td>Liu Chao-Lung</td></tr>
<tr><td>Vice President</td><td>Yao Han-Ching</td></tr>
<tr><td>Vice President</td><td>Chu Hui-Chu</td></tr>
<tr><td>Vice President</td><td>Chen Wei-Hung</td></tr>
<tr><td>Vice President</td><td>Kuan Hsin-Huei</td></tr>
<tr><td>Vice President</td><td>Lin Cheng-Chun</td></tr>
<tr><td>Vice President</td><td>Yang Ching-Yao</td></tr>
</table>

Table of remuneration level

The pay to each of the company's general manager and deputy general managers remuneration level	Name of the General Manager and Deputy General Manager	
	The company (Note 6)	All companies included in the financial report (Note 7) E
Less than 1,000,000 dollars	-	-
1,000,000 dollars (included) ~ 2,000,000 dollars (not included)	-	-
2,000,000 dollars (included) ~ 3,500,000 dollars (not included)	Liu Chao-Lung、Yao Han-Ching Chu Hui-Chu、Chen Wei-Hung Kuan Hsin-Huei、Lin Cheng-Chun、 Yang Ching-Yao	Liu Chao-Lung、Yao Han-Ching Chu Hui-Chu、Chen Wei-Hung Kuan Hsin-Huei、Lin Cheng-Chun、 Yang Ching-Yao
3,500,000 dollars (included) ~ 5,000,000 dollars (not included)	Lin Ming-Chao	Lin Ming-Chao
5,000,000 dollars (included) ~ 10,000,000 dollars (not included)	Huang Chung-Lea	Huang Chung-Lea
10,000,000 dollars (included) ~ 15,000,000 dollars (not included)	-	-
15,000,000 dollars (included) ~ 30,000,000 dollars (not included)	-	-
30,000,000 dollars (included) ~ 50,000,000 dollars (excluding)	-	-
50,000,000 dollars (included) ~ 100,000,000 dollars (not included)	-	-
More than 100,000,000 dollars	-	-
Total	9	9

Note 1: Names of the President and Vice Presidents should be listed separately, the remuneration amounts should be disclosed in aggregated manner. If the Director also holds the position of President or Vice President, they should be indicated in both this form and the above form (1-1), or forms (1-2-1) and (1-2-2).

Note 2: This includes salary, duty allowances, and severance pay to the President and Vice Presidents in the most recent fiscal year.

Note 3: Fill in the number of various bonuses, incentives, travel expenses, extraordinary expenses, various subsidies, dormitory, vehicles, and other remuneration provided for the President and Vice Presidents in the most recent year. When providing houses, cars, and other means of transportation or exclusive personal expenses, the nature and cost of the provided assets, actual or fair market value rents, fuel, and other payments should be disclosed. If a driver is provided, please include a note explaining the remuneration paid by the Company to the driver, however, it is not included in the Director's remuneration. Salary expenses recognized according to IFRS 2 "Share-Based Payments", including obtaining employee stock option certificates, restricting employees' rights to new shares, participating in cash capital increase subscription shares, etc., should also be included in the remuneration.

Note 4: This refers to employee profit-sharing compensation (including stocks and cash) received by the President and Vice Presidents in the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note 5: Disclose the total amount of remuneration in each category paid to the President and Vice President(s) by all companies in the consolidated financial report (including the Company).

Note 6: Disclose the names of the President(s) and Vice President(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to the President and each Vice President by the Company.

Note 7: Disclose the names of the President and Vice Presidents in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to the President and each Vice President of the Company by all companies in the consolidated financial report (including the Company).

Note 8: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 9: a. In this column, specifically disclose the amount of remuneration received by the President and Vice President(s)of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state “None”).

b. If the President and Vice Presidents of the Company have received remuneration from investees other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column E of the Remuneration Range Table, and the name of that column shall be changed to “Parent Company and All Investees”.

c. Remuneration means remuneration received by the President and Vice President(s) of the Company for serving in capacities such as Director, Supervisor, or manager at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

* This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

(III) Compensation of the President and Vice Presidents (five highest remunerated management personnel) (Note 1)

Unit: NT$ thousands

Title	Name	Salary (A) (Note 2)		Severance Pay and Pension (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of Total Compensation (A+B+C+D) to Net Income (%) (Note 6)		Compensation from Ventures Other Than Subsidiaries or from the Parent Company (Note 7)
		The Company	Companies in the Consolidated Financial Statements (Note 5)	The Company	Companies in the Consolidated Financial Statements (Note 5)	The Company	Companies in the Consolidated Financial Statements (Note 5)	The Company		All Consolidated Entities (Note 5)		The Company	Companies in the Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
President	Huang Chung-Lea	3,840	3,840	156	156	905	905	178	-	178	-	5,079 1.00%	5,079 1.00%	-
Chief Executive Officer	Lin Ming-Chao	2,880	2,880	108	108	750	750	128	-	128	-	3,866 0.76%	3,866 0.76%	
Vice President	Yang Ching-Yao	2,030	2,030	107	107	525	525	80	-	80	-	2,742 0.54%	2,742 0.54%	
Vice President	Yao Han-Ching	2,030	2,030	107	107	470	470	80	-	80	-	2,687 0.53%	2,687 0.53%	-
Vice President	Kuan Hsin-Huei	1,920	1,920	108	108	537	537	80	-	80	-	2,654 0.52%	2,654 0.52%	

Note 1: The so-called “Five Highest Remunerated Management Personnel” refer to the managers of the Company. The identified criteria for managers shall follow the scope defined in the letter from the Securities and Futures Commission of the Ministry of Finance dated March 27, 2003, Tai-Cai-Zheng-San-Zi No. 0920001301. As for the calculation and determination principle of “the top five remunerations”, it is based on Company managers’ salaries, retirement pensions, bonuses, and certain expenses from all companies in the consolidated financial statements, as well as the total amount of employee remuneration (the total of four items A +B+C+D), with the top five remunerations to be determined after sorting. If the Director concurrently serves as the Supervisor mentioned above, they should be indicated in both this form and the form above.

Note 2: This refers to the salary, duty allowances, and severance pay of each of the five highest remunerated management personnel in the most recent fiscal year.

Note 3: Fill in the number of various bonuses, incentives, travel expenses, extraordinary expenses, various subsidies, dormitory, vehicles, and other remuneration provided for the five highest remunerated management personnel in the most recent year. When providing houses, cars, and other means of transportation or exclusive personal expenses, the nature and cost of the provided assets, actual or fair market value rents, fuel, and other payments should be disclosed. If a driver is provided, please include a note explaining the remuneration paid by the Company to the driver, however, it is not included in the Director's remuneration. Salary expenses recognized according to IFRS 2 "Share-Based Payments", including obtaining employee stock option certificates, restricting employees' rights to new shares, participating in cash capital increase subscription shares, etc., should also be included in the remuneration.

Note 4: This refers to employee profit-sharing compensation (including stocks and cash) received by the five highest remunerated management personnel in the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note 5: Disclose the total amount of remuneration in each category paid to the five highest remunerated management personnel by all companies in the consolidated financial report (including the Company).

Note 6: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 7: a. In this column, specifically disclose the amount of remuneration received by the five highest remunerated management personnel of the Company from investees other than subsidiariesor from the parent company (if none, state "None").

b. Remuneration means remuneration received by the five highest remunerated management personnel of the Company for serving in capacities such as director, supervisor, or manager at investees other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation(including employee, director, and supervisor profit-sharing compensation)and expenses and perquisites.

∗ This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

(IV) Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

Unit: NT$ thousands

	Title (Note 1)	Name (Note 1)	Stock	Cash Amount	Total	Ratio of Total Amount to Net Income (%)
Manager	President	Huang Chung-Lea	-	1,771	1,771	0.35%
	Chief Executive Officer	Lin Ming-Chao				
	Vice President	Liu Chao-Lung				
	Vice President	Yao Han-Ching				
	Vice President	Chu Hui-Chu				
	Vice President	Chen Wei-Hung				
	Vice President	Kuan Hsin-Huei				
	Vice President	Lin Cheng-Chun				
	Vice President	Yang Ching-Yao				
	Associate Vice President	Hsu Chen-Chi				
	Associate Vice President	Wang Wen-Hsien				
	Associate Vice President	Hua Ching-Sheng				
	Associate Vice President	Lin Shu-Fen				
	Associate Vice President	Lin Kun-Ming				
	Associate Vice President	Su Tsung-Chien				
	Associate Vice President	Chang Chin-Tsai				
	Associate Vice President	Hung Kuo-Chun				
	Associate Vice President	Lin Yu-Ping				
	Associate Vice President	Chen Chih-Hsin				
	Associate Vice President	Li Ching-Hui				
	Associate Vice President	Sun Ching-Wen				

Note 1: Names and job titles should be disclosed individually, but profit distributions received may be disclosed in aggregate.

Note 2: This refers to employee profit-sharing compensation (including stocks and cash) received by managers in the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Net profit after tax refers to the net income earned in the most recent year, after deducting taxes. If IFRSs have been adopted, net profit after tax refers to the net profit after tax of the most recent year's entity or individual financial report.

Note 3: The applicable scope of "managers" is defined under the 27 March 2003 FSC Order No. Tai-Cai-Zheng-III-0920001301 as persons in the following positions:

(1) President and equivalent level positions
(2) Vice President(s) and equivalent level positions
(3) Associate President(s) and equivalent level positions
(4) Chief officer of the finance division
(5) Chief officer of the accounting division
(6) Other persons who have the power to manage affairs and sign for the Company

Note 4: If any Director, President, or Vice President receives profit-sharing compensation (including stocks or cash), complete this table in addition to Table 1-2.

(V) Analysis of the total remuneration paid to Directors, Supervisors, President, and Vice Presidents of the Company in the last two years by the Company and all consolidated entities as a percentage of net income after tax, and description of the relations between remuneration policies, standards, packages, determination procedures, business performance, and future risks:

Title \ Year	2023		2022	
	Total Remuneration (NT$ thousands)	Ratio of Total Amount to Net Loss After Tax (%)	Total Remuneration (NT$ thousands)	Ratio of Total Amount to Net Income (%)
Director Supervisor President/Vice President	50,936	9.99%	30,798	12.75%

The Company has formulated a director remuneration policy, which has been reviewed by the Remuneration Committee and approved by the shareholders' meeting. The President and Vice Presidents' remuneration payment methods are handled as per the Company's manager remuneration management policy, its operating performance, and development trends, and have been approved by the Remuneration Committee and the Board of Directors. In 2023, Directors were provided with 2% remuneration in accordance with the recommendation of the Remuneration Committee and the resolution of the Board of Directors, in the amount of NT$12,122,190.

IV. Operation of Corporate Governance

(I) Board of Directors Operations: The Board of Directors held 7 meetings in 2023, and the attendance of Directors is as follows

Title	Name (Note 1)	Attendance In Person (B)	By Proxy	In-person attendance rate (%) 【B/A】 (Note 2)	Note
Chairman	Fong Shin Development and Investment Co., Ltd. Representative: Chiang Cheng-Chin	7	-	100%	-
Director	Fong Shin Development and Investment Co., Ltd. Representative: Huang Chung-Lea	7	-	100%	-
Director	Fong Shin Development and Investment Co., Ltd. Representative: Chen Wei-Hung	4		80%	Appointed on 06/19/2023, due 5 times
Director	Fong Shin Development and Investment Co., Ltd. Representative: Chen Chiung-Ling	2	-	100%	Dismissed on 06/19/2023, due 2 times
Director	Huang Shu-Tsung	6	-	85%	-
Independent Director	Ni Tzu-Hsiou	7	-	100%	-
Independent Director	Wei Yung-Neng	7	-	100%	-
Independent Director	Hsu Hsiu-Jen	7	-	100%	-

Other matters:

I. For Board meetings that meet any of the following circumstances, specify the date, session, motion contents, all opinions of Independent Directors, and the Company's response to Independent Director's opinions:

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act

Board of Directors	Proposal Content and Subsequent Handling
3.15.2023 1st Board Meeting of 2023	Contents: Proposal for the compensation of CPAs
	Opinions from all Independent Directors: None
	The Company's response to Independent Directors' opinions: N/A
12.21.2023 7th Board Meeting of 2023	Contents: 1. Proposal for amendments to the Company's internal control system 2. Proposal for amendments to the "Operational Procedures for Loaning Funds to Others" and "Operational Procedures for Endorsements/Guarantees"
	Opinions from all Independent Directors: None
	The Company's response to Independent Directors' opinions: N/A

(II) Any recorded or written Board resolutions to which Independent Directors have dissenting or qualified opinions to be noted in addition to the above: None

II. Regarding recusals of Directors due to conflicts of interests, the names of the Directors, contents of motions, reasons for recusal, and results of voting shall be specified:

1. 05/09/2023 Board Meeting:

(1) For the discussion of the qualification examination of director candidates, Director Chiang Cheng-Chin, Director Huang Chung-Lea, and Director Huang Shu-Tsung recused themselves due to conflicts of interests according to the law, and the remaining Directors unanimously approved the motion.

(2) For the discussion of the qualification examination of independent director candidates, Director Wei Yung-Neng, Director Ni Tzu-Hsiou, and Director Hsu Hsiu-Jen recused themselves due to conflicts of interests according to the law, and the remaining Directors unanimously approved the motion.

2. 06/19/2023 Board Meeting: For the discussion on the appointment of 3 Independent Directors to the Remuneration Committee, stakeholders recused themselves due to conflicts of interests, and the remaining Directors unanimously approved the motion.
3. 08/10/2023 Board Meeting: For the discussion on the remuneration for Independent Directors, stakeholders recused themselves due to conflicts of interest, and the remaining Directors unanimously approved the motion.
4. 12/21/2023 Board Meeting: For the discussion of the Company's 2023 director remuneration ratio and managers' 2023 year-end month-based bonus, Director Chiang Cheng-Chin, Director Huang Chung-Lea, and Director Chen Xian-Hung recused themselves due to conflicts of interests, and the remaining Directors unanimously approved the motion.

III. The Company shall disclose the cycle and period, scope, method, and content of the self-evaluation (or peer evaluation) of the performance of the Board of Directors

Evaluation Cycle (Note 1)	Evaluation Period (Note 2)	Evaluation Scope (Note 3)	Evaluation Method (Note 4)	Evaluation Content (Note 5)
Annual	2023.1.1~ 2023.12.31	1. Board of Directors 2. Individual Directors 3. Functional Committees (Remuneration Committee and Audit Committee)	1. Performance Self-Evaluation of the Board of Directors 2. Self-Evaluation of Board Members' Performance 3. Self-Evaluation of Functional Committees' Performance	Evaluation is conducted in accordance with Article 7 of the Rules of the Performance Evaluation of the Board of Directors formulated by the Company on November 13, 2019

2023 Evaluation Results

Performance Evaluation of the Board of Directors	Self-Evaluation of Board Members	Performance Evaluation of Functional Committees
Evaluation Results 4.86/5.	Evaluation Results 4.75/5	Evaluation Results 4.78/5

Note 1: Fill in the cycle on which the board evaluations are performed, for example: performed once per year.

Note 2: Fill in the period covered by the board evaluation, for example: An evaluation was performed of the performance of the board of directors from 1 January 2019 to 31 December 2019.

Note 3: The scope of the evaluation should cover the performance of the board as a whole, the individual directors, and the functional committees.

Note 4: The performance evaluation methods may include internal evaluation by the board, self-evaluations by individual board members, peer evaluations by board members, evaluations external organizations or experts engaged for that purpose, or other suitable method.

Note 5: The evaluation content shall include at least the following based on the scope of the evaluation:

(1) Evaluation of the performance of the board should include at least the following: degree of the board's participation in the operation of the company; the quality of the board's decision making; composition and structure of the board; election and continuing education of the directors; internal control.

(2) Evaluation of the performance of individual directors should include at least the following: familiarity with the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationships and communication; the director's professionalism and continuing education; internal control.

(3) Evaluation of the performance of the functional committees: degree of participation in the operation of the company; awareness of the duties of the functional committee; quality of decisions made by the functional committee; makeup of the functional committee and election of its members; internal control.

IV. Measures taken to strengthen the function of the Board (including establishing the Audit Committee and enhancing information transparency) and results thereof:

1. The Company has set up a Remuneration Committee to make suggestions to the Board of Directors regarding director and manager salary policy and structure.
2. The Company arranges continuing education regarding corporate governance and relevant professional courses for Board members to enhance their professional capabilities, and discloses relevant information on the Market Observatory Post System (MOPS).
3. The Company has established an Audit Committee in order to enhance Board of Directors functions.

Note 1: For a director or supervisor that is a juristic person (corporate entity), disclose the name of the corporate shareholder and the name of its representative.

Note 2:

(1) If the Director or Supervisor resigns before the end of the year, the date of resignation should be indicated in the Remarks column, and the actual attendance rate (%) is calculated based on the number of Board meetings and the actual attendance during the term of office.

(2) Before the end of the year, if there is re-election of Directors or Supervisors, the current and former Directors and Supervisors shall be identified, and the election status and independent re-election date of the Directors or Supervisors shall be indicated in the Remarks column. The actual attendance rate (%) is calculated based on the number of Board meetings and the number of actual attendance during the term of office.

(II) Operation Status of the Audit Committee: The Audit Committee held a total of 5 meetings in the most recent year (A), and attendance of the Independent Directors is as follows

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note 1, Note 2)	Note
Independent Director	Ni Tzu-Hsiou	5	-	100%	-
Independent Director	Wei Yung-Neng	5	-	100%	-
Independent Director	Hsu Hsiu-Jen	5	-	100%	-

Other matters:

I. With regard to the operations of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and the Company's response to the Audit Committee's opinions shall be specified:

(I) Any matter under Article 14-5 of the Securities and Exchange Act.

Audit Committee	Proposal Content and Subsequent Handling
3.15.2023 2nd Term - 17th Meeting	Contents: 1. 2022 Financial Report and Earnings Distribution Proposal 2. Proposal for the compensation of CPAs 3. 2022 Statement on Internal Control System 4. Proposal for the purchase of fixed assets
	Audit Committee Resolution: The motion has been approved unanimously by all attending members.
	The Company's response to the Audit Committee's opinions: N/A
5.9.2023 2nd Term - 18th Meeting	Contents: 1. Proposal for the Company's Financial Statements for Q1 2023 2. Proposal to establish the Company's Risk Management Policies and Procedures
	Audit Committee Resolution: The motion has been approved unanimously by all attending members.
	The Company's response to the Audit Committee's opinions: N/A
8.10.2023 3rd Term - 1st Meeting	Contents: 1. Election of the Convener for the 3rd Audit Committee 2. Proposal for the Company's Financial Statements for Q2 2023 3. Proposal for the purchase of fixed assets
	Audit Committee Resolution: The motion has been approved unanimously by all attending members.
	The Company's response to the Audit Committee's opinions: N/A
11.13.2023 3rd Term - 2nd Meeting	Contents: 1. Proposal for the Company's Financial Statements for Q3 2023 2. Proposal for the purchase of fixed assets 3. Proposal for the 2024 business plan
	Audit Committee Resolution: The motion has been approved unanimously by all attending members.
	The Company's response to the Audit Committee's opinions: N/A
12.21.2023 3rd Term - 3rd Meeting	Contents: 1. 1. Proposal for the 2024 audit plan and financial budget 2. Proposal for amendments to the Company's internal control system 3. Proposal for amendments to the "Operational Procedures for Loaning Funds to Others" and "Operational Procedures for Endorsements/Guarantees"

	4. Proposal for the purchase of fixed assets
	Audit Committee Resolution: The motion has been approved unanimously by all attending members.
	The Company's response to the Audit Committee's opinions: N/A

(II) Other matters that were not approved by the Audit Committee but were approved by two-thirds or more of all Directors: None

II. Regarding recusals of Independent Directors due to conflicts of interests, the names of the Independent Directors, contents of motions, reasons for recusal, and results of voting shall be specified:

1. 05/09/2023 Board Meeting: For the discussion of the qualification examination of independent director candidates, Director Wei Yung-Neng, Director Ni Tzu-Hsiou, and Director Hsu Hsiu-Jen recused themselves due to conflicts of interests according to the law, and the remaining Directors unanimously approved the motion.
2. 06/19/2023 Board Meeting: For the discussion on the appointment of 3 Independent Directors to the Remuneration Committee, stakeholders recused themselves due to conflicts of interests, and the remaining Directors unanimously approved the motion.
3. 08/10/2023 Board Meeting: For the discussion on the remuneration for Independent Directors, stakeholders recused themselves due to conflicts of interest, and the remaining Directors unanimously approved the motion.

III. Communication among Independent Directors, chief internal auditor, and CPAs:

1. Communication between Independent Directors and the chief internal auditor: The chief internal auditor submits audit reports and follow-up reports to Independent Directors for review by the end of the following month, attends Board meetings and Audit Committee meetings in a non-voting capacity, and maintains open communication with Independent Directors.
2. Communication status in 2023:

Date	Summary
03/15/2023 Audit Committee Meeting	1. Audit Office's operations report 2. Passed the 2022 Internal Control Declaration
05/09/2023 Audit Committee Meeting	Audit Office's operations report
08/10/2023 Independent Directors and Audit Managers Conference	Internal control and internal audit operations
08/10/2023 Audit Committee Meeting	Audit Office's operations report
11/13/2023 Audit Committee Meeting	Audit Office's operations report
12/21/2023 Audit Committee Meeting	Audit Office's operations report
12/21/2023 Independent Directors and CPAs Conference	1. Independent communication matters. 2. Communication of key audit matters in annual financial statements. 3. Accountant annual audit planning.

3. 2023 Audit Committee Focus:
   (1) Review financial statements
   (2) Review internal control system
   (3) Review acquisition of major assets
   (4) Review the Company's budget, operational plan, and audit plan
   (5) Assess CPA remuneration and independence
   (6) Review risk management policies and procedures

Note1: If the Independent Director resigns before the end of the year, the date of resignation should be indicated in the Remarks column, and the actual attendance rate (%) is calculated based on the number of Audit Committee meetings and the actual attendance during the term of office.

Note2: Before the end of the year, if there is re-election of Independent Directors, the current and former Independent Directors and shall be identified, and the election status and independent re-election date of the Directors shall be indicated in the Remarks column. The actual attendance rate (%) is calculated based on the number of Audit Committee meetings and the number of actual attendance during the term of office.

(III) Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
I. Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established Corporate Governance Best-Practice Principles and disclosed them on its website	None
II. Shareholding structure & shareholders' rights				
(I) Does the Company establish internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations, and implement based on the procedures?	V		(I) The Company has assigned spokespersons and stock affairs-related units as the communication channel for shareholders' suggestions, and has established a service window for shareholders on its website.	(I) None
(II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	V		(II) The Company obtains the latest register of major shareholders from the stock affairs agency regularly.	(II) None
(III) Has the Company established, and does it execute, a risk management and firewall system within its affiliated companies?	V		(III) The Company has established regulations on the supervision of subsidiaries and announces relevant information on a monthly basis.	(III) None
(IV) Has the Company established internal rules against insiders trading with undisclosed information?	V		(IV) The Company has formulated the Procedures for Handling Internal Material Information and Insider Trading Prevention Management and announced them on its website.	(IV) None
III. Composition and responsibilities of the Board of Directors				
(I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?		V	(I) Members of the Company's Board of Directors possess diverse expertise in various fields, which has greatly contributed to the success of the Company's operations.	(I) Under review
(II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	(II) The Company has established the Remuneration Committee and the Audit Committee in accordance with the law.	(II) Other functional committees will be established as per future needs and legal requirements.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
(III) Has the Company established standards to measure the performance of the Board, and does the Company implement such annually, and report the results of evaluations to the Board, and use them as a reference for individual directors' remuneration and nomination and renewal?	V		(III) The Company has completed the 2023 Board performance evaluation and reported it to the Board of Directors on January 24, 2024.	(III) None
(IV) Does the Company regularly evaluate the independence of the CPAs?	V		(IV) On March 8, 2024, the Board of Directors of the Company conducted an assessment of independence on the following items: 1. The CPAs have not held positions as employees, directors, supervisors, or shareholders of the Company or its affiliates. 2. The CPAs have not provided the Company with audit services for seven consecutive years. 3. The CPAs are not involved in other circumstances that undermine their independence.	(IV) None
IV. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the Board of Directors and the shareholders' meetings, andproducing minutes of Board meetings and shareholders' meetings)?	V		1.The company has set up a corporate governance unit as the Board Secretariat, and on May 13, 2021, the Board of Directors approved Deputy General Manager Guan Xinhui as the head of corporate governance. He is the top executive responsible for corporate governance-related matters and is responsible for supervising the company. Governance affairs, safeguarding shareholders' rights and interests and strengthening the functions of the board of directors. 2. The scope of duties of the corporate governance manager includes handling matters related to meetings of the board of directors and shareholders' meetings in accordance with the law, preparing minutes of the board of directors and shareholders' meetings, assisting directors in their appointment and continuing education, providing directors with information needed to perform business, assisting directors in complying with laws, etc. 3 The execution status of corporate governance business in 2023 is as follows: (1)Assist in providing directors with information and relevant	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>laws required to perform business
(2) Assist directors in matters related to further education
(3) Handle the legal compliance matters of audit committee, board of directors and shareholders meeting procedures and confirmation of resolutions
(4) Report to the board of directors the results of its review of whether the qualifications of independent directors at the time of nomination, election and during their term of office comply with relevant laws and regulations.
(5) Apply for directors’ liability insurance
(6)Handle performance evaluation of the board of directors and functional committees
(7)Revise relevant measures according to the latest laws and regulations
4.The status of further education in 2023 is as follows
<table>
<tr><th>Training date</th><th>Organizers</th><th>Course</th><th>hours</th></tr>
<tr><td>2023.7.13</td><td>TWSE</td><td>Publicity meeting on sustainable development action plans for listed companies</td><td>3</td></tr>
<tr><td>2023.9.20</td><td>Taiwan Corporate Governance Association</td><td>ESG-related legal issues that the board of directors should consider</td><td>3</td></tr>
<tr><td>2023.11.7</td><td>Accounting Research and Development</td><td>"Sustainable Development Action Plan for Listed Companies" Related ESG Information Disclosure Trends and Norms</td><td>3</td></tr>
<tr><td>2023.11.13</td><td>Taiwan Corporate Governance Association</td><td>How the audit committee interprets and uses audit quality indicators (AQI)</td><td>3</td></tr>
</table></td><td></td></tr>
<tr><td>V. Has the Company established communication channels and built a dedicated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and</td><td>V</td><td></td><td>The Company has set up a spokesperson/acting spokespersons mechanism to be in charge of the Company’s communication with external investors, and has also set up a section dedicated to stakeholders on the its website to safeguard stakeholders’</td><td>None</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
suppliers) to respond to material corporate social responsibility issues in a proper manner?			rights.	
VI. Has the Company appointed a professional stock affairs agency to handle the affairs of shareholders' meetings?	V		The Company has appointed a professional stock affairs agency to handle the affairs of shareholders' meetings.	None
VII. Information disclosure (I) Does the Company have a corporate website to disclose both the Company's financial standings and corporate governance status?	V		(I) The Company has set up a website to disclose relevant information.	(I) None
(II) Does the Company have other information disclosure channels (e.g., setting up an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and webcasting investor conferences)?	V		(II) The Company has designated dedicated personnel to be responsible for the collection and disclosure of information, and appointed suitable personnel as the spokesperson and acting spokespersons as per laws and regulations.	(II) None
(III) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report the financial statements of the first three quarters, as well as monthly operation results, before the prescribed time limit?		V	(III) The Company currently files financial reports and monthly operating status as per the "Matters Required to Be Handled by Issuers of Listed Securities", and does not announce and file financial reports in advance.	(III) Under evaluation
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?	V		1. The Company holds labor-management meetings on a regular basis or from time to time, communicates with employees fully, and organizes regular employee health examinations. 2. The Company regularly discloses the information on its financial business and corporate governance on the open information network filing system as per regulations, so that investors and stakeholders can understand the Company's situation while handling matters related to investors and stakeholders through the spokesperson/acting spokespersons mechanism. 3. The Company fosters strong interactive relationships with suppliers and customers through relevant responsible personnel. 4. The Company discloses relevant information on Directors' continuing education and attendance of the Board of	None

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
			Directors on the MOPS regularly. 5. When the Company convened board meetings, all Independent Directors were present and played a supervisory and auditing role as required, they also recused themselves from proposals with conflicts of interests. 6. Implementation of risk management policies and risk evaluation standards: The Company has established risk management policies and procedures, which are reported to the Board of Directors by the Risk Management Committee on a regular basis or as necessary, to serve as a basis for evaluating the effectiveness of risk management and control improvement. 7. The Company's purchase of liability insurance for Directors: The Company has purchased liability insurance for Directors.	

IX. Please specify the status of improvements as per the most recent corporate governance evaluation report released by the Corporate Governance Center of TWSE, and the prioritized improvement actions and measures for remaining deficiencies that have not yet been improved: In the evaluation report and regarding the newly released indicators, the Company has reviewed and improved the items for which no points were received.

(IV) Composition and operation status of the Remuneration Committee

1. Professional Qualifications and Independence Analysis of Remuneration Committee Members

February 29, 2024

Title (Note 1)	Name / Criteria	Professional Qualifications and Experience (Note 2)	Independence Analysis (Note 3)	Number of Other Public Companies Where the Individual Concurrently Serves as a Remuneration Committee Member
Independent Director	Ni Tzu-Hsiou(Convener)	Refer to page 13 for information regarding the professional qualifications and experience of Directors and the independence of Independent Directors	Refer to page 13 for information regarding the professional qualifications and experience of Directors and the independence of Independent Directors	None
Independent Director	Wei Yung-Neng			None
Independent Director	Hsu Hsiu-Jen			None

Note 1: Please specify on the form the relevant working years, professional qualifications and experience, and independence of the members of the Remuneration Committee. If they are Independent Directors, please refer to Appendix 1 on page 00 for information relating to Directors and Supervisors. Please indicate the identity as Independent Director or other (if undertaken as convener, please make a note).

Note 2: Professional qualifications and experience: Describe the professional qualifications and experience of each member of the Remuneration Committee.

Note 3: Independence analysis: Describe the status of independence of each remuneration committee member, including but not limited to the following: whether the member or their spouse or relative within the second degree of kinship serves or has served as a director, supervisor, or employee of the Company or any of its affiliates; the number and ratio of shares of the Company held by the member, their spouse, and their relatives with the second degree (or through their nominees); whether the member has served as a director, supervisor or employee of a "specified company" (see Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount(s) of any pay received by the remuneration committee member for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

Note 4: Regarding the method for disclosure, please refer to the "SAMPLE ANNUAL REPORT" page on the website of the Taiwan Stock Exchange Corporate Governance Center.

2. Operation Status of the Remuneration Committee

(1) The Company's remuneration committee has a total of 3 members.

(2) Term of office for current committee members: From June 19, 2023 to June 19, 2026. The Remuneration Committee held 3 meetings in 2023, and attendance by members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note)	Note
Convener	Ni Tzu-Hsiou	3	-	100%	-
Committee Member	Wei Yung-Neng	3	-	100%	-
Committee Member	Hsu Hsiu-Jen	3	-	100%	-

Remuneration Committee	Proposal Content and Subsequent Handling
03.15.2023 4th Term - 10th Meeting	Contents: Salary review for newly appointed managerial officers
	Remuneration Committee Resolution: The motion has been approved unanimously by all attending members.
	The Company's response to the Remuneration Committee's opinions: N/A
08.10.2023 5th Term - 1st Meeting	Contents: 1. Election of the Convener for the 5th Remuneration Committee 2. Proposal for the review of managers' 2023 mid-year performance 3. Proposal for amendments to the Company's "Directors' and Managers' Remuneration Management Policy" 4. Proposal for the establishment of the Company's Independent Director remuneration plan 5. Proposal for the review of salaries for newly appointed managerial officers
	Remuneration Committee Resolution: All attending members, except certain individuals (in directorial position) legally recused, approved the motion.
	The Company's response to the Remuneration Committee's opinions: N/A
12.21.2023 5th Term - 2nd Meeting	Contents: 1. Proposal for the review of managers' 2023 year-end performance 2. Settlement of the Company director's remuneration proportion 3. Proposal for the review of salaries for managerial officers 4. Proposal for review of the year-end month-based bonus for 2023
	Remuneration Committee Resolution: The motion has been approved unanimously by all attending members.
	The Company's response to the Remuneration Committee's opinions: N/A

Other matters:

I. If the Board of Directors refuses to adopt or amend a recommendation from the Remuneration Committee, the date of the meeting, session, contents of the motions, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., the circumstances and cause for the difference if the remuneration passed by the Board of Directors exceeds the recommended amount by the Remuneration Committee) shall be specified: None.

II. If there were resolutions by the Remuneration Committee to which members have dissenting or qualified opinions, and for which there is a record or declaration in writing, the date of the meeting, session, contents of the motions, all members' opinions, and the response to members' opinions shall be specified: None.

Note

(1) If any remuneration committee member left the committee before the end of the fiscal year, specify the date that they left the committee in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of remuneration committee meetings held and the number they attended in person during the period they were on the committee.

(2) Before the end of the year, if there is re-election of Remuneration Committee members, the current and former members and shall be identified, and the election status and independent re-election date of the committee members shall be indicated in the Remarks column. The actual attendance rate (%) is calculated based on the number of Remuneration Committee meetings and the number of actual attendance during the term of office.

(V) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		1. The Company's Board of Directors approved the establishment of the "Sustainability Committee" on August 30, 2022, in which committee members, with approval of the Chairperson, consisted of 5 of the Company's senior or department managers, and the committed is chaired by the Company's President. 2. The committee has established the Corporate Governance Division, the Social Welfare Division, and the Environmental Sustainability Division to promote and implement initiatives related to the Company's sustainable development. 3. The implementation and effectiveness of sustainable development were most recently reported to the Board of Directors on September 20, 2023.	None
II. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish relevant risk management policies or strategies?	V		The Company has formulated risk management policies and procedures on May 9, 2023 and announced them on its website.	None
III. Environmental issues (I) Has the Company established environmental management systems based on its industry's characteristics?	V		(I) The Company has passed the ISO14001 environmental management system certification to regulate environmental management, environmental auditing, and environmental performance evaluation. Environmental considerations are included in the risk assessment for construction projects, and the Company implements comprehensive control and utilizes passive and active monitoring models to keep abreast of environmental hazards, while taking immediate improvement measures to enhance environmental protection.	(I) None

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
(II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		(II) The Company's current construction techniques are based on the use of modular machines, as they can be used repeatedly, and once scrapped, can be reused through the steel resource recycling system. Green building materials have also been actively introduced.	(II) None
(III) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		(III) The greenhouse effect causes global warming, leading to extreme climate conditions, which increase the frequency of natural disasters such as high temperatures, heavy rain, and water shortages. The Company strives to use green building materials in construction whenever possible, in addition to obtaining green building certification as required. The Company also incorporates energy-efficient lighting fixtures and water-saving equipment in its office spaces, in addition to the active promotion and implementation of measures such as energy conservation, resource recycling, and waste reduction to minimize the impact on the environment.	(III) None
(IV) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		(IV) The Company's environmental policy aims to comply with environmental protection laws and regulations, motivate all employees to participate in environmental protection, and engage in communication with the neighborhood while being committed to continuous improvement. Please refer to the Company's sustainability report for inventory on greenhouse gas emissions, water usage, and waste management.	(IV) None

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
IV. Social Issues (I) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(I) The Company complies with the Labor Standards Act and other labor laws and regulations, and has formulated various management measures to protect employees' rights and interests and to standardize its internal operations. Additionally, the Company has formulated human rights policies in accordance with international human rights conventions, including the Universal Declaration of Human Rights, the UN Global Compact, and the ILO Convention, and has disclosed such policies on its website.	(I) None
(II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		(II) The Company provides paid leave in accordance with the Labor Standards Act, and has set up a Welfare Committee to handle employee benefits while issuing year-end bonuses based on the Company's performance.	(II) None
(III) Does the Company provide a healthy and safe work environment, and does it organize health and safety training for its employees on a regular basis?	V		(III) 1. The Company provides regular employee health examinations, organizes annual health promotion activities, and sends employees to participate in occupational safety and health education and various corporate training courses to enhance employees' professional capabilities and to protect their safety. 2. The Company has obtained the ISO45001:2018 and CNS 45001 occupational health and safety management standards certifications. The scope of activities covered includes: expressways, roads, sports facilities, bridges, buildings, rapid transit, and construction services for sewage and drainage. 3. The Company experienced no employee occupational accidents in 2023. 4. The Company experienced no fire incidents in 2023.	(III) None

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
(IV) Has the Company established effective career development and training plans for its employees?	V		(IV) TheCompany prepares a budget every year for pre-employment seminars and in-service training in order to enhance professional skills, leadership skills, and career development; professional courses are also arranged as per necessary for units to provide professional licenses; bonuses and incentives are also offered to employees for participation.	(IV) None
(V) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		(V) The Company provides warranty for a certain period of time, and has a dedicated hotline during the construction period for the public to supervise the safety and quality of construction works. The Company has passed ISO9001 quality certification, ISO14001 environmental certification, ISO45001 international standards for occupational safety and health management certification, CNS45001 (TOSHMS) Taiwanese standards for occupational safety and health management system certification.	(V) None
(VI) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on issues, such as environmental protection, occupational safety and health, or labor rights? If so, describe the results.	V		(VI) The Company's ISO 9001 clearly requires suppliers to fill out the supplier qualification review registration form.	(VI) None.
V. Does the Company refer to internationally accepted standards or guidelines for the preparation of reports and prepare reports that disclose non-financial information of the Company, such as sustainability reports? Are the reports certified or assured by a third-party accreditation body?	V	V	The Company has prepared a sustainability report in compliance with GRI Standards and SASB Standards. The information in the report is based on the Company's own inventory and has not been certified or assured by a third-party accreditation body.	The Company published its 2022 Sustainability Report in September 2023. The 2022 Sustainability Report has not been certified or assured by a third-party accreditation body.

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
VI. Where the Company has established its own Sustainability Report Best Practice Principles in accordance with the “Sustainability Report Best Practice Principles for TWSE/GTSM Listed Companies”, please specify the difference between its operations and the principles formulated: The Company abides by the ‘Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies”; in order to support cultural and artistic activities and promote cultural sustainability, the Company added Article 27-1 on November 13, 2023.				
VII. Other important information to facilitate better understanding of the company’s promotion of sustainable development: For more information regarding the Company’s implementation of sustainable development, please visit the company website at https://www.hcgc.com.tw/company/display/society.				

(VI) Climate-Related Information of the Company

1. Implementation of Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	1. The Company's Board of Directors approved the establishment of the "Sustainability Committee" on August 30, 2022, in which committee members, with approval of the Chairman, consisted of 5 of the Company's senior or department managers, and two meetings are held per year. The meetings are chaired by the Chairman (President), they provide updates on the Company's progress and results in sustainable development. In addition, strategies, objectives, execution, and effectiveness are all presented to the Board of Directors to strengthen the Company's commitment to addressing climate change and international development trends, as well as achieving sustainable development.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	2. Based on the TCFD, the Company conducts identification and prioritization of climate-related risks/opportunities, and together with the relevant teams, assesses climate change risks and response measures. The Company identifies potential crises and opportunities to set short, medium, and long-term goals. For example, extreme weather events such as heavy rain or flooding can lead to short-term operational disruption risks, necessitating enhanced disaster prevention drills to reduce damage. For medium and long-term goals, consistent energy-saving methods are utilized to reduce energy consumption, and local procurement is being adopted to maximize resource utilization efficiency, thereby achieving coexistence and mutual prosperity with the environment.
3. Describe the financial impact of extreme weather events and transformative actions.	3. Extreme weather events, such as heavy rain or flooding, have the potential to damage the Company's equipment or even cause a complete shutdown, resulting in higher operational costs. Furthermore, factors like the implementation of carbon taxes can also affect the Company's financial profitability.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	4. In accordance with industry requirements and an evaluation of the potential impacts of climate risks, the Company formulates practical projects, then regularly executes and consistently assesses, monitors, and refines them for enhancement. These measures are being integrated into the Company's general work practices, enabling the Company to effectively mitigate diverse risks, minimize losses, and strengthen the resilience and sustainability of business operations.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	5. Under evaluation.

6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	6. Evaluation in planning.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	7. Internal carbon pricing is not used as a planning tool.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	8. Establishment of climate-related goals is under evaluation and planning.
9. Greenhouse gas inventory and assurance status (separately fill out in point 1-1 and 1-2 below).	9. The Company's greenhouse gas inventory and assurance status in the past 2 years should be described in 1-1, and the Company's greenhouse gas reduction goals, strategies, and specific action plans should be described in 1-2.

2. Greenhouse Gas Inventory and Assurance Status
   (1) Greenhouse gas inventory information: Information regarding greenhouse gas inventory shall be disclosed in 2026.
   (2) Greenhouse gas assurance information: The complete assurance information shall be disclosed in 2028.
3. Greenhouse gas reduction goals, strategies, and specific action plans: Under evaluation and planning.

(VII) Implementation of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs (I) Does the Company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and senior management towards implementation of such policy?	V		(I) The Company has formulated its own Ethical Corporate Management Best Practice Principles to stipulate its ethical corporate management policy.	(I) None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
(II) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risks of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct accordingly and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		(II) The Company's Ethical Corporate Management Best Practice Principles stipulate that Directors, managers, employees, appointees and de facto persons in charge shall not directly or indirectly provide, promise, request, or accept any improper benefits, or engage in other unethical acts that violate integrity, laws, or fiduciary duty to obtain or maintain benefits in the course of doing business.	(II) None
(III) Does the Company define the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs effectively and perform regular reviews and amendments?	V		(III) The Company has set out relevant management measures and a whistle-blowing system to prevent the occurrence of unethical conduct.	(III) None
II. Fulfillment of ethical corporate management				
(I) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		(I) The Company has established an evaluation mechanism for its clients and suppliers, clearly stipulating both parties' rights and obligations in the contract.	(I) None
(II) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors that reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		(II) The Company has not yet set up a dedicated (concurrent) unit for ethical corporate management; instead, the responsibility for this function current lies with the Management Department.	(II) None
(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V		(III) The Company has established the "Codes of Ethical Conduct" and "Work Rules" stipulating relevant regulations.	(III) None

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description	
(IV) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit devise audit plans based on the results of unethical conduct risk assessments and audit the systems accordingly to prevent unethical conduct, or hire external CPAs to perform the audits?	V		(IV) The Company has established an effective accounting system and an internal control system, and conducts inspections on compliance with the various systems through internal auditors or external auditors on a regular or irregular basis.	(IV) None
(V) Does the Company regularly hold internal and external educational training on ethical corporate management?	V		(V) The Company increases employees' awareness on this front at monthly meetings.	(V) None
III. Operation of the whistle-blowing system (I) Has the Company established both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party for the follow-up? (II) Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures? (III) Has the Company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	 V V V		The Company has formulated the "Regulations on Whistle-blowing Illegal and Unethical or Dishonest Conduct", which clearly stipulates relevant regulations.	None
IV. Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	V		Relevant regulations are disclosed on the Company's website.	None
V. Where the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please specify the difference between its operations and the principles formulated: The Company has formulated Ethical Corporate Management Best Practice Principles in December 2017 and will revise it depending on actual future needs. VI. Other important information to facilitate better understanding of the Company's implementation of ethical corporate management: None				

(VIII) Where the Company has formulated corporate governance principles and relevant regulations, the inquiry method shall be disclosed: Please refer to the "Corporate Governance" section on the Company's website for relevant regulations

(IX) Other Important Information Regarding Corporate Governance: None.

(X) Implementation of Internal Control System

1. Statement on Internal Control

Hwang Chang General Contractor Co., Ltd.

Statement on Internal Control

Date: March 12, 2024

The Company hereby states the results of the self-evaluation of the internal control system for 2023 as follows:

I. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managerial officers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.

II. The internal control system has innate limitations. No matter how robust and effective the internal control system is, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.

III. The Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. The criteria introduced by "Regulations" consist of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.

IV. The Company has adopted the aforesaid assessment items for the internal control system to determine whether the design and implementation of the internal control system are effective.

V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2023 (Note 2), the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, are effective and can reasonably assure the achievement of the foregoing goals.

VI. This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement was approved by the Board of Directors on March 8, 2024, and out of the seven directors in attendance, none had dissenting opinions and all approved the content expressed in this statement.

Hwang Chang General Contractor Co., Ltd.

Chairman: Signature

President: Signature

2. CPAs' ad-hoc review report of the internal control system: None.

(XI) Penalties imposed on the Company and its insiders in accordance with the law, penalties imposed by the Company on its insiders for violating the provisions of the internal control system, and major deficiencies and improvements for the most recent year and up to the publication date of the annual report: None.

(XII) Major Resolutions of Shareholders' Meeting and Board Meetings During the Most Recent Fiscal Year up to the Date of Publication of the Annual Report

Date	Board Meeting/Shareholders' Meeting	Key Matters
2023.3.15	1st Board Meeting of 2023	1. 2022 Financial Report and Earnings Distribution Proposal 2. Proposal for the compensation of CPAs 3. 2022 Statement on Internal Control System 4. Proposal for the purchase of fixed assets 5. Proposal for the election of Directors at the Company's Annual Shareholders' Meeting 6. Proposal for the convention of 2023 Annual Shareholders' Meeting 7. Proposal for the appointment of Mega Bank to arrange syndicated loans 8. Proposal for the review of salaries for newly appointed managers
		Independent Director's Opinion: None. Resolution Results: Unanimously approved by all attending Directors.
2023.5.9	2nd Board Meeting of 2023	1. Proposal for the Company's Financial Statements for Q1 2023 2. Proposal to establish the Company's Risk Management Policies and Procedures 3. Proposal for the 2022 distribution of employee and director remuneration 4. Proposal for additions to the Company's 2023 Annual Shareholders' Meeting 5. Proposal for the nomination and deliberation of Director and Independent Director Candidates
		Independent Director's Opinion: None. Resolution Results: Unanimously approved by all attending Directors.
2023.6.19	3rd Board Meeting of 2023	1. Proposal for the appointment of the Company's Chairperson 2. Proposal for the appointment of Wei Yung-Neng, Ni Tzu-Hsiou, and Hsu Hsiu-Jen as members of the Remuneration Committee
		Independent Director's Opinion: None. Resolution Results: Unanimously approved by all attending Directors.
2023.6.19	Shareholders' Meeting	1. Proposal for the ratification of the 2022 Financial Statements 2. Proposal for the ratification of the 2022 earnings distribution 3. Proposal for the election of Directors
		Implementation status: 1. Distribution of shareholders' bonus for the year 2022 on November 3, 2023. 2. Completed registration of changes to the Ministry of Economic Affairs on July 5, 2023.
2023.8.10	4th Board Meeting of 2023	1. Proposal for the Company's Financial Statements for Q2 2023 2. Proposal for the purchase of fixed assets 3. Proposal for amendments to the Company's "Directors' and Managers' Remuneration Management Policy" 4. Proposal for the establishment of compensation plans for Independent Directors Wei Yung-Neng, Ni Tzu-Hsiou, and Hsu Hsiu-Jen 5. Proposal for the review of salaries for newly appointed managers

		Independent Director's Opinion: None. Resolution Results: Unanimously approved by all attending Directors.
2023.9.20	5th Board Meeting of 2023	1. Proposal for the Company's 2022 Sustainability Report 2. Proposal for the appointment of Chang Hwa Bank to arrange syndicated loans
		Independent Director's Opinion: None. Resolution Results: Unanimously approved by all attending Directors.
2023.11.13	6th Board Meeting of 2023	1. Proposal for the Company's Financial Statements for Q3 2023 2. Proposal for the purchase of fixed assets 3. Proposal for the 2024 business plan 4. Proposal for amendments to the Company's Sustainable Development Best Practice Principles and Corporate Governance Best-Practice Principles
		Independent Director's Opinion: None. Resolution Results: Unanimously approved by all attending Directors.
2023.12.21	7th Board Meeting of 2023	1. Proposal for the 2024 audit plan and financial budget 2. Proposal for amendments to the Company's internal control system 3. Proposal for amendments to the Company's Operational Procedures for Loaning Funds to Others, Operational Procedures for Endorsements/Guarantees, Supervision and Management of Subsidiaries, and Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises 4. Proposal for the purchase of fixed assets 5. Proposal for the 2023 director remuneration of the Company 6. Proposal for the review of managerial salaries and 2023 year-end bonuses
		Independent Director's Opinion: None. Resolution Results: Unanimously approved by all attending Directors.
2024.1.24	1st Board Meeting of 2024	1. Proposal for the purchase of real estate 2. Proposal for the purchase of fixed assets 3. Proposal for amendments to the Company's Rules of Procedure for the Board of Directors Meetings and the Audit Committee Charter 4. Proposal for the convention of 2024 Annual Shareholders' Meeting
		Independent Director's Opinion: None. Resolution Results: Unanimously approved by all attending Directors.
2024.3.8	2nd Board Meeting of 2024	1. Proposal for the 2023 Financial Statements and earnings distribution 2. Amendment to the Articles of Incorporation 3. Distribute New Shares for Capital Increase by Earnings 4. Proposal for the appointment of CPAs and their remuneration 5. 2023 Statement on Internal Control System 6. Proposal for the purchase of fixed assets 7. 2023 distribution report on employee and director remuneration of the Company 8. Proposal for additions to the Company's 2024 Annual Shareholders' Meeting
		Independent Director's Opinion: None. Resolution Results: Unanimously approved by all attending Directors.

(XIII) Any Dissenting Opinion Expressed by a Director or Supervisor with Respect to a Major Resolution Passed by the Board of Directors During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report, Where Said Dissenting Opinion Has Been Recorded or Prepared as a Written Declaration, and Its Main Content: None.

(XIV) Summary of the resignations and dismissals of the Chairman, President, Chief Accounting Officer, Chief of Finance, Chief Internal Auditor, Head of Corporate Governance, and Head of R&D Department for the most recent year and as of the publication date of the annual report: None.

V. Information on CPA Professional Fees

Unit: NT$ thousands

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee				Note
				Tax Compliance Audit	Assurance	Others	Subtotal	
Benison Associated CPAs' Firm	Lin Yu-Ya	2023.1.1~ 2023.12.31	1,930	750		25	775	Other: Annual report review fee and advisory fee
	Li Han							

(I) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts, ratio, and reasons for the decrease in audit fees shall be disclosed: N/A.

(II) Where the audit fees decreased by at least 10% as compared with the prior year: None.

VI. Information on Replacement of CPAs

(I) About the former CPA: N/A

(II) About the succeeding CPA: N/A

(III) Reply letter from the former CPA regarding the Company's disclosures regarding matters stipulated under Article 10.5.A and 10.5.B(c) of the Regulations: N/A

VII. Information on the Chairperson, President, or Managers in Charge of Financial or Accounting Affairs: None.

VIII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report) by a Director, Supervisor, manager, or Shareholder with a Stake of More than 10 Percent

(I) Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Major Shareholders

Title (Note 1)	Name	2023		Current year as of February 29	
		Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)
Chairman	Chiang Cheng-Chin	-	-	-	-
Director	Huang Chung-Lea	-	-	-	-
Director	Huang Shu-Tsung	-	-	-	-
Director	Chen Wei-Hung	-	-	-	-
Independent Director	Wei Yung-Neng	-	-	-	-
Independent Director	Hsu Hsiu-Jen	-	-	-	-
Independent Director	Ni Tzu-Hsiou	-	-	-	-
President	Huang Chung-Lea	-	-	-	-
Chief Executive Officer	Lin Ming-Chao	-	-	-	-
Vice President	Liu Chao-Lung	-	-	-	-
Vice President	Yao Han-Ching	1,475	-	-	-
Vice President	Lin Cheng-Chun	-	-	-	-
Vice	Chu Hui-Chu	-	-	-	-

Title (Note 1)	Name	2023		Current year as of February 29	
		Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)
President					
Vice President	Chen Wei-Hung	-	-	-	-
Vice President	Kuan Hsin-Huei	-	-	-	-
Vice President	Yang Ching-Yao	-	-	-	-
Manager	Su Tsung-Chien	-	-	-	-
Manager	Hsu Chen-Chi	-	-	-	-
Manager	Wang Wen-Hsien	-	-	-	-
Manager	Hua Ching-Sheng	-	-	-	-
Manager	Lin Shu-Fen	-	-	-	-
Manager	Chang Chin-Tsai	-	-	-	-
Manager	Hung Kuo-Chun	-	-	-	-
Manager	Lin Kun-Ming	-	-	-	-
Manager	Lin Yu-Ping	-	-	-	-
Manager	Chen Chih-Hsin	-	-	-	-
Manager	Li Ching-Hui	-	-	-	-
Manager	Sun Ching-Wen	-	-	(5,000)	-
Major Shareholder	Fong Shin Development and Investment Co., Ltd.	-	(4,700,000)	-	1,750,000

Note 1: Any shareholder holding more than 10 percent of the Company’s total share capital shall be noted as a major shareholder, and such shareholders shall be listed individually.

Note 2: If the counterparty of a transfer of shareholding or a pledge of shareholding is a related party, additionally complete the table below.

(II) Information on Share Transfers: N/A.

(III) Information on Share Pledges: N/A.

IX. Relationships Among the Top 10 Shareholders

Date: March 2, 2024

	Name (note 1)	Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree(note 3)		Note
		Shares	%	Shares	%	Shares	%	Company Name	Relation	-
1	Fong Shin Development and Investment Co., Ltd.	119,035,965	50.12%	-	-	-	-	Hwang Chang General Contractor Co., Ltd.	Same Chairperson	-
	Representative: Chiang Cheng-Chin	-	-	12,208,173	5.14%	-	-	Chiang Lu Hsiu-O	Spouses	-
2	Huandong Investment Co., Ltd.	15,142,550	6.37%	-	-	-	-	Hwang Chang General Contractor Co., Ltd.	Same Chairperson	-
	Representative: Chiang Cheng-Chin	-	-	12,208,173	5.14%	-	-	Chiang Lu Hsiu-O	Spouses	-
3	Chiang Lu Hsiu-O	12,208,173	5.14%	-	-	-	-	Chiang Cheng-Chin	Spouses	-
4	Morgan Stanley Special Account under HSBC custody	4,663,000	1.96%	-	-	-	-	-	-	-
5	Fuqian Investment Co., Ltd.	4,032,000	1.69%	-	-	-	-	Hwang Chang General Contractor Co., Ltd.	Same Chairperson	-
6	Lu Hsiu-Hsia	3,909,000	1.64%	-	-	-	-	Chiang Lu Hsiu-O	Second-degree relatives	-
7	Kang Pao-Ming	3,794,000	1.59%	-	-	-	-	-	-	-
8	Li Chin-Kuei	3,669,000	1.54%	-	-	-	-	-	-	-
9	Kang Pao-Nan	2,013,000	0.84%	-	-	-	-	-	-	-
10	Lin Hung-Chang	1,898,000	0.79%	-	-	-	-	-	-	-

Note1: All of the top 10 shareholders should be listed, and the names of corporate/juristic person shareholders and their representatives should be listed separately.

Note2: The shareholding ratio (%) is calculated as the total numbers of shares respectively held by the shareholder, their spouse and minor children, or through nominees.

Note3: Disclose the relationships among the above-listed shareholders, including corporate/juristic person shareholders and natural person shareholders, in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

Date: February 29, 2024

Unit: Shares; %

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	Shareholding	Shares	Shareholding	Shares	Shareholding
Ho Chang International Contractor Co., Ltd.	19,867,288	49.00%	993,229	2.45%	20,860,517	51.45%

Note: This refers to investee enterprises in which the Company makes long-term investment using the equity method.

IV. Capital Raising

I. Capital and Shares

1. Source of share capital

Date: March 2, 2024

Year Month	Issue price	Approved share capital		Actual share capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Assets other than cash adopted as share payment	Others
2011/11	10	300,000,000	3,000,000,000	178,983,788	1,789,837,880	Capital reduction through cancellation of treasury shares by NT$22,210,000	None	-
2014/05	10	300,000,000	3,000,000,000	241,983,788	2,419,837,880	Capital increase in cash through private placement by TWD 630,000,000	None	Note 6
2021/09	10	300,000,000	3,000,000,000	237,483,788	2,374,837,880	Capital reduction through cancellation of treasury shares by TWD 45,000,000	None	-

Note 1: Information for the current year up to the date of publication of the annual report should be filled in.
Note 2: The capital increase part should be indicated with the effective (approval) date and document number.
Note 3: If the shares are issued at a value lower than the par value, they should be highlighted significantly.
Note 4: If currency creditor's rights and technology are used to offset shares, it should be stated, and the type and amount of offset should be added to the remark.
Note 5: If it is a private placement, it should be highlighted significantly.
Note 6: It was approved through Letter Jing-Shou-Shang-Zi No. 103001083000 on May 15, 2014.

Date: March 2, 2024

Type of share	Approved share capital			Remark
	Outstanding shares (Note)	Unissued shares	Total	
Registered ordinary shares	237,483,788	62,516,212	300,000,000	The aforementioned unissued shares contain 45,000,000 shares that can be converted from convertible corporate bonds

Note: The Company's stock is a listed stock.

2. Structure of shareholders

Date: March 2, 2024

Structure of shareholders / Quantity	Government agencies	Financial institutions	Other juridical persons	Individuals	Foreign institutions and foreigners	Total
Number of people	-	-	186	15,121	30	15,337
Number of shares held	-	-	141,478,010	81,815,677	14,190,101	237,483,788
Shareholding ratio	-	-	59.57%	34.45%	5.98%	100.00%

Note: First-listed (counter) companies and emerging companies should disclose their shareholding ratios of mainland investors; Mainland investors refer to people, institutional entities, groups, and other institutions in mainland China stipulated in Article 3 of the Measures for the Permit of People from Mainland China to Invest in Taiwan or its investment company in the third region.

3. Distribution of equity

Date: March 2, 2024

Range of shareholding	Number of shareholders	Number of shares held	Shareholding ratio
1 - 999	10,475	495,666	0.208%
1,000~5,000	3,749	7,120,496	2.998%
5,001~10,000	516	4,113,249	1.732%
10,001~15,000	158	2,008,359	0.845%
15,001~20,000	111	2,044,848	0.861%
20,001~30,000	84	2,165,445	0.911%
30,001~40,000	40	1,431,814	0.602%
40,001~50,000	30	1,405,418	0.591%
50,001~100,000	72	5,251,915	2.211%
100,001~200,000	37	4,874,062	2.052%
200,001~400,000	25	7,190,954	3.027%
400,001~600,000	8	4,156,480	1.75%
600,001~800,000	5	3,421,552	1.44%
800,001~1,000,000	6	5,553,486	2.338%
1,000,001 and more	21	186,250,044	78.426%
Total	15,337	237,483,788	100.00%

Note: The Company did not issue preferred stock

4.List of Major Shareholders

Shareholding / Shareholder's Name	Shareholding (Shares)	Shareholding
Fong Shin Development and Investment Co., Ltd.	119,035,965	50.12%
Huandong Investment Co., Ltd.	15,142,550	6.37%
Chiang Lu Hsiu-E	12,208,173	5.14%
Morgan Stanley Special Account under HSBC custody	4,663,000	1.96%
Fuqian Investment Co., Ltd.	4,032,000	1.69%
Lu Hsiu-Hsia	3,909,000	1.64%
Kang Pao-Ming	3,794,000	1.59%
Li Chin-Kuei	3,669,000	1.54%
Kang Pao-Nan	2,013,000	0.84%
Lin Hung-Chang	1,898,000	0.79%

5..Market Price, Net Worth, Earnings, and Dividends, and Related Information per Share for the Past Two Fiscal Years

Year/Item			2022	2023	As of February 29, 2024
Market Price per Share	Highest		11.65	38	43.95
	Lowest		7.41	8.88	24.45
	Average		9.38	23.47	32.26
Net Worth per Share	Before Distribution		10.96	12.78	NA
	After Distribution		10.66	10.86	NA
Earnings per Share	Weighted average shares		237,484	237,484	237,484
	Earnings per Share	Before retrospective adjustment	1.02	2.15	NA
		After retrospective adjustment	0.89	(Note 9)	NA
Dividend per Share	Cash Dividends		0.3	0.4 (Note 9)	-
	Stock Dividends	Dividends from Retained Earnings	-	1.4 (Note 9)	-
		Dividends from Capital Surplus	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price/Earnings Ratio		9.19	10.91	-
	Price/Dividend Ratio		31.26	58.68	-
	Cash Dividend Yield Rate		3.20%	1.70%	-

Note 1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2: Describe the amount of shares resolved for distribution by the Board of Directors or in the shareholders' meeting, based on the amount of issued shares at the end of the year.

Note 3: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 5: Price/earnings ratio = average closing price per share for the year/earnings per share.

Note 6: Price/dividend ratio = average closing price per share for the year/cash dividends per share.

Note 7: Cash dividend yield = cash dividend per share/average closing price per share for the year.

Note 8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations are based on the data for the current year as of the date of publication of the annual report.

Note 9: Earnings distribution for 2023 has not been approved by the Shareholders' Meeting.

6.Dividend Policy and Implementation Status

(1)Dividend policy stipulated in the Company's Articles of Incorporation: Per Article 22 of the Company's Articles of Incorporation: If the Company made a profit in a fiscal year, it shall pay taxes pursuant to law and compensate cumulative deficit first, and then appropriate 10% of the remaining balance as legal reserve unless the legal reserve has reached the amount of the Company's paid-in capital before setting aside or reversing a special reserve in accordance with the laws and regulations. If there is still any remaining profit, together with any accumulated undistributed earnings, the Company's Board of Directors shall put forth an earnings distribution proposal and submit it to the shareholders' meeting for resolution before distribution of dividends and bonuses to shareholders.

The Company is in a well-developed and stable business environment and industry. As such, the dividend policy shall be set out based on the needs for investment funds, financial structure, and earnings; the proportion of cash dividends shall not be less than 20% of the total dividends planned to be distributed for the year.

(2)The proposal for dividend distribution in the shareholders' meeting: The Board meeting on March 8, 2024 passed the resolution to distribute a cash dividend of NT$0.4 and stock dividend of NT$1.4 for the 2023 earnings appropriation plan, which is pending approval by the shareholders' meeting.

7.The impact of the stock dividend proposed by the shareholders' meeting on the Company's operating performance: The Company has not announced the financial forecast for 2023, thus, there is no need to disclose this information.

8.Employee Bonuses and Compensation for Directors and Supervisors

(1)The percentage or scope of the remuneration of employees, directors, and supervisors as specified in the Company's Articles of Incorporation: Per Article 21 of the Company's Articles of Incorporation:If the Company records a profit in a year, it shall set aside 3% of the profit for employee remuneration, which shall be distributed in stock or cash after resolution by the Board of Directors, and its recipients shall include employees of the Company's affiliates who meet certain criteria. The Company may, by resolution of a Board meeting, set aside no more than 3% of the said profit for director remuneration. The distribution of employee and director remuneration should be reported to the Shareholders' Meeting. If, however, the Company has accumulated losses, profit shall first be used to offset accumulated losses and then to set aside employees' and directors' remuneration according to the a fore mentioned percentages.

(2)Basis for estimation of remuneration of employees, directors, and supervisors, calculation basis for the number of shares for employee remuneration, and accounting treatment applied if the actual amount distributed differs from the estimated amount in the current period: The Company's basis for estimation of remuneration of employees and directors is based on the net income before tax for the current period, compensated for the loss in the past, to set a proper estimation per the Articles of Incorporation and past experiences. If the actual remuneration amount differs from the estimation amount, it will be handled according to the changes in accounting estimates and recognized as a profit or loss in 2024.

(3)Distribution of Compensation of Employees, Directors, and Supervisors Approved in the Board of Directors Meeting:

a.The amount of any employee compensation distributed in cash or stock and compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

Item	Distribution Approved by the Board of Directors in 2024	Estimates for 2023	Difference
Employee Compensation	18,183,286	18,183,286	-
Director and Supervisor Remuneration	12,122,190	12,122,190	-

b.The proportion of the amount of employees' remuneration distributed in shares and the total amount of employees' remuneration after tax in the current individual financial report: N/A.

(4)The remuneration of employees, directors, and supervisors actually distributed in the prior year (including number, amount, and price of distributed shares); and differences between the amount of remuneration recognized for employees and directors, the amount, reasons, and response measures for such differences: None.

9.Share Repurchases: None

II. Issue of Corporate Bonds: None

III. Issue of Preferred Stock: None

IV. Issue of Overseas Depositary Receipts: None

V. Issue of Employee Stock Warrants: None

VI. Issue of New Shares for Mergers and Acquisitions or Acquisitions of Other Company's Shares: None

VII. Implementation of the Fund Utilization Plan: None

V. Overview of Operations

I. Information on Business

(I) Business Scope

1. The Company's primary business: Civil engineering contracting business.
2. Proportion of each business item

Major Product	Proportion of Business	
	2023	2022
Construction business	89.52%	92.68%
Concrete sales	10.44%	7.32%
Rental income	0.04%	-
Total	100.00%	100.00%

3. Current products of the Company
   (1) Construction Projects: Wanda–Zhonghe–Shulin Line (Phase I Project) Section CQ860 tender project; reconstruction of the main part of the publicly-owned Huannan market of Taipei City Market Administration Office; new port and embankment construction project for the third liquefied natural gas receiving station for CPC; new youth social housing turnkey project in Anbang area, Zhonghe Dist.; additional system project for the interchange connecting National Highway No. 3 and Provincial Highway 66 (Tender No. 336); new youth social housing turnkey project (Phase II) in the Guoguang area, Sanxia Dist.; Taoyuan City Zhongli Sports Park acquisition project; new construction project for the breakwater of the Guantang Terminal reclamation scheme; North-facing entry and exit ramps improvement project for the National Highway No.1 Wugu interchange (Tender No. I103S); civil and hydroelectric control section tender project of the Circular Line North Section stations Y20(excluded)~Y23(included); civil and hydroelectric control section tender project of the Circular Line North Section stations Y23(excluded)~Y25(excluded).
   (2) Concrete Sales: Pan-Asia/Huang Chang: New port and embankment construction project for the third liquefied natural gas receiving station for CPC; Pan-Asia: New construction project for the breakwater of the Guantang Terminal reclamation scheme; Ta Chen: New server room and commercial building turnkey project in Nangang for CHT; Continental: North Section of Taipei Metropolitan MRT CF680C Section construction project; Gaoshang Construction: Taiwan Cube Energy's Taoyuan renewable energy plant construction project; Ruentex: New construction project in Wuguwang; Hwachu: Gasification facilities construction project for the third liquefied natural gas receiving station for CPC; Futsu: Gasification facilities construction project for the third liquefied natural gas receiving station for CPC: construction and engineering works for gasification areas B-02, CTP, BH-03, and BP; Ruentex: New turnkey construction project for social housing in 2 areas in Huajiang, Wanhua Dist., Taipei City; Formosa Builders: New construction project of Hongdian Technology Building; Guo-chi: New construction of underground parking lot attached to Public 1 Park.
4. New products planned for development

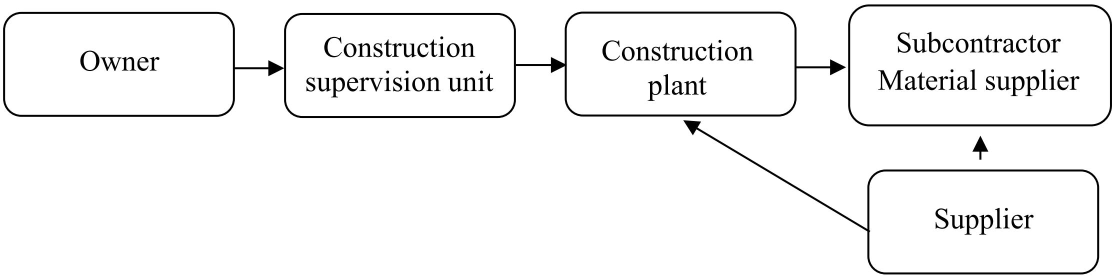
   Prioritize development projects with high returns on investment, actively participate in domestic public work projects, increase the proportion of construction contracting projects that are in line with the government's overall housing policy and forward-looking infrastructure program, as well as the Company's business diversification goals and short-, mid-, and long-term development plans, and increase the proportion of ready-mixed concrete for external sales. Within the circumstance of a highly competitive market, utilize existing machinery and equipment, professionals, and experience to participate in turnkey projects, and carefully select tenders to generate profits.

(II) Industry Overview

1. Current state of the industry

At present, due to the government's forward-looking infrastructure program and the COVID-19 pandemic, overseas businesses in the technology industry have shifted back to domestic manufacturing, and the number of construction projects has surged, leading to rising prices and labor shortages, with the number of domestic construction contractors' projects reaching the record high of almost full capacity. In order to achieve this goal, all companies have actively enhanced their professional technology and developed automated tools to reduce the need for manual labor. The Company has established long-standing partnerships with universities and colleges, providing students with the chance to engage in off-campus practical learning projects that are aligned with their curriculum. These projects involve practical training aimed at nurturing entry-level engineering professionals, and in 2023, a total of 8 schools, with the combined total of 21 students, took part in the semester internship program. Through cooperative education, strengthening training, recruiting talents, and integrating internal resources, the Company aims to improve its own shortcomings, management, and financial planning ability, in order to strictly control profit and maintain market competitiveness.

2. Relationship Amongst Upstream, Midstream, and Downstream Sections of the Industry:



3. Product Development Trends:

The Special Act for Forward-Looking Infrastructure has been promulgated and implemented, and is expected to drive overall economic growth. The new government is actively implementing a procurement review system, in which the most advantageous bid policy is adopted for each public procurement projects, so as to prudently select high-quality contractors with the good performance ability, create a fair and reasonable environment for public work bidding, and improve governmental procurement regulations. This will greatly alleviate the vicious cycle of low-price bidding among competitors, which will in turn enhance the quality of future public work projects.

4. Competition

Over the years, the Company has received numerous awards from government agencies and engineering societies (i.e. Public Works Gold Award, Public Works Golden Safety Award, Taipei City Government Construction Excellence Award, New Taipei City Government Construction Quality Award, New Taipei City Government Construction Safety Award, National Golden Award For Architecture, Engineering Excellence Award of the Chinese Institute of Engineers, Excellent Concrete Award, etc.), which have facilitated the Company's overall corporate image and given it an edge when bidding for turnkey projects. The Company also possesses a wide range of large-scale machinery, equipment, and other assets, which contributes to cost reduction for construction projects. In addition, ready-mixed concrete is supplied to the Company by the subsidiary Ho Chang International Contractor, ensuring the quality of each project and increasing overall competitiveness.

(III) Technology and R&D Overview

1. Internal information system

   (1) Utilize public works management information system to strengthen control and reduce costs.

   (2) Improve communication efficiency between the owners, supervisors, and construction units through the data exchange and sharing platform within the information management system.

   (3) The Enterprise Information Portal (EIP) has been widely adopted. Employees can thus obtain various services and information provided by the Company and integrate work contents. This system will continue to be promoted, and new functions will be enhanced and developed for various departments.

   (4) Continuous promotion of the government-to-business (G2B) electronic official document exchange system launched by the Executive Yuan, improving the Company's communication efficiency with government agencies and shorten processing time.

   (5) Participate in the "Public Works Information System" launched by the Executive Yuan, and the "Construction E-Commerce/Information Exchange Standards" program launched by the Construction and Planning Agency, Ministry of the Interior, and implement them year by year.

   (6) The Company has witnessed some results in its digitization efforts, and various departments are actively discussing relevant work with the Information Office and continuing to develop a management system so as to reduce manpower, achieving the goal of "doing the most with the least manpower".

   (7) Ho Chang International Contractor's automatic control of incoming and outgoing materials, quality control, and monitoring system has improved efficiency and reduced labor costs.

   (8) Ho Chang International and Hwang Chang's Ship Engine Department have upgraded their GPS system to control vehicle information.

2. Construction system

   (1) Update and upgrade the pre-planning of occupational safety and health work and equipment to prevent construction disasters.

   (2) Through the diagramming system and practical experience, properly plan construction schedules and allocate equipment to increase profit.

   (3) Set up a project website during each construction project period to provide construction overview, and surveillance video services to facilitate public understanding and supervision of the project.

   (4) Create system templates to improve construction efficiency.

   (5) Implement BIM system to strengthen integration, reduce costs, and improve construction quality.

(IV) Long- and Short-Term Business Development Plans

1. Short-term business

   Most domestic construction plants have reached a record high in terms of contracting projects received. As for the recent shortage of manpower in the construction industry, the Company will prudently select profitable projects in line with its business scope based on the government's most advantageous bid policy while making good use of its resources, enhancing systems management and technical innovations, establishing planning and design integration capabilities to reduce the contracting costs, and enhancing its competitive niche to create more profit and achieve business goals.

2. Long-term business
   (1) In order to realize its policy and goal of business diversification, the Company will actively participate in government's public work construction and development projects in line with official policies, and carefully select suitable projects in line with the Company's scope of business to achieve diversified operations and sustainable development.
   (2) The Company will expand development towards private construction projects to gradually increase project variety, and improve the quality, safety, and hygiene for each project so as to establish a brand image, enhancing its competitiveness and achieving sustainable development.

II. Overview of Market, Production, and Sales

(I) Market Analysis

1. Sales customers and areas of the Company's main products
   (1) Main sales customers in the last two years

Unit: NT$ thousands

Year / Customers	2023		2022	
	Amount	%	Amount	%
Government agencies	5,235,567	46.43%	6,376,722	75.48%
Private organizations	6,039,517	53.57%	2,071,598	24.52%
Total	11,275,084	100.00%	8,448,320	100.00%

   (2) Areas of the Company's construction projects in the last two years

Unit: NT$ thousands

Year / Sales Areas	2023		2022	
	Amount	%	Amount	%
Northern	11,275,084	100.00%	8,448,320	100.00%
Total	11,275,084	100.00%	8,448,320	100.00%

2. Market Share

Unit: NT$ hundred thousands

Year	Revenue of the Company	Construction Industry Revenue	
		Amount	Market Share
2023	112.75	5,381	2.10%
2022	84.48	4,896	1.73%

Reference: Statistics Database, Ministry of Finance

3. Market Future Supply and Demand Situation and Growth Potential

Governmental promotion of forward-looking infrastructure is expected to drive overall economic growth, and the implementation of a procurement review system, in which the most advantageous bid policy is adopted for each public procurement projects, so as to prudently select high-quality contractors with the good performance ability, is expected to create a fair and reasonable environment for public work bidding and improve governmental procurement regulations. This will greatly alleviate the vicious cycle of low-price bidding among competitors, which will in turn enhance the quality of future public work projects.

Summary of relevant market information in the 2024 policy proposed by the Executive Yuan:

   (1) Enhance the connection between highways and expressways; optimize the eastern highway transportation network; improve highway network around the island, bottleneck sections, and transportation construction in living areas to create a people-oriented transportation environment; optimize the overall railway network and strengthen the construction of forward-looking railways; carry out rapid transit and railway integration; and build rapid transit systems in metropolitan areas.

(2) Establish a wind power industry base, improve port facilities, enhance port operation performance and strengthen commercial port resilience; improve intelligent port construction and optimize gate management; update outlying island transportation vessels to promote tourism and implement yacht safety classification; and upgrade intelligent navigation safety to monitor and control the navigation safety of wind farms.

(3) Implement energy-saving and carbon reduction in public works projects, carry out project audits in various agencies, streamline plans and funding review; promote forward-looking and strategic infrastructure construction, facilitate the development of overseas markets for the engineering industry; construct a public works cloud system to accelerate e-commerce; implement a fair system for government procurement, and utilize life-cycle procurement strategies to enhance efficiency.

4. Competitive Niches

(1) Over the years, the Company has received numerous awards from government agencies and engineering societies (i.e. Public Works Gold Award, Public Works Golden Safety Award, Taipei City Government Construction Excellence Award, New Taipei City Government Construction Quality Award, New Taipei City Government Construction Safety Award, National Golden Award For Architecture, Engineering Excellence Award of the Chinese Institute of Engineers, Excellent Concrete Award, etc.), which have facilitated the Company's overall corporate image and given it an edge when bidding for turnkey projects.

(2) The Ship Engine Department also possesses a wide range of large-scale machinery, equipment, and other assets, which contributes to cost reduction for construction projects. In addition, ready-mixed concrete is supplied to the Company by the subsidiary Ho Chang International Contractor, ensuring the quality of each project and increasing overall competitiveness.

(3) The Company's digital transformation has been successful in achieving both environmental protection and cost reduction, while also enhancing personnel competitiveness.

5. Favorable and Unfavorable Factors of Development Prospects and Countermeasures

(1) Favorable factors

A. The quality of the Company's public work projects is regarded highly, and the Company has received many awards, in addition to having an excellent corporate image.

B. Strengthened occupational safety and health education and training, enhanced awareness of occupational safety and health, implemented a voluntary inspection system, and passed the ISO45001 international occupational safety and health management system certification, as well as Taiwan's CNS45001 (TOSHMS) national occupational safety and health management system certification.

C. Prioritizes quality management, winning many public works gold awards, construction excellence awards, and construction quality awards.

D. Possesses a Ship Engine Department with complete construction machinery and equipment, allowing independent operation.

E. Actively promoting construction digitization, enhancing interface integration, and reducing management costs.

F. Introduced 3D building information modeling system to strengthen planning and integration capabilities, as well as increasing competitiveness.

(2) Unfavorable factors

A. Price competition among construction plants
Countermeasures: Select relevant turnkey projects and the most advantageous bids in line with the Company's equipment and machinery to enhance competitiveness and reduce costs.

B. Fluctuations in raw material prices
Countermeasures: Adjust procurement policy, balance unit price, and adopt the same conditions with subcontractors according to the owner contract to reduce risks.

C. Increase in occupational safety costs due to emphasis on occupational safety and health
Countermeasures: Strengthen education and training, reduce relevant expenses, and strive to quantify safety and health expenses in owner contracts.

D. Increase in public protests during construction periods over the years due to improved living standards
Countermeasures: Proactively communicate with residents to cultivate positive relationships with the neighboring community.

E. Shortage of domestic labor due to improved education level
Countermeasures: Seek high-quality subcontractors to cooperate on construction projects.

(II) Functions and Manufacturing Processes for Main Products

1. Functions of Main Products

(1) Construction: Regarding the commissioned reconstruction project for the main part of the publicly-owned Huannan market under Taipei City Market Administration Office, since the launch of Huannan market in 1978, the total number of vendors has reached 1,323 with active daily transactions, supplying 30% of the fresh food in the Greater Taipei area as one of the major markets for daily supplies and resources, with a large visitor traffic. After more than 30 years of use, due to the excessive load of the main structure of the market building and obsolete equipment, it no longer meets the needs of the modern environment, thus, necessitating the reconstruction project for Huannan market. By confirming vendor needs, the Company has developed reasonable reconstruction designs to improve the structure, hardware, and software of the market building while providing a modern business environment in line with their needs as per requirements for environmental renovation in nearby areas, so as to improve market functions and operational quality and increase business opportunities.

In the new youth social housing turnkey project in Anbang area, Zhonghe District, the Company promotes diverse lifestyles, affordable housing burdens, and a quality living environment as featured in the social housing policy, and adopts the "rent only, not for sale" approach to building social housing projects for more diverse and public welfare purposes, mitigating the pressure of high housing prices and protecting the rights of disadvantaged groups in the metropolitan area, which will help to realize the social housing policy goal of "high-quality, affordable, and inclusive housing for all".

In the new youth social housing turnkey project (Phase II) in the Guoguang area, Sanxia District, the Company builds the social housing project on state-owned land and incorporates a universal design. After completion, it will be open for renting to people of different ages and people with physical and psychological disabilities, in order to take care of young people and disadvantaged groups as they work, settle, and live in the metropolis, providing peace of mind and allowing New Taipei City to become a place they call home.

(2) Civil engineering: The additional system project for the interchange connecting National Highway No. 3 and Provincial Highway 66 (Tender No. 336) aims to divert the traffic flow between National Highway No. 3 and Provincial Highway 66, improve congestion at the end of Provincial Highway 66 and the entry of County Highway 112 A, and improve the quality of traffic services of County Highway 112 A, in order to effectively alleviate traffic congestion in the area.

The Taoyuan City Zhongli Sports Park Acquisition Project aims to cooperate with the development of Zhongli Sports Park by providing sports and leisure spaces, improving regional quality of life, providing a developing hinterland to relieve urban development pressure, as well as to cooperate with the MRT plan to improve regional traffic and overall development efficiency, creating a healthy and happy Taoziyuan.

The North-facing entry and exit ramps improvement project for the National Highway No.1 Wugu interchange (Tender No. I103S) aims to resolve traffic congestion around the Wugu interchange by setting up an additional north-facing entry and exit ramps on the south side of the National Highway No.1 Wugu interchange (including Xin 5th road broadening construction), increasing the service of entry and exit ramps, with the two-lane ramp improvement construction for the Wugu interchange north-facing exit connecting to Provincial Highway 64, and improving the Taishan connection connecting to Wugu interchange, with the aim of alleviating traffic in the area effectively.

(3) MRT project: In the Wanda–Zhonghe–Shulin Line (Phase I Project) Section CQ860 tender project, the Company plans to use urban and non-urban land reasonably and effectively and improve traffic accessibility in metropolitan areas, shortening the commute between the city center and suburbs, through the planning and construction of an MRT system transportation network in line with urban and rural industrial development strategies.

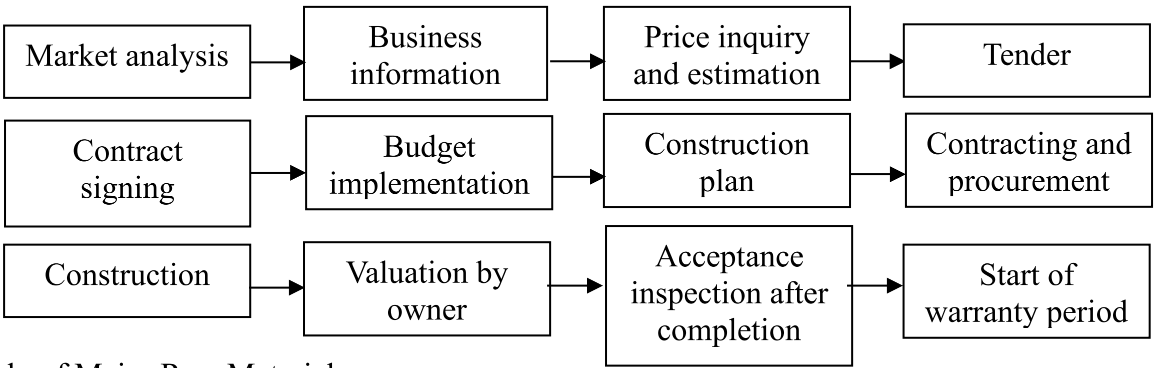
The Civil and hydroelectric control section tender project of the Circular Line North Section stations Y20(excluded)~Y23(included) is a part of the north section project of the circular line that passes through areas such as Luzhou and Sanchong to meet transportation demands in popular areas, distributing future passengers' interconnections between the Xinlu line and the Circular Line during rush hours, as well as expanding the service area of the Taipei MRT and exhibiting the benefits of commute transportation.

The Civil and hydroelectric control section tender project of the Circular Line North Section stations Y23(excluded)~Y25(excluded) passes through the Tamsui and Keelung rivers to Shezi, meeting transportation demands in Shezi. Moreover, this project connects Sanchong and Luzhou with Shilin and Dazhi, extends to the Neihu area, and connects with the Shezi Light Rail Line and Tamsui-Xinyi MRT Line, expanding the service area of the Taipei MRT and exhibiting the benefits of commute transportation.

(4) Maritime engineering: Regarding the new port and embankment construction project for the third liquefied natural gas receiving station, the Company is planning an energy transition roadmap based on its long-term and short-term strategies to respond to the rapid changes in the energy environment at home and abroad. Per the Forward-looking Infrastructure Development Program, environmentally sustainable green energy construction shall be promoted, with increases to 20% in the proportion of power generated from renewable energy and 50% from natural gas, and a decrease to 30% of coal-fired power. The Company will lead the industry and the public to move toward a nuclear-free homeland by 2025. The carbon emissions of LNG power generated are about 609 grams per kWh, which are the lowest among all petrochemical raw materials, and only H2O and COx are emitted in the power generation process. Therefore, it plays a critical role in the flexible allocation of energy conservation and carbon reduction policies across various countries. Upon completion, in line with the national policy for nuclear-free and environmental energy, a complete domestic natural gas supply system will be established to ensure stable gas supply. Moreover, in cooperation with the expansion of Datan Power Plant, and with a goal to supply electricity to the public and industries in northern Taiwan, power generation from natural gas could be achieved to compensate for the shortage of power.

The new construction project for the breakwater of the Guantang Terminal reclamation scheme extends the originally developed areas that cover 232 hectares of Datan Algal Reef to 23 hectares away from the reef. Regarding the controversial underwater structures of the reef, the Guantang Industrial Harbor's breakwater and pier borders were expanded outward, extending the port from the original area of over 10 meters of water depth, to that with over 15 meters of water depth. The industrial area (harbor) remains an open plan, and while the bridge between the industrial harbor and industrial area was extended by 455 meters from the original 742 meters, the extension required no dredging and caused no damage to the reef structures. The original harbor had no land reclamation and the breakwater was shortened to allow for a wider open sea area; the industrial harbor was distanced 1.2 kilometers away from shore, creating lower impacts on the seaside.

2. Manufacturing Process of Main Products



(III) Supply of Major Raw Materials

To meet sustainable operation goals, for the procurement of bulk materials, such as steel, the Company obtains the latest information and development trends of the international market through market intelligence and other channels. The Company also considers investment risks and responds in advance during the planning for bids. Per the actual situation, the Company introduces appropriate large and long-term cooperating partners to participate in the planning and sources new suppliers actively to ensure stable supplies and reasonable prices, so as to control costs and expected profit.

(IV) List of Major Customers for Purchases and Sales in the Last Two Years

1. Information on Major Suppliers in the Last Two Years

Unit: NT$ thousands

	2022				2023			
Item	Company Name	Amount	Percentage of Annual Net Purchases (%)	Relationship with Issuer	Company Name	Amount	Percentage of Annual Net Purchases (%)	Relationship with Issuer
1	Others	6,425,034	100.00%	None	Others	7,880,790	100.00%	None
	Net Purchase	6,425,034	100.00%		Net Purchase	7,880,790	100.00%	

2. Information on major clients in the last two years

Unit: NT$ thousands

	2022				2023			
Item	Company Name	Amount	Percentage of Annual Net Sales (%)	Relationship with Issuer	Company Name	Amount	Percentage of Annual Net Sales (%)	Relationship with Issuer
1	Taipei City Government	2,057,762	24.36%	None	CPC	4,799,318	42.57%	None
2	Freeway Bureau	1,792,287	21.21%	None	Taipei City Government	1,553,999	13.78%	None
3	New Taipei City Government	1,789,860	21.19%	None	New Taipei City Government	1,550,743	13.75%	None
4	CPC	1,453,251	17.20%	None	Freeway Bureau	1,423,527	12.63%	None
5	Others	1,355,160	16.04%	None	Others	1,947,497	17.27%	None
	Net Sales	8,448,320	100.00%		Net Sales	11,275,084	100.00%	

Reason for changes: The Company mainly engages in contracting governmental public works, thus, sales and customer base change with each contracted project.

(V) Production in the Last Two Years

Unit: NT$ thousands

Item \ Year	2023		2022	
	Production Value	%	Production Value	%
Construction business	9,329,537	90.87%	7,569,706	93.83%
Concrete sales	936,940	9.13%	497,418	6.17%
Total	10,266,477	100.00%	8,067,124	100.00%

(VI) Shipments and Sales in the Last Two Years

Unit: NT$ thousands

Item \ Year	2023		2022	
	Sales Value	%	Sales Value	%
Construction business	10,093,075	89.52%	7,829,974	92.68%
Concrete sales	1,176,726	10.44%	618,346	7.32%
Rental income	5,283	0.04%	-	-
Total	11,275,084	100.00%	8,448,320	100.00%

III. Number of Employees, Average Length of Service, Age, and Education Distribution In the Last Two Year

Year		2022	2023	Financial data as of Feb 29, 2024
Number of employees	Direct personnel (including foreign labor)	659	1,163	1,233
	Indirect personnel	535	608	610
	Total	1,194	1,771	1843
Average age		43.43	42.93	42.49
Average years of service (excluding foreign workers)		6.62	6.82	6.92
Distribution of education	Ph.D.	-	-	-
	Master’s	45	45	44
	University	437	518	523
	Senior High school	158	180	183
	Below senior high school (including foreign labor)	554	1,028	1,093

IV. Information on Environmental Protection Expenditure

(I) Details of loss and fines due to environmental pollution in the most recent year as of the printing date of the annual report:

Issue Date	Penalty No.	Law Violated	Details of Violation	Disciplinary Action
01.19.2023	New Taipei Environmental Protection Inspection No. 22-112-060433	Article 8 of the Noise Control Act	Machinery noise pollution	$3,000
09.26.2023	New Taipei Environmental Protection Inspection No. 23-112-100008	Article 23 of the Air Pollution Control Act	Road and air polluted by sediment and sand	$20,000
10.13.2023	New Taipei Environmental Protection Inspection No. 1122572130	Article 23 of the Air Pollution Control Act	Road and air polluted by sediment and sand	$100,000
10.26.2023	New Taipei Environmental Protection Inspection No. 1122319772	Article 23 of the Air Pollution Control Act	Road and air polluted by sediment and sand	$20,000

(II) Countermeasures

1. Proposed improvement measures

(1) Improvement plan: Increase employee awareness of environmental protection, emphasize the 6S principle (sort, set in order, shine, standardize, sustain, safety) through environmental protection education and training, and create a comfortable and harmonious environment, thereby improving efficiency and providing a high-quality construction environment.

(2) Environmental capital expenditure budget for the next three years

	2024	2025	2026
Pollution prevention expenditures or equipment to be	(1) Dust-proof cloths and dust-proof nets to cover all dust-emitting construction materials, sand, gravel, earthwork, or waste during the construction period. (2) Steel-plate concrete and coarse graded materials to effectively suppress dust on the vehicle path at construction sites.		

purchased	(3) An auto-sensing car wash station and pressure washers are installed at the entrance and exit of each construction site to prevent vehicles entering and exiting the construction area from polluting the road. (4) Waste resource recycling equipment to alleviate environmental pollution. (5) Green fences to enhance the green landscape in urban areas in response to the government's policy of green environment and environmental protection, and plants to improve the air quality of the surrounding environment of each construction site through photosynthesis. (6) Maintenance of road cleanliness, worker dispatch for drainage pipes cleaning, and proper communication with neighbors. (7) Real-time noise monitoring system to prevent construction from affecting neighborhood residents. (8) Fences and overflow protection bases are set up as required in the construction area to prevent runoff wastewater with muddy water from polluting the ground. (9) Dust-proof and sound-proof cloth above fences to alleviate noise pollution. (10) Low-pollution certified equipment shall be utilized for the new procurement project to mitigate pollution and noise.
Expected Improvements	The Company will conduct tests and inspections of air, noise, water quality, and roads, to record and prevent the impact on the surrounding environment of construction sites, so as to mitigate environmental pollution.

(3) Impact of improvements on net profit: Reduce the Company's expenditure on environmental fines, reuse and recycle materials after waste sorting, and reduce secondary financial loss caused by improper environmental maintenance.

(4) Impact on competitive position: Enhance the Company's image.

V. Labor Relations

(I) Implementation of employee benefits and welfare initiatives, continuing education, training, and pension system, as well as agreements between labor and management, and assurance measures of employee rights and benefits:

1. Company welfare system

(1) In addition to labor insurance as per legal requirements, the Company purchases group accident insurance and accident medical insurance for employees in order to offer multi-level assurance, and provides employees with uniforms.

(2) The Company has established the Employee Welfare Committee to provide employees with bonuses for weddings, childbirths, funerals, hospitalization, injuries and disabilities, and emergency relief, regular health examinations, major holiday cash gifts, birthday cash gifts, employee travel subsidies, and periodic events.

2. Employee development and training

(1) The Company prepares a budget every year for pre-employment seminars and employees training in order to enhance professional skills and leadership, professional courses are also arranged as per necessary for units and employees' career development, encouraging employees to obtain professional licenses and providing bonuses and incentives to employees who obtain certificates and licenses to improve their overall capabilities.

(2) In 2023, each employee received on average 8.6 hours of training.

3. Retirement system

(1) Labor Pension Fund (old system): The Company has established a Labor Pension Reserve Fund Supervisory Committee, and contributes 8% of the total salary on a monthly basis to a special account for pension fund reserve at the Trust Department of the Bank of Taiwan for employees who were employed before June 30, 2005, as per the Labor Standards Act.

(2) Labor pension(new system): The Company contributes 6% of employees' monthly

salaries to the individual labor pension accounts of the Bureau of Labor Insurance for employees who were employed after July 2005, or those who elected to adopt the system under the Labor Pension Act.

4. The Company's labor-management policy is based on the principle of honest communication, creating a win-win situation for the Company and employees through the following actions:
   (1) Ensure compliance with the Labor Standards Act and other relevant laws and regulations, and establish work rules that are approved by the competent authority.
   (2) Hold quarterly labor-management conferences as per the Regulations for Implementing Labor-Management Meetings.

(II) Losses incurred due to labor disputes in the last year and up to the publication date of the annual report, the estimated amount that incur at present and in the future, and countermeasures: None

VI. Information and Communication Security Management

(I) IT security risk management framework, IT security policy, specific management solutions and resources invested in IT security management:

1. IT security risk management framework:
   (1) The Information Office is the unit responsible for information security, which entails formulating information security policies, and regularly reviewing and revising operating specifications to comply with information security standards.
2. IT security policy:
   (1) System specification: Formulate an information security management system to standardize employee work behavior.
   (2) Process management: Follow the information processing operation cycle of internal control and implement information security process management.
   (3) Information security monitoring: Utilize firewalls to block malicious network attacks, monitor abnormal internal and external activities, and establish a strict information security barrier.
   (4) Personnel training: Information security education and promotion will be posted on the Enterprise Information Portal (EIP) electronic bulletin board periodically, and information security education will be strengthened in the education and training of new personnel.
3. Specific management solutions:
   Firewall protection, user internet control, antivirus software, application system authority management, email security management, website protection mechanism, server backup mechanism, computer room equipment control, necessary file upload and storage mechanism, information security self-checklist, and IT security risks assessment and improvement.
4. Resources invested in IT security management
   (1) Replace obsolete firewalls and email servers to optimize security protection.
   (2) Important files are uploaded to the NAS server for storage to prevent file loss and avoid any resulting damages.
   (3) Apply to become a member of the TWCERT cybersecurity information exchange organization to get access to cybersecurity intelligence.
   (4) Change the Company's websites to https protocols and apply SSL/TLS encryption throughout communication processes.
   (5) Update antivirus software periodically and install cloud-based antivirus software for newly purchased computers.
   (6) Drill for social engineering attacks by email to increase employee awareness toward email protection.
   (7) Upgrade the operating systems of the Company's database servers from SQL Server 2014 to SQL Server 2019 to enhance data security and mitigate system

vulnerabilities.

(II) List the losses, possible impacts, and countermeasures of significant information security incidents in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, the fact thereof shall be stated: The Company incurred no losses due to significant information security incidents.

VII. Important Contracts

Type of Contract	Counterparty	Beginning and End Dates of Contract	Major Contents	Restrictions
Construction contract	East District Project Office, Department of Rapid Transit System, Taipei City Government	10.15.2015~ 10.08.2026	Wanda–Zhonghe–Shulin Line (Phase I Project) Section CQ860 tender project	None
Construction contract	Hydraulic Engineering Office, Public Works Department, Taipei City Government	11.06.2016~ 04.09.2024	Commissioned for the reconstruction of the main part of the publicly-owned Huannan market, Taipei City Market Administration Office	None
Construction contract	CPC Corporation, Taiwan	11.14.2018~ 12.31.2025	New port and embankment construction project for the third liquefied natural gas receiving station	None
Construction contract	Urban Development Bureau, New Taipei City Government	06.28.2019~ 04.08.2024	New youth social housing turnkey project in Anbang area, Zhonghe District	None
Construction contract	Freeway Bureau, MOTC	12.30.2019~ 10.10.2024	Additional system project for the interchange connecting National Highway No. 3 and Provincial Highway 66 (Tender No. 336)	None
Construction contract	Urban Development Bureau, New Taipei City Government	04.23.2020~ 05.11.2024	New youth social housing turnkey project (Phase II) in the Guoguang area, Sanxia District	None
Construction contract	Taoyuan Office of Public Construction	05.25.2021~ 10.22.2024	Taoyuan City Zhongli Sports Park Acquisition Project	None
Construction contract	CPC Corporation, Taiwan	08.11.2022~ 12.31.2028	New construction project for the breakwater of the Guantang Terminal reclamation scheme	None
Construction contract	Freeway Bureau, MOTC	04.20.2023~ 03.29.2027	North-facing entry and exit ramps improvement project for the National Highway No.1 Wugu	None

Type of Contract	Counterparty	Beginning and End Dates of Contract	Major Contents	Restrictions
			interchange (Tender No. I103S)	
Construction contract	First District Project Office, Department of Rapid Transit System, Taipei City Government	04.10.2023~ 07.10.2031	Civil and hydroelectric control section tender project of the Circular Line North Section stations Y20(excluded)~ Y23(included)	None
Construction contract	First District Project Office, Department of Rapid Transit System, Taipei City Government	03.11.2024~ 09.08.2032	Civil and hydroelectric control section tender project of the Circular Line North Section stations Y23(excluded)~ Y25(excluded)	None
Concrete sales contract	Pan-Asia Corp.	01.03.2019~ 12.31.2025	New port and embankment construction project for the third liquefied natural gas receiving station	None
Concrete sales contract	Pan-Asia Corp.	11.15.2022~ 12.31.2028	New construction project for the breakwater of the Guantang Terminal reclamation scheme	None
Concrete sales contract	Continental Engineering Corp.	05.03.2022~ 12.2029	North Section of Taipei Metropolitan MRT CF680C Section construction project	None
Concrete sales contract	Ta Chen Construction & Engineering Corp.	06.02.2021~0 8.31.2024	Nangang new server room and commercial building turnkey project	None
Concrete sales contract	Formosa Builders, Inc.	12.01.2022~1 2.2027	Fuxinggang barrack new staff dormitory turnkey construction project	None
Concrete sales contract	Futsu Construction Co., Ltd./Taiwan Obayashi Corporation	05.2023~06.3 0.2024	Gasification facilities construction project for the third liquefied natural gas receiving station	None
Concrete sales contract	Futsu Construction Co., Ltd.	06.2023~09.3 0.2024	Gasification facilities construction project for the third liquefied natural gas receiving station for CPC: construction and engineering works for gasification areas B-02, CTP, BH-03, and BP	None

Type of Contract	Counterparty	Beginning and End Dates of Contract	Major Contents	Restrictions
Concrete sales contract	Chien Chung Construction Co., Ltd.	03.2023~03.2026	Air Force M002 turnkey construction project	None
Syndicated loan agreement	Mega International Commercial Bank	04.24.2020~09.30.2026	Operating turnover	Maintenance of a specific financial ratio
Syndicated loan agreement	Mega International Commercial Bank	04.12.2023~12.31.2029	Operating turnover	Maintenance of a specific financial ratio
Syndicated loan agreement	Chang Hwa Bank	12.28.2023~11.12.2031	Operating turnover	Maintenance of a specific financial ratio

VI. Overview of Financial Status

I. Five-Year Financial Summary

(1) Condensed Balance Sheet and Statement of Comprehensive Income

1. Condensed Balance Sheet

(1) Consolidated Financial Statements

Unit: TWD 1,000

Item \ Year		Financial Data in the Last Five Years				
		2019	2020	2021	2022	2023
Current assets		5,861,258	5,916,365	6,206,056	9,004,664	9,275,870
Property, plant and equipment		1,271,708	1,877,184	2,311,594	2,755,918	4,010,091
Intangible assets		1,257	2,249	3,565	2,711	1,943
Other assets		477,307	297,668	618,035	1,150,238	1,417,762
Total assets		7,611,530	8,093,466	9,139,250	12,913,531	14,705,666
Current liabilities	Before distribution	4,759,077	5,177,104	5,796,217	9,365,487	10,683,374
	After distribution	4,759,077	5,177,104	5,796,217	9,436,732	(Note)
Non-current liabilities		726,460	744,656	779,483	718,172	692,401
Total liabilities	Before distribution	5,485,537	5,921,760	6,575,700	10,083,659	11,375,775
	After distribution	5,485,537	5,921,760	6,575,700	10,154,904	(Note)
Equity attributable to owners of the parent company		1,974,764	2,004,713	2,363,924	2,604,121	3,034,776
Share capital		2,419,837	2,419,837	2,374,837	2,374,837	2,374,837
Capital surplus		37,087	37,087	37,701	37,701	37,701
Retained earnings	Before distribution	(437,774)	(407,825)	(48,614)	191,583	622,238
	After distribution	(437,774)	(407,825)	(48,614)	120,338	(Note)
Other equity items		-	-	-	-	-
Treasury shares		(44,386)	(44,386)	-	-	-
Non-controlling interests		151,229	166,993	199,626	225,751	295,115
Total equity	Before distribution	2,215,993	2,171,706	2,563,550	2,829,872	3,329,891
	After distribution	2,215,993	2,171,706	2,563,550	2,758,627	(Note)

(Note) The 2023 earnings appropriation statement has not yet been approved by the shareholders’ meeting

(2) Standalone Financial Statements

Unit: NTD thousand

Item \ Year		Financial Data in the Last Five Years				
		2019	2020	2021	2022	2023
Current assets		5,638,264	5,585,573	5,880,831	8,904,920	8,937,711
Property, plant and equipment		405,656	991,109	1,455,071	1,810,117	2,968,736
Intangible assets		1,084	820	1,566	1,136	677
Other assets		611,292	429,532	788,794	1,461,887	1,789,738
Total assets		6,656,296	7,007,034	8,126,262	12,178,060	13,696,862
Current liabilities	Before distribution	4,435,490	4,799,226	5,471,473	9,277,041	10,384,362
	After distribution	4,435,490	4,799,226	5,471,473	9,348,286	(Note)
Non-current liabilities		246,042	203,095	290,865	296,898	277,724
Total liabilities	Before distribution	4,681,532	5,002,321	5,762,338	9,573,939	10,662,086
	After distribution	4,681,532	5,002,321	5,762,338	9,645,184	(Note)
Share capital		2,419,837	2,419,837	2,374,837	2,374,837	2,374,837
Capital surplus		37,087	37,087	37,701	37,701	37,701
Retained earnings	Before distribution	(437,774)	(407,825)	(48,614)	191,583	622,238
	After distribution	(437,774)	(407,825)	(48,614)	120,338	(Note)
Other equity items		-	-	-	-	-
Treasury shares		(44,386)	(44,386)	-	-	-
Total equity	Before distribution	1,974,764	2,004,713	2,363,924	2,604,121	3,034,776
	After distribution	1,974,764	2,004,713	2,363,924	2,532,876	(Note)

(Note) The 2023 earnings appropriation statement has not yet been approved by the shareholders' meeting

2.Condensed Statement of Comprehensive Income

(1) Consolidated Financial Statements

Unit: TWD 1,000

Item \ Year	Financial Data in the Last Five Years				
	2019	2020	2021	2022	2023
Operating revenue	5,620,826	6,406,216	8,002,544	8,448,320	11,275,084
Gross profit	210,460	176,052	71,786	381,196	1,008,607
Net operating profit (loss)	36,804	79,784	(102,894)	350,132	742,819
Non-operating income and expenditure	(16,477)	(28,116)	518,941	(61,844)	(40,192)
Net profit (loss) before tax	20,327	51,668	416,047	288,288	702,627
Net profit (loss) for the current period	20,327	51,668	402,255	273,075	585,276
Other comprehensive income for the current period (net of tax)	(3,300)	(5,955)	(10,411)	(1,808)	(8,470)
Total comprehensive income for the current period	17,027	45,713	391,844	271,267	576,806
Net profit (loss) attributable to owners of the parent company	23,070	35,695	369,582	242,201	510,029
Net profit (loss) attributable to non-controlling interests	(2,743)	15,973	32,673	30,874	75,247
Comprehensive income attributable to owners of the parent company	19,979	29,949	359,211	240,197	501,901
Comprehensive income attributable to non-controlling interests	(2,952)	15,764	32,633	31,070	74,905
Earnings (losses) per share	0.10	0.15	1.56	1.02	2.15

(2) Standalone Financial Statements

Unit: TWD 1,000

Item \ Year	Financial Data in the Last Five Years				
	2019	2020	2021	2022	2023
Operating revenue	5,335,865	5,665,968	7,270,865	7,829,974	10,098,358
Gross profit (loss)	190,860	107,562	(39,208)	260,268	768,821
Net operating profit (loss)	39,901	35,264	(187,150)	260,911	546,188
Non-operating income and expenditure	(16,831)	431	556,732	(18,710)	44,985
Net profit (loss) before tax	23,070	35,695	369,582	242,201	591,173
Net profit (loss) for the current period	23,070	35,695	369,582	242,201	510,029
Other comprehensive income for the current period (net of tax)	(3,091)	(5,746)	(10,371)	(2,004)	(8,128)
Total comprehensive income for the current period	19,979	29,949	359,211	240,197	501,901
Earnings (losses) per share	0.10	0.15	1.56	1.02	2.15

(2) Names of the CPAs in the last five years and audit opinions

Year	CPA firm	Name of CPA	Audit opinion
2019	Benison Associated Certified Public Accountants Firm	Lin, Hsien-Chang and Wu, Jui-Ching	Unqualified opinion
2020	Benison Associated Certified Public Accountants Firm	Lin, Hsien-Chang and Lin, Yu-Ya (Note)	Unqualified opinion
2021	Benison Associated Certified Public Accountants Firm	Lin Hsien-Chang and Lin Yu-Ya	Unqualified opinion
2022	Benison Associated Certified Public Accountants Firm	Lin, Yu-Ya and Li, Han (Note)	Unqualified opinion
2023	Benison Associated Certified Public Accountants Firm	Lin, Yu-Ya and Li, Han	Unqualified opinion

(Note) Due to the CPA firm's internal organizational adjustment

II. Financial Analysis in the Last Five Years

(1) Financial analysis

(1) Consolidated Financial Statements

Analysis item \ Year		Financial Data in the Last Five Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio (%)	72.07	73.17	71.95	78.09	77.36
	Ratio of long-term funds to property, plant and equipment	224.30	155.36	144.62	128.74	100.30
Solvency (%)	Current ratio	123.16	114.28	107.07	96.15	86.83
	Quick ratio	75.96	62.64	67.99	73.00	69.89
	Interest coverage ratio	1.61	1.99	7.17	4.60	10.13
Operating performance	Receivables turnover (times)	3.14	3.81	4.00	3.71	3.92
	Average collection days	116.24	95.80	91.25	98.38	93.11
	Inventory turnover (times)	2.78	2.88	3.73	4.24	6.23
	Payables turnover (times)	2.29	2.53	2.86	2.89	3.75
	Average turnover days	131	126	97	86.08	58.58
	Property, plant and equipment turnover (times)	5.72	4.07	3.82	3.33	3.33
	Total assets turnover (times)	0.79	0.82	0.93	0.77	0.82
Profitability	Return on assets (%)	0.66	1.19	5.30	3.06	4.68
	Return on equity (%)	0.96	2.40	16.99	10.13	19.00
	Ratio of pre-tax income to paid-in capital (%)	0.84	2.14	17.52	12.14	29.59
	Profit margin (%)	0.36	0.81	5.03	3.23	5.19
	Earnings per share (TWD)	0.10	0.15	1.56	1.02	2.15
Cash flow	Cash flow ratio (%)	8.36	-7.48	13.98	14.30	35.40
	Cash flow adequacy ratio (%)	55.11	37.61	50.66	54.63	122.64
	Cash flow reinvestment ratio (%)	9.57	-8.99	17.96	26.88	65.48
Leverage	Operating leverage	7.12	5.03	-2.75	1.72	1.75
	Financial leverage	10.21	2.91	0.66	1.30	1.12

Reasons for changes in various financial ratios in the last two years:
Financial structure: In 2013, due to the purchase of ships, machinery and other equipment required for the project, the ratio of long-term funds to real estate, plants and equipment changed by -22.09%.
Solvency: Mainly due to the increase in profits in 2023, which caused the interest coverage ratio to change by 120.19%.
Operating performance: Mainly due to the increase in operating income and the relative increase in input costs, the inventory turnover rate changed by 46.93%, the average sales days changed by -31.95%, and the payable turnover rate changed by 29.96%.
Profitability: Mainly due to the increase in profits in 2023, the return on assets changed by 53.19%, the return on equity changed by 87.66%, the ratio of pre-tax net income to paid-in capital changed by 143.72%, and the net profit rate changed by 60.59%. The stock earnings change reached 110.78%.

2. Standalone Financial Statements

Analysis item	Year	2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio (%)	70.33	71.39	70.91	78.62	77.84
	Ratio of long-term funds to property, plant and equipment	547.46	222.76	182.45	160.27	111.58
Solvency %	Current ratio	127.12	116.38	107.48	95.99	86.07
	Quick ratio	76.57	60.92	66.48	69.15	65.72
	Interest coverage ratio	1.83	2.00	8.17	4.84	11.11
Operating performance	Receivables turnover (times)	3.17	3.88	4.19	3.85	4.07
	Average collection days	115	94	87	95	90
	Inventory turnover (times)	2.65	2.58	3.45	3.99	5.69
	Payables turnover (times)	2.17	2.23	2.59	2.64	3.31
	Average turnover days	138	142	106	92	64
	Property, plant and equipment turnover (times)	13.22	8.11	5.94	4.80	4.23
	Total assets turnover (times)	0.82	0.83	0.96	0.77	0.78
Profitability	Return on assets (%)	0.69	0.94	5.43	2.88	4.30
	Return on equity (%)	1.17	1.79	16.92	9.75	18.09
	Ratio of pre-tax income to paid-in capital (%)	0.95	1.48	15.56	10.20	24.89
	Profit margin (%)	0.43	0.63	5.08	3.09	5.05
	Earnings per share (TWD)	0.10	0.15	1.56	1.02	2.15
Cash flow	Cash flow ratio (%)	8.82	-4.99	11.39	10.46	34.04
	Cash flow adequacy ratio (%)	54.68	80.54	65.51	54.25	130.96
	Cash flow reinvestment ratio (%)	11.80	-7.11	16.87	24.01	74.35
Leverage	Operating leverage	5.87	8.27	-0.68	1.67	1.85
	Financial leverage	3.27	-134.60	0.78	1.32	1.12

Reasons for changes in various financial ratios in the last two years:
Financial structure: In 2023, due to the purchase of ships, machinery and other equipment required for the project, the ratio of long-term funds to
real estate, plants and equipment changed by -30.38%.
Solvency: Mainly due to the increase in profits in 2023, resulting in a change in interest coverage ratio of 129.54%.
Operating performance: Mainly due to the increase in operating income and the relative increase in input costs, the inventory turnover rate changed by 42.54%, the average sales volume changed by -29.85%, and the payable turnover rate changed by 25.50%.
Profitability: Mainly due to the increase in profits in 2023, the return on assets changed by 49.31%, the return on equity changed by 85.53%, the ratio of pre-tax net income to paid-in capital changed by 144.08%, and the net profit rate changed by 63.28%. The stock earnings change reached 110.78%.

(Formulas)

1. Financial structure
   (1) Debt ratio = Total liabilities / Total assets.
   (2) Ratio of long-term funds to property, plant and equipment = (Total equity + Non-current liabilities) / Net property, plant and equipment.
2. Solvency
   (1) Current ratio = Current assets / Current liabilities.
   (2) Quick ratio = (Current assets - Inventories-Prepayments) / Current liabilities.
   (3) Interest coverage ratio = Net income before income tax and interest expense / Interest expense in the current period.
3. Operating performance
   (1) Receivables (including accounts receivable and notes receivable arising from operations)

turnover = Net sales / Balance of average receivables for each period (including accounts receivable and notes receivable arising from operations).

(2) Average collection days = 365 / Receivables turnover.
(3) Inventory turnover = Cost of sales / Average inventory.
(4) Payables (including accounts payable and notes payable arising from operations) turnover = Cost of sales / Balance of average payables for each period (including accounts payable and notes payable arising from operations).
(5) Average turnover days = 365 / Inventory turnover rate.
(6) Property, plant and equipment turnover = Net sales / Average net property, plant and equipment.
(7) Total assets turnover = Net sales / Average total assets.

4. Profitability
(1) Return on assets = [Profit or loss after tax + Interest expense x (1 - Tax rate)] / Average total assets.
(2) Return on equity = Profit or loss after tax / Average total equity.
(3) Profit margin = Profit or loss after tax / Net sales.
(4) Earnings per share = (Profit or loss attributable to owners of the parent company - Dividends from preferred stock) / Weighted average number of outstanding shares.

5. Cash flow
(1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.
(2) Net cash flow adequacy ratio = Net cash flow from operating activities in the last five years / (Capital expenditure + Increase in inventories + Cash dividends) in the last five years.
(3) Cash flow reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital).

6. Leverage:
(1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating income.
(2) Financial leverage = Operating income / (Operating income - Interest expense).

III.Audit Committee's Review Report-

Hwang Chang General Contractor Co., Ltd.

Audit Committee’s Review Report

The Board of Directors of the Company prepared the 2023 Business Report, Financial Statements, and an Earnings Distribution Proposal, which we have reviewed in accordance with the law without any discrepancies found. Of these, the Financial Statements have been audited by Lin, Yu-Ya and Li, Han, CPAs at the Benison Associated Certified Public Accountants Firm, who have issued an audit report. Therefore, we hereby issue this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your review.

Regards,

The 2024 Annual Shareholders’ Meeting

Convener of the Audit Committee: Ni, Tzu-Hsiou

March 8, 2024

Independent Auditors' Report

To the Board of Directors of Hwang Chang General Contractor Co., Ltd.:

Opinion

We have audited the accompanying consolidated financial statements of Hwang Chang General Contractor Corporation and its subsidiaries (hereinafter collectively referred to as "the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated financial statements section of our report. We are independent of the Group in accordance with the Certified Public Accountant Code of Professional Ethics in the Republic of China (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. 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, are of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

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Revenue Recognition

The Group recognized construction revenue of 10,093,075 thousand in 2023. Revenue recognition is generally subject to significant risks, and the construction revenue is calculated in accordance with the percentage of completion method, by which the degree of completion is evaluated based on the proportion of the incurred contract cost to the estimated total contract cost, involving significant accounting estimates and judgments of the Management; therefore, revenue recognition is listed as one of the key audit matters. For relevant information on revenue recognition and loss assessment, please refer to Note 4 and 6.

The audit procedures performed with respect to the above-mentioned key audit matter include (but are not limited to) the following:

1. We obtained an understanding of the internal controls related to revenue recognition of the Management, and evaluated whether the application of revenue recognition is consistent with the corresponding accounting policies.

2. We reviewed the significant terms and conditions in the contracts, inspected the total amount of the contracts and examined whether the amount reached the standard of recognition.

3. We performed cutoff tests with respect to the incurred costs to check whether the revenues were recognized in the correct accounting period.

Responsibilities of the Management and Those charged with Governance for the Consolidated financial statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than such risk 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 to express an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

4. Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether there exists a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information about the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any

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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 communicate with Those charged with Governance all relationships and other matters, including related protective measures, that may reasonably be thought to affect our independence.

From the matters communicated with Those charged with Governance, we determine the key matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

For reference, Hwang Chang General Contractor Co., Ltd. has prepared the parent company only financial statements for the years ended December 31, 2023 and 2022, for which we have issued an independent auditors' report with an unqualified opinion.

Benison Associated C.P.AS' Firm

LIN, YU-YA

LI, HAN

Taipei, Taiwan (Republic of China)

Date: March 8, 2024

Notice to Readers

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

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

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HWANG CHANG GENERAL CONTRACTOR CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2023 and 2022

Unit: NT$ Thousands

ASSETS	December 31, 2023		December 31, 2022	
ITEMS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6(1))	$ 408,969	3	$ 573,126	4
Financial assets at amortized cost - current (Note 6(2))	1,723,406	12	741,697	6
Contract assets - current (Note 6(4))(Note 6(14))	2,588,500	18	2,625,126	20
Notes receivable - net amount (Note 6(3))	26,251	0	16,989	0
Accounts receivable - net amount (Note 6(3))	2,343,609	16	1,429,202	11
Other receivables (Note 6(3))	16,900	0	22,060	0
Current income tax assets (Note 6(17))	5,436	0	5,446	0
Inventories (Note 6(4))	5,712	0	6,354	0
Prepayments	365,418	2	317,842	3
Other financial assets (Note 6(2))	1,608,245	11	3,048,505	24
Refundable deposits on construction contracts (Note 6(5))	180,831	1	217,638	2
Other Current Assets	2,593	0	679	0
Total Current Assets	9,275,870	63	9,004,664	70
NON-CURRENT ASSETS				
Property, plant and equipment (Note 6(6))	4,010,091	27	2,755,918	21
Right-of-use assets (Note 6(7))	238,105	2	243,614	2
Investment properties-net (Note 6(8))	199,155	1	200,428	2
Intangible assets	1,943	0	2,711	0
Prepayments for equipment	977,914	7	698,961	5
Refundable deposits (Note 6(5))	2,588	0	7,235	0
Overdue receivables(Note 6(3))	-	0	-	0
Total non-current assets	5,429,796	37	3,908,867	30
Total assets	$ 14,705,666	100	$ 12,913,531	100

LIABILITIES AND EQUITY	December 31, 2023		December 31, 2022	
ITEMS	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term loans (Notes 6(9))	$ 1,115,743	8	$ 2,035,543	16
Contract liabilities (Notes 6(4))(Notes 6(14))	5,451,421	38	4,045,156	31
Notes payable	218,186	1	377,083	3
Accounts payable	2,741,371	20	2,135,448	17
Other payables (Note 6(10))	780,000	5	468,061	4
Current income tax liabilities (Note 6(17))	107,977	1	8,311	0
Lease liabilities - current (Note 6(7))	46,490	0	74,619	1
Provision - current (Note 6(11))	59,663	0	23,746	0
Long-term loans - current portion (Note 6(9))	78,235	1	64,923	1
Current portion of long-term notes payable(Note 6(9))	30,855	0	78,626	1
Other current liabilities	53,433	0	53,971	0
Total current liabilities	10,683,374	74	9,365,487	74
NON-CURRENT LIABILITIES				
Long-term loans (Note 6(9))	406,037	3	416,672	3
Lease liabilities - non-current (Note 6(7))	201,854	1	171,943	1
Long-term notes payable (Note 6(9))	-	0	30,855	0
Accrued pension liabilities (Note 6(12))	48,100	0	51,838	0
Other non-current liabilities	36,410	0	46,864	0
Total non-current liabilities	692,401	4	718,172	4
Total liabilities	11,375,775	78	10,083,659	78
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital (Note 6(13))				
Ordinary shares	2,374,837	16	2,374,837	19
Capital surplus (Note 6(13))	37,701	0	37,701	0
Retained Earnings (Note 6(13))				
Legal reserve	40,909	0	24,167	0
Unappropriated earnings	581,329	4	167,416	1
Total retained earnings	622,238	4	191,583	1
NON-CONTROLLING INTERESTS	295,115	2	225,751	2
Total equity	3,329,891	22	2,829,872	22
Total liabilities and equity	$ 14,705,666	100	$ 12,913,531	100

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

HWANG CHANG GENERAL CONTRACTOR CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
For the Years Ended December 31, 2023 and 2022

Unit: NT$ Thousands

Items	For the Year Ended December 31, 2023			For the Year Ended December 31, 2022		
		Amount	%		Amount	%
OPERATING REVENUE (Note 6(14))	$	11,275,084	100	$	8,448,320	100
OPERATING COSTS		(10,266,477)	(91)		(8,067,124)	(95)
GROSS PROFIT		1,008,607	9		381,196	5
OPERATING EXPENSES						
Selling and marketing expenses		(3,524)	(0)		(2,961)	(0)
General and administrative expenses		(262,264)	(2)		(208,103)	(3)
Expected credit gain		-	0		180,000	2
Total operating expenses		(265,788)	(2)		(31,064)	(1)
PROFIT FROM OPERATIONS		742,819	7		350,132	4
NON-OPERATING INCOME AND EXPENSES						
Interest income (Note 6(15))		23,445	0		6,376	0
Other income (Note 6(15))		16,760	0		16,807	0
Other gains and losses (Note 6(15))		(3,043)	(0)		(4,431)	(0)
Finance costs (Note 6(15)		(77,354)	(1)		(80,596)	(1)
Total non-operating income and expenses		(40,192)	(1)		(61,844)	(1)
INCOME BEFORE INCOME TAX		702,627	6		288,288	3
INCOME TAX EXPENSE (Note 6(17))		(117,351)	(1)		(15,213)	(0)
NET INCOME		585,276	5		273,075	3
OTHER COMPREHENSIVE INCOME						
Items that will not be reclassified subsequently to profit or loss:						
Remeasurement of defined benefit obligation (Note 6(12))		(8,470)	0		(1,808)	0
Income taxes relating to items that will not be reclassified subsequently		-	0		-	0
Other comprehensive income/(loss) for the period, net of income tax		(8,470)	0		(1,808)	0
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	$	576,806	5	$	271,267	3
NET INCOME ATTRIBUTABLE TO:						
Shareholders of the parent company	$	510,029		$	242,201	
Non-controlling interests	$	75,247		$	30,874	
OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO:						
Shareholders of the parent company	$	501,901		$	240,197	
Non-controlling interests	$	74,905		$	31,070	
EARNINGS PER SHARE (Note 6(18))						
Basic	$	2.15		$	1.02	
Diluted	$	2.14		$	1.02	

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

HWANG CHANG GENERAL CONTRACTOR CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the Years Ended December 31,2023 and 2022

Unit: NT$ Thousands

ITEMS	Equity Attributable to Owners of the Company					Non-Controlling Interests	Total Equity
			Retained Earnings				
	Share Capital	Capital Surplus	Legal Reserve	Unappropriated earnings (Accnmulated losses)	Total		
BALANCE AT JANUARY 1, 2022	$ 2,374,837	$ 37,701	$ 24,167	$ (72,781)	$ 2,363,924	$ 199,626	$ 2,563,550
Net income for the year ended December 31, 2022	-	-	-	242,201	242,201	30,874	273,075
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	(2,004)	(2,004)	196	(1,808)
Decrease in Non-Controlling Interests	-	-	-	-	-	(4,945)	(4,945)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	240,197	240,197	26,125	266,322
BALANCE AT JANUARY 1, 2022	$ 2,374,837	$ 37,701	$ 24,167	$ 167,416	$ 2,604,121	$ 225,751	$ 2,829,872
BALANCE AT JANUARY 1, 2023	$ 2,374,837	$ 37,701	$ 24,167	167,416	$ 2,604,121	$ 225,751	$ 2,829,872
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	16,742	(16,742)	-	-	-
Cash dividends of ordinary share	-	-	-	(71,246)	(71,246)	-	(71,246)
Net income for the year ended December 31, 2023	-	-	-	510,029	510,029	75,247	585,276
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	(8,128)	(8,128)	(342)	(8,470)
Decrease in Non-Controlling Interests	-	-	-	-	-	(5,541)	(5,541)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	501,901	501,901	69,364	571,265
BALANCE AT DECEMBER 31, 2023	$ 2,374,837	$ 37,701	$ 40,909	$ 581,329	$ 3,034,776	$ 295,115	$ 3,329,891

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

HWANG CHANG GENERAL CONTRACTOR CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

Unit: NT$ Thousands

ITEMS	For the Year Ended December 31, 2023 Amount	For the Year Ended December 31, 2022 Amount
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 702,627	$ 288,288
Adjustments for:		
Income and expense items that do not affect cash flows		
Depreciation expenses	364,877	275,800
Amortization expenses	999	1,189
Expected credit loss recognized/(reversed)	-	(180,000)
Net gain of financial assets measured at fair value through profit or loss	101	-
Interest expense	76,979	80,091
Interest income	(23,445)	(6,376)
Gain on disposal of property, plant and equipment	(6,184)	(507)
Lease Modification Benefit	(1,191)	(20)
Total amount of income and expense items that do not affect cash flows	412,136	170,177
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Contract assets	36,626	100,141
Notes receivable	(9,262)	(6,496)
Accounts receivables	(929,941)	110,574
Inventories	642	(741)
Other receivables	5,495	126,130
Prepayments	(51,196)	(10,175)
Refundable deposits on construction contracts	36,807	(121,714)
Other current assets	(1,914)	197
Other financial assets	1,440,260	(2,365,780)
Net changes in operating assets:	527,517	(2,167,864)
Net changes in operating liabilities:		
Contract liabilities	1,421,059	3,644,105
Notes payable	(158,897)	(197,673)
Accounts payable	605,923	(365,188)
Other payables	312,975	49,939
Provision	35,917	(24,636)
Other current liabilities	1,424	4,785
Accrued pension liabilities	(12,208)	(18,224)
Net changes in operating liabilities:	2,206,193	3,093,108
Total changes in operating assets and liabilities:	2,733,710	925,244

(Continued)

Total adjustment amounts	3,145,846	1,095,421
Cash generated from/(used in) operations	3,848,473	1,383,709
Interest received	23,110	56,231
Interest paid	(71,588)	(74,285)
Income tax recieved	10	-
Income tax paid	(17,685)	(26,029)
Net cash generated from/(used in) operating activities	3,782,320	1,339,626
CASH FLOWS FROM INVESTING ACTIVITIES		
(Decrease)/increase in financial assets at amortized cost - current	(981,709)	(252,922)
Acquisition of financial assets at fair value through profit or loss	(10,000)	-
Disposal of financial assets measured at fair value through profit or loss	9,899	-
Payments for property, plant and equipment	(580,446)	(223,278)
Proceeds from the disposal of property, plant and equipment	7,600	46,645
Increase in refundable deposits	4,647	92,015
Payments for intangible assets	(231)	(334)
Increase in prepayments for equipment	(1,229,159)	(977,944)
Net cash used in investing activities	(2,779,399)	(1,315,818)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease)/increase in short-term borrowings	(919,800)	475,206
Decrease in long-term borrowings	(75,949)	(140,560)
Decrease in deposits received	(11,676)	(7,275)
Decrease in Non-Controlling Interests	(5,541)	(4,945)
Cash dividends paid	(71,246)	-
Repayment of the principal portion of lease liabilities	(82,866)	(103,341)
Net cash (used in)/generated from financing activities	(1,167,078)	219,085
NET INCREASE IN CASH AND CASH EQUIVALENTS	(164,157)	242,893
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	573,126	330,233
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 408,969	$ 573,126

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

HWANG CHANG GENERAL CONTRACTOR CO., LTD. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company History

(1) Hwang Chang General Contractor Co., LTD. (hereinafter referred to as "the Corporation") was established under the provisions of the Company Act of the Republic of China (R.O.C.) in January, 1981. The Corporation, whose shares have been traded on the Taiwan Stock Exchange since October 15, 1999, is mainly engaged in the contracting business of civil engineering projects. The major construction projects contracted by the Group in 2023 are listed as follows:

- The segment CQ860 of MRT Wanda-Zhonghe-Shulin Line
- The reconstruction of Huannan Public Market
- The port and embankment construction project of The Third Liquefied Natural Gas Terminal
- The new turnkey project of Zhonghe Anbang youth social housing
- The construction of the new system interchange from National Freeway 3 to Provincial Highway 66
- Taoyuan City Zhongli Sports Park Section Expropriation Project
- Kwun Tong Receiving Station Extrapolation Plan Outline Breakwater New Construction
- Increased installation of gate improvement Construction at Wugu Interchange on National Highway 1.
- Taipei Circular Line Section bid Y20-Y23: Civil construction & Hydropower environmental control.
- Taipei Circular Line Section bid Y23-Y25: Civil construction & Hydropower environmental control.

(2) The Corporation and the subsidiaries included in the consolidated financial statements are collectively referred to as "the Group" hereinafter.

2. Approval Date and Procedures of the Consolidated financial statement

The consolidated financial statements have been approved by the board of directors on March 8, 2024.

3. Applications of Newly Issued and Revised Standards and Interpretations

(1) The impact of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC):

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Company's accounting policies.

(2) The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the Financial Supervisory Commission (FSC) for application starting from 2024

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS16 "Requirements for Sale and Leaseback Transactions"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Noncurrent Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

(3) The IFRSs issued by IASB but yet to be endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information "	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. Summary of Significant Accounting Policies

(1) Statement of compliance

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

(2) Basis of preparation

a. The consolidated financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

b. Significant accounting estimates are required in order to prepare consolidated financial statements in accordance with the IFRSs endorsed by the FSC, and the judgments of the Management are essential in the process of applying the Group's accounting policies as well. For the items involving a high degree of subjective judgment or complexity, or those involving significant assumptions and estimates of the financial reports, please refer to the explanation in note 5.

(3) Basis of consolidation

a. Preparation Principle of Consolidated Financial Statements

The consolidated financial statements incorporate the financial statements of the Corporation and those of the entities controlled by the Corporation (i.e. the subsidiaries). Control refers to the Corporation's power to direct a specific entity's financial and operating policies with a view to gaining economic benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of are incorporated fairly into the consolidated statements of comprehensive income from the effective date of acquisition and up to the effective date of disposal. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if the attribution results in the deficit in the balance of non-controlling interests.

Adjustments are made to the financial statements of subsidiaries to make their accounting policies in line with those used by the Corporation.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

b. The subsidiaries incorporated in the consolidated financial statements are as follows:

Investor Company	Investee Company	Main Businesses and Products	Percentage of Ownership (2023.12.31)	Percentage of Ownership (2022.12.31)	Note
The Corporation	Ho Chang International Contractor Co., Ltd.	Manufacturing of ready-mix concrete	49.00%	49.00%	Note 1

Note 1: Through Ho Chang International Contractor Co., Ltd.'s reelection of directors and supervisors on June 28, 2007, the Corporation has acquired more than half of the seats on the board of directors, thus obtaining substantial control. As a result, Ho Chang International Contractor Co., Ltd. is incorporated in consolidated financial statements thenceforth.

c. The shares of Ho Chang International Contractor Co., Ltd. held by other minor shareholders are reported as Non-controlling interests.

(4) Classification of current and non-current assets and liabilities

The normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities. For the remaining items, the classification criteria were as follows:

Assets that meet one of the following conditions are classified as current assets, and all other assets that are not current assets are classified as non-current assets:

a. The asset is expected to be realized within normal operating cycle, or it is intended to be sold or depleted;
b. The asset is held mainly for trading purposes;
c. The asset is expected to be realized within 12 months after the reporting period; or
d. The asset belongs to cash or cash equivalents which are not restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period or subject to other restrictions.

Liabilities that meet one of the following conditions are classified as current liabilities, and all other liabilities that are not current liabilities are classified as non-current liabilities:

a. The liability is expected to be settled within normal operating cycle;
b. The liability is held primarily for the trading purposes;
c. The liability is expected to be settled within 12 months after the reporting period; or
d. The liability belongs to those of which the Group has no unconditional right to defer the settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments do not affect its classification.

(5) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposit and check deposit. Cash equivalents refer to the short-term and highly liquid investment that can be converted into a fixed amount of cash at any time with little value volatility. Time deposits are classified as cash equivalents only when they satisfy the aforementioned definition, and the purpose of holding them is for meeting the short-term cash commitments instead of investment or other purposes.

(6) Financial Instruments

Financial assets and financial liabilities are primitively recognized in the balance sheets when the Group becomes a party to the contractual provisions of the instrument. At initial recognition, the Group measures a financial asset or a financial liability at its fair value plus or minus, in the case of financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

a. Measurement categories of financial assets

By conventional practices, all purchases or sales of financial derivatives are recognized and derecognized using the settlement date basis, whereas other financial assets are recognized and derecognized using the trade date basis.

The financial assets currently held by the Group consist of three categories, namely financial assets measured at fair value through profit or loss (FVTPL), financial assets measured at amortized cost, and investments in equity instruments measured at fair value through other comprehensive income (FVTOCI).

a) Financial assets at FVTPL

Financial assets at fair value through profit or loss can be either mandatorily required or designated to be measured at FVTPL. The financial assets that are mandatorily measured at FVTPL include debt instruments that do not meet the criteria of amortized cost or FVTOCI and equity instruments that are not designated to be measured at fair value through other comprehensive income.

The financial assets at FVTPL are measured at their fair values. The net gains or losses arising from remeasurement, excluding any interest or dividends earned on the financial asset, are recognized in profit or loss. For the method to determine the fair value, please refer to Note 12(2).

b) Financial assets at amortized cost

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

I. The financial asset is held under a business model whose purpose is to hold financial assets in order to collect contractual cash flows; and

II. The contractual terms of the financial asset generate cash flows on specific dates, and the cash flows are solely used to pay for the principal and interest of the outstanding principal amount.

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

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

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

c) Investments in equity instruments at FVTOCI.

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

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

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

b. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including account receivables).

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

Expected credit losses reflect the weighted average of credit losses with respect to the default risks. Lifetime ECLs represent the expected credit losses resulting from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the expected credit losses resulting from the possible default events within 12 months after the reporting date.

The impairment losses of all financial assets reduce their carrying amounts through the corresponding loss allowance accounts.

c. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. When a financial asset at amortized cost is derecognized entirely, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. When an investment in equity instrument at FVTOCI is derecognized entirely, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without the reclassification to profit or loss.

d. Financial liabilities and equity instruments

a) Classification of financial liabilities or equity instruments

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

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

c) Financial liabilities

Financial liabilities are subsequently measured at amortized cost using the effective interest method when they are not held for trading or designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognized in other profit or loss in the comprehensive income statement.

d) Other financial liabilities

Financial liabilities are initially recognized at fair value plus any directly attributable transaction costs if they are not held for trading or designated as at fair value through profit or loss (including short-term and long-term loans, bonds payable, accounts payable and other payables), and they are subsequently measured at amortized cost by the effective interest method. The interest expense which is not capitalized as the costs of an asset is reported in the finance costs item in non-operating income and expense.

e) Derecognition of financial liabilities

The Group derecognizes a financial liability only when the contractual obligations are discharged, cancelled or terminated.

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

f) Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities shall be offset against each other and expressed in the net amount in the balance sheet only when the Group currently has a legally enforceable right of set-off and intends either to settle on a net basis or to realize the financial assets and settle the financial liabilities simultaneously.

(7) Inventories

Inventories are recorded at cost and adjusted to weighted-average cost through the perpetual inventory method. At the end of the reporting period, the Group states the inventories at the lower of cost or net realizable value, applying the item-by-item method for all inventories except for those from identical categories.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(8) Property, plant and equipment

a. Recognition and measurement

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment. The cost of self-constructed asset includes direct materials, direct labor expense, the estimated cost of future disassembly, removal of the asset and recover of the location, the funding costs that meet the criteria of asset capitalization, and any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Additionally, the cost also includes the effective portion of cash flow hedge transferred from equity for the purchase of property, plant and equipment denoted in foreign currency, and the software purchased in order to integrate the function of relevant equipment shall also be capitalized as a part of the equipment.

When an item of property, plant and equipment consists of distinct parts, and their costs, in relation to the total cost of the item, are so significant that it is more appropriate to apply different depreciation rates or depreciation methods, the parts shall be treated as separate items (main components) of property, plant, and equipment.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss in net.

b. Reclassification to investment property

When the property for own use is reclassified as investment property, the carrying amount of the property on the date of transfer is used as the initial carrying value of the investment property.

c. Subsequent costs

Subsequent costs are considered a part of the carrying amount of the property, plant and equipment only when their future economic benefits are likely to flow into the Group, and the amount can be reliably measured; meanwhile, the carrying amount of the parts replaced shall be derecognized. The costs incurred on a regular basis to keep the property, plant and equipment in healthy condition are expensed in profit or loss immediately.

d. Depreciation

Depreciation is calculated by deducting the residual value from the asset cost and is recognized in profit or loss within the estimated useful life of each component using the straight-line method. Each significant part is depreciated separately. If the estimated useful life of a part of an asset differs significantly from those of other parts of the asset, the part shall be depreciated individually. Depreciation is recognized in profit or loss.

The leased assets of which there is reasonable assurance the Group will obtain the ownership by the end of the lease term are depreciated over their estimated useful lives. Other leased assets are depreciated over the shorter of the lease terms and the useful lives.

No depreciation shall be recognized for land.

The estimated useful life of the current period and comparative periods were as follows:

a) Houses and buildings: 20 to 55 years
b) Building improvements: 3 to 22 years
c) Machinery: 1.58 to 21 years
d) Transportation equipment: 2 to 16 years
e) Furniture and fixtures: 3 to 13 years
f) Other equipment: 3 to 18 years
g) Vessels: 10 to 15 years
h) Construction equipment: amortized evenly over the life of the construction contract
i) Leasehold improvements: 5 to 15years

The estimated useful lives, residual values and depreciation methods are reviewed and adjusted, if necessary, at the end of each reporting period, and any changes in the estimates are accounted for on a prospective basis.

(9) Investment properties

a. Investment properties are properties held to earn rental and/or for capital appreciation.

b. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.Depreciation is recognized using the straight linemethod.

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

(10) Lease

The Group evaluates whether the contract is a lease or contains a lease on the contract establishment date.

a. The Group as lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the lease.

b. The Group as lessee

Except for payments for low-value asset leases and short-term leases, which are recognized as expenses on a straight-line basis, the Group recognizes right-of-use assets and lease liabilities for all leases on the commencement date of the lease.

Right-of-use assets are measured at cost. The cost of right-of-use assets comprises the initial measurement of lease liabilities adjusted for lease payments less any lease incentives received and initial direct costs made at or before the commencement date, plus an estimate of costs needed to restore the underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities as a result of lease term modifications or other related factors. Right-of-use assets are presented separately in the balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments. If the implicit interest rate can be readily determined, the lease payments are discounted at the implicit rate. Otherwise, the lease payments are discounted at the lessee’s incremental borrowing rate.

Lease liabilities are subsequently measured at amortized costs using the effective interest method, and the interest expenses are allocated over the lease terms. If the modification of the lease term leads to a change in future lease payments, the Group will remeasure the lease liability and adjust the right-of-use asset accordingly. Nonetheless, if the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented independently in the balance sheets.

(11) Intangible assets

Separately acquired intangible assets with finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method over the following estimated useful lives: Technology license fees - the estimated life of the technology or the term of the technology transfer contract; software and system design costs – 3 to 5 years; patent and others - the economic life or the contract period. The estimated useful lives and amortization methods are reviewed and adjusted, if necessary, at the end of each reporting period, and any changes in the estimates are accounted for on a prospective basis.

(12) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the corporate assets can be allocated to the individual cash-generating units on a reasonable and consistent basis, they will be allocated to the individual cash-generating units; otherwise, they will be allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. When assessing the value in use, the Group discounts the estimated future cash flows using the pre-tax discount rate, which reflects the current market assessment of the following: the time value of money and the risk specific to the assets of which the future cash flow estimates have yet to be adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

(13) Provisions

A provision is recognized when the Group is charged with a current obligation (whether legal or constructive) as a result of a past event, and it is likely that the Group has to settle the obligation, whose amount can be reliably estimated.

When recognizing the amount of the provisions, the Group measures them at the best estimate of the payments required to settle the obligations at the end of the reporting period, taking into consideration the obligations' uncertainty and risks. If the provision is measured at the estimated cash flows to settle the current obligation, its carrying amount equals the present value of the cash flows.

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

(14) Treasury stock

When the Group repurchases some of its outstanding stock, the after-tax amount of the consideration paid for the repurchase (including the directly attributable costs) is recognized as "Treasury stock", a contra-equity account. If the disposal price of the treasury stock is higher than its carrying amount, the difference is recognized as Capital surplus – treasury stock transactions. If the disposal price is lower, on the other hand, then the difference shall be offset against the capital surplus generated from the transactions of similar treasury stock. If the balance of the capital surplus is insufficient to offset the difference, the remainder is recorded as a reduction of retained earnings. The carrying amount of Treasury stock is computed separately based on the reason for reacquisition using the weighted-average method.

Upon retirement, Ordinary shares and Capital surplus – treasury stock transactions are debited in proportion to the ratio of the shares retired. If the carrying amount of the retired treasury stock is higher than the sum of the par value and premium of them, the difference shall be offset against the capital surplus generated from the transactions of similar treasury stock. If the capital surplus is insufficient to offset the difference, the remainder is recorded as a reduction of retained earnings. If the carrying amount is lower than the sum, on the other hand, the capital surplus generated from the transactions of similar treasury stock is credited.

(15) Revenue recognition

The Group identifies the performance obligations from customer contracts, allocates the transaction price to each performance obligation, and recognizes revenue when each obligation is satisfied. The details of the Group's major sources of revenue were as follows:

a. Revenue from the sale of goods

The revenue from the sale of goods is mainly generated from the sale of ready-mix concrete. The Group recognizes revenue and accounts receivable either when the Group has transferred all the risks regarding the ready-mix concrete to the customer and the customer has collected the products in accordance with the sales contract, or when the Group has obtained objective evidence supporting that all inspection conditions had been satisfied.

b. Revenue from construction contracts

For the construction contracts that are under the control of clients at the time of construction, the revenue is gradually recognized over time. Since the costs invested in the construction are directly related to the degree of completion of the performance obligations, the Group measures the degree of completion on the proportion of the costs invested to the total estimated cost. The Group gradually recognizes contract assets over the period of construction, and reclassifies them to account receivables at the point when the customer is invoiced. If the payments received exceed the revenues recognized to date, then the Group recognizes contract liabilities for the difference. The retention receivable, certain payments retained by the customer as specified in the contract to ensure that the Group adequately completes all of its contractual obligations, are recognized as contract assets until the Group satisfies its performance obligations.

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

(16) Joint arrangements

A joint arrangement is an arrangement over which more than two parties have joint control. Joint arrangement includes joint operation and joint venture, and has the following characteristics: (a) the participants are bound by the contractual arrangement; (b) the arrangement confers at least two parties the joint control over the arrangement. IFRS 11 "Joint Arrangement" defines joint control as the contractual agreement to share control over an arrangement. It only exists when decisions related to relevant activities (i.e. activities that have a material impact on the remuneration of the arrangement) must be agreed by all parties sharing control.

A joint operation is a joint arrangement, by which the parties having joint control over the arrangement (that is, the joint operators) have rights to the assets and are obligated to the liabilities related to the arrangement. The joint operators shall recognize and measure assets and liabilities related to its equity in the arrangement (and recognize relevant income and expenses) under relevant IFRSs applicable to specific assets, liabilities, income, and expenses.

The Group shall consider the structure of the arrangement, the legal form of the separate vehicle, the terms of the contractual arrangement, and other facts or circumstances when evaluating the classification of joint arrangements.

(17) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the acquisition costs of those assets, and the exchange gains or losses of loans denoted in non-functional currencies are recorded as the adjusting amount of the aforementioned costs. Borrowing costs that are not directly attributable to qualifying assets are recorded as the acquisition costs of those assets based on the related costs calculated at the weighted average interest rate.

(18) Retirement benefits

The contribution obligation of a defined contribution plan is recognized as an expense during the period of service provided by the employee. The benefit expenses of a defined benefit pension plan are recognized as defined benefit costs in accordance with the actuarial result.

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

Net defined benefit liabilities represent the actual deficit in the Group’s defined benefit plans.

(19) Income tax

Income tax expense represents the sum of the current and deferred income tax.

a. Current tax

Current income tax is calculated based on the taxable income (loss) of the current year. As part of the profits or losses belong to taxable or deductible items in other reporting periods, or do not belong to taxable or deductible items, the taxable income is different from the net income reported in the statements of comprehensive income. The current income tax-related liabilities of the Group are calculated in accordance with the tax rate that has been legislated or substantively legislated at the end of the reporting period.

According to the Income Tax Law in the ROC, a surtax on unappropriated earnings is reported as Income tax expense in the year when the shareholders passed the approval of retained earnings.

b. Deferred tax

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which the benefits of the temporary differences can be utilized and are expected to reverse in the foreseeable future.

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

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

c. Current and deferred taxes for the year

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

(20) Earnings per share

The Group presents the basic and diluted earnings per share attributable to the Corporation's common equity holders. Basic earnings per share of the Group are calculated by dividing the profit and loss attributable to the Corporation's common equity holders by the weighted average number of outstanding common shares in the current period. Diluted earnings per share are calculated by adjusting the profit and loss attributable to the common equity holders of the Corporation and the weighted average number of outstanding common shares to the effects of all potentially dilutive securities. The Group's diluted earnings per share are calculated taking into account the convertible bonds and employee bonuses distributable through issuance of shares.

(21) Segment information

The operating segment is an integral part of the Group, engaged in business activities that may generate revenues and incur expenses (including revenues and expenses related to the transactions among other components of the Group). The operating results of all operating segments are periodically reviewed by the major operating decision-makers of the Group to make decisions on the allocation of resources to the segments and to evaluate their performance. Every operation segment has its individual financial information.

(22) Finance income and finance costs

Finance income comprises the interest income and dividend income generated from investments in financial assets, the impairment reversal gains on financial assets, the disposal gains on available-for-sale financial assets, the net gains on financial assets (liabilities) at FVTPL, and the gains on hedging instruments that should be recognized in profit or loss. Interest income is recognized as profit or loss using the effective interest method on an accrual basis. Dividend income is recognized on the date when the Group obtains the right to collect the dividend. Interest income and dividend income are presented in Other income, a component of Non-operating income and expenses, while the gains and losses on other items are recognized at net amount in Other gains and losses, a component of Non-operating income and expenses.

Finance costs comprise the interest expense of loans, interest expenses recognized over time from changes in the present value of provisions, dividends paid on preferred stock classified as liabilities (reported in interest expense), the net losses on financial assets (liabilities) at FVTPL, the impairment losses on financial assets, the disposal losses on available-for-sale financial assets, and the losses on hedging instruments that should be recognized in profit or loss. Finance costs other than interest expense are reported with relevant gains in Other gains and losses, a component of Non-operating income and expenses.

Borrowing costs that are not directly attributable to qualifying assets are recognized in profit or loss using the effective interest method.

Gains and losses on exchange are reported in net amounts in Other gains and losses, a component of Non-operating income and expenses.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group’s accounting policies in Note 4, the Management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered relevant. Actual results may differ from these estimates.

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

The following is the information about the major assumptions made for the future and other major sources of uncertainty in the estimates at the end of the financial report period. These assumptions and estimates have the risk of causing significant adjustments in the carrying amounts of assets and liabilities in the next financial year.

(1) Recognition of operating income

The Group’s construction contract revenues are recognized using the percentage-of-completion method, and the percentage of completion is estimated by the proportion of the costs invested to the total estimated cost.

(2) Estimated impairment of financial assets

a. The estimated impairment of accounts receivable and investments in debt instruments is based on assumptions about risk of default and expected loss rates made by the Group, taking into consideration the Group’ s historical experiences as well as existing market conditions. If the actual cash flows are less than expected, a material impairment loss may arise.

b. For relevant information on the possible adjustments of the consolidated financial statements of the next period, due to the accounts receivable and other receivables to which the Group has taken corresponding legal actions, please refer to Note 6(3), Note 9(3) and Note 12.

(3) Realizability of deferred tax assets

Deferred tax assets are only recognized to the extent that it is probable that there will be sufficient taxable profits against which the benefits of the temporary differences can be utilized. Assessment of the realizability of the deferred tax assets involves subjective critical accounting judgments and estimates of the Management; thus, any change in global economic environment, industrial trends and relevant laws could result in significant adjustments in the deferred tax assets.

(4) Calculation of defined benefit obligation

The pension costs of the retirement benefit plan and the present value of defined benefit obligations are determined via actuarial valuation. The process of actuarial valuation involves various assumptions, including those for the discount rate, future salary growth, mortality rate and potential increases in future pension payments. For details of the assumptions used to evaluate pension costs and defined benefit obligations, please refer to Note 6(12).

6. Descriptions of Significant Accounting Items

(1) Cash and cash equivalents

	2023.12.31	2022.12.31
Cash and petty cash	$ 2,520	$ 2,374
Demand deposits	406,240	570,732
Check deposits	209	20
Time deposits	--	--
	$ 408,969	**$ 573,126**

Please refer to Note 12(2) for the disclosure of interest rate risk and sensitivity analysis of financial assets and liabilities of the Group.

(2) Financial assets

a. The details were as follows:

	2023.12.31	2022.12.31
Current:		
Financial assets measured at FVTPL		
Mutual funds	$ --	$ --
Financial assets measured at amortized cost		
Time deposits	1,723,406	741,697
Joint contract distribution	--	--
Total	1,723,406	741,697
Other financial assets		
Demand deposits	1,607,998	3,048,271
Joint contract distribution	247	234
Total	1,608,245	3,048,505
	$ 3,331,651	**$ 3,790,202**
Non-current		
Financial assets measured at amortized cost		
Time deposits	**$ --**	**$ --**

b. Other information was as follows:

	For the Years Ended December 31			
	2023		**2022**	
	Interest Rate Interval	**Year of Maturity**	**Interest Rate Interval**	**Year of Maturity**
Financial assets measured at amortized cost	0.41%～1.565%	2024	0.05%～1.44%	2023

c. Explanations of the evaluation adjustments of the Group's investments at FVTPL were as follows:

	For the Years Ended December 31	
	2023	**2022**
Balance on January 1	$ --	$ --
Increase during the period	--	--
Write-off during the period	--	--
Balance on December 31	$ --	$ --

d. The Group discloses the exposures to risks of credits, foreign currencies and interest rates related to financial instruments in Note 12(2).

e. As of December 31, 2023 and 2022, the restricted prepayment account funds (listed in other financial assets) were 1,132,003 and 2,530,998 thousand dollars respectively; the purpose of the special account funds of the Corporation is restricted to pay the project costs and expenses (including equipment), and for subsidiaries, it's restricted to pay material purchase and operational equipment.

f. Please refer to Note 8 for the information regarding the Group' s financial assets pledged as collateral as of December 31, 2023 and 2022.

(3) Accounts receivable, other receivables and overdue receivables

a. The details were as follows:

	For the Years Ended December 31	
	2023	**2022**
Notes receivable	$ 26,651	$ 17,389
Less: Allowance for impairment loss	(400)	(400)
	26,251	**16,989**
Account receivables:		
Account receivables for ready-mix concrete	505,386	243,897
Construction contract receivables	1,840,143	1,187,225
Joint contract distribution	--	--
Total	2,345,529	1,431,122
Less: Allowance for impairment loss	(1,920)	(1,920)
	$ 2,343,609	**$ 1,429,202**
Other receivables:		
Other notes receivable		
Non-related parties	$ --	$ --
Less: Allowance for impairment loss	--	--
Other notes receivable, net amount	--	--
Other receivables:		
Interest receivable	1,062	726
Advance payments under joint contract	--	--
Others	16,143	21,639
Total	17,205	22,365
Less: Allowance for impairment loss	(305)	(305)
Other receivables, net amount	16,900	22,060
	$ 16,900	**$ 22,060**
Overdue receivables:		
Overdue receivables	$ --	$ 2,907
Less: Allowance for impairment loss (Note 9(3))	--	(2,907)
	$ --	**$ --**

b. The recognition of Other receivables - Advance payments under joint contract results from the contributions paid in advance for the joint contractor, HWASUN ENGINEERING & CONSTRUCTION CO., LTD., of the jointly contracted project, the CO3 segment of Kaohsiung MRT. For relevant explanations of this advance payment and the allowance for impairment loss on its interest payable, please refer to Note 9(3).

c. The Group's Allowance for impairment loss of accounts receivable and other receivables:

a) The loss allowances evaluated by the Group were as follows:

2023.12.31	Not Past Due	Past Due Over 365 Days	Total
Gross carrying amount	$ 2,389,385	$ --	$ 2,389,385
Loss allowance	(2,625)	--	(2,625)
	$ 2,386,760	**$ --**	**$ 2,386,760**

2022.12.31	Not Past Due	Past Due Over 365 Days	Total
Gross carrying amount	$ 1,470,876	$ 2,907	$ 1,473,783
Loss allowance	(2,625)	(2,907)	(5,532)
	$ 1,468,251	**$ --**	**$ 1,468,251**

b) The movements of the loss allowance of accounts receivable were as follows:

	For the Years Ended December 31	
	2023	2022
Balance on January 1	$ 5,532	$ 247,125
Add: Expected credit loss	--	--
Less: Amounts written off	(2,907)	(61,953)
Less: Reversal	--	(180,000)
Balance on December 31	**$ 2,625**	**$ 5,532**

d. The impairment recognized in loss allowance evaluation represents the difference between the carrying amount of the account receivable and the expected recovery amount. For the information related to credit risks, please refer to Note 12(2). The Group does not possess any collateral for the balance.

e. As of December 31, 2023 and 2022, none of the accounts receivable of the Group has been pledged as collateral.

(4) Inventories and construction in progress

a. Inventories & currently under construction

a) The details were as follows:

		2023.12.31		2022.12.31
Raw materials	$	3,548	$	4,122
Materials		2,164		2,232
Less: Allowance for obsolete inventory		--		--
	$	**5,712**	**$**	**6,354**

b) The inventory costs recognized as expenses by the subsidiary for the years ended December 31, 2023 and 2022, amounted to 1,034,727 thousand and 554,947 thousand dollars, respectively.

c) none of the inventories mentioned above has been pledged as collateral.

b. Construction contracts

a) The Corporation reported as Contract assets the contract consideration it has yet to obtain the unconditional right to receive, and as Contract liabilities the consideration received in advance for which the Corporation is obliged to offer construction service subsequently, as specified in the contract. As of December 31, 2023 and 2022, the details of the accounts ,please refer to Note 6(14).

b) For information on the credit risks regarding the construction retention receivables, please refer to Note 12(2).

c) Joint operations

I. The Corporation jointly contracted the port and embankment construction project of The Third Liquefied Natural Gas Terminal with PAN ASIA (ENGINEERS & CONSTRUCTORS) CO., LTD. and DREDGING INTERNATIONAL N.V. TAIWAN BRANCH (BELGIUM), in the form of joint operation. The capital contribution ratio between the Corporation and the joint contractors (respectively, PAN ASIA and DREDGING) is 40:45:15. Each of the joint contractors bears the costs incurred in proportion to its capital contribution and shares the project income and common expenses. The corporation recognizes its direct rights (and its share) to the assets, liabilities, income and expenses of the joint operation, which have been included in the applicable accounts of the financial statements.

II. The above construction project did not pass the referendum on "Three Connections Removal" on December 18, 2021. The owner will adopt an extrapolated plan and handle the contract change, but DREDGING INTERNATIONAL N.V. TAIWAN BRANCH (BELGIUM) ceased to continue to perform the contract on December 17, 2021. Accordingly, the joint contractor ratio between the Corporation and PAN ASIA (ENGINEERS & CONSTRUCTORS) CO., LTD. changed to 47.06:52.94 from that date.

III. The Corporation and PAN ASIA (ENGINEERS & CONSTRUCTORS) CO., LTD. jointly undertake the new project of the outer outline breakwater of Kwun Tong Receiving Station in the form of joint operation. The joint contractor ratio between the Corporation and the joint contractor is 73.83:26.17. Each of the joint contractors bears the costs incurred in proportion to its capital contribution and shares the project income and common expenses. The corporation recognizes its direct rights (and its share) to the assets, liabilities, income and expenses of the joint operation, which have been included in the applicable accounts of the financial statements.

(5) Refundable deposits

a.The details were as follows:

	2023.12.31	2022.12.31
Warranty deposits	$ 144,202	$ 118,432
Contract security deposits	6,630	53,615
Loans deposits	--	7,500
Deposit for construction in progress	--	20,000
Rental deposit	15,173	5,679
Other refundable deposits	14,826	12,412
	$ 180,831	**$ 217,638**
Deposits lodged to court (Note)	$ --	$ --
Other refundable deposits	2,588	7,235
	$ 2,588	**$ 7,235**

Note: The deposits include the amount lodged to Taipei District Court to petition for the provisional attachment regarding the litigation of advance payments for HWASUN ENGINEERING & CONSTRUCTION CO., LTD. Please refer to Note 9(3) for relevant information.

b. As of December 31, 2023 , the loans deposits has been pledged as collateral for Leasing Company loans. Please refer to Note 8 for relevant information.

(6) Property, plant and equipment

a. The details of the costs, depreciation and impairment of the Group's Property, plant and equipment were as follows:

Cost or deemed cost

	Balance on January 1, 2023	Additions	Disposals	Reclassification and Others	Balance on December 31, 2023
Land	$ 747,788	$ --	$ --	$ --	$ 747,788
Buildings	491,856	16,160	(23,018)	4,161	489,159
Machinery	758,509	301,672	(6,552)	113,668	1,167,297
Miscellaneous equipment	969,822	46,327	(2,655)	7,183	1,020,677
Vessels	718,382	88,290	--	801,162	1,607,834
Other equipment	504,805	125,364	(26,627)	12,901	616,443
Leasehold improvements	--	2,633	--	3,620	6,253
	$ 4,191,162	**$ 580,446**	**$ (58,852)**	**$ 942,695**	**$ 5,655,451**

Accumulated depreciation

	Balance on January 1, 2023	Additions	Disposals	Reclassification and Others	Balance on December 31, 2023
Buildings	$ 86,083	$ 17,365	$ (23,018)	$ --	$ 80,430
Machinery	471,188	69,991	(6,284)	--	534,895
Miscellaneous equipment	528,968	44,261	(2,544)	--	570,685
Vessels	120,048	84,553	--	--	204,601
Other equipment	228,957	61,899	(25,599)	(11,122)	254,135
Leasehold improvements	--	614	--	--	614
	$ 1,435,244	**$ 278,683**	**$ (57,445)**	**$ (11,122)**	**$ 1,645,360**
Net amount	**$ 2,755,918**				**$ 4,010,091**

Cost or deemed cost

	Balance on January 1, 2022	Additions	Disposals	Reclassification and Others	Balance on December 31, 2022
Land	$ 683,975	$ --	$ (6,630)	$ 70,443	$ 747,788
Buildings	410,468	42,762	--	38,626	491,856
Machinery	624,093	66,110	(3,303)	71,609	758,509
Miscellaneous equipment	969,817	26,320	(28,316)	2,001	969,822
Vessels	497,818	276	--	220,288	718,382
Other equipment	421,490	87,810	(8,978)	4,483	504,805
	$ 3,607,661	**$ 223,278**	**$ (47,227)**	**$ 407,450**	**$ 4,191,162**

Accumulated depreciation

	Balance on January 1, 2022	Additions	Disposals	Reclassification and Others	Balance on December 31, 2022
Buildings	$ 72,767	$ 12,627	$ --	$ 689	$ 86,083
Machinery	438,053	36,010	(2,875)	--	471,188
Miscellaneous equipment	515,601	40,011	(26,644)	--	528,968
Vessels	67,427	52,621	--	--	120,048
Other equipment	202,219	33,793	(7,055)	--	228,957
	$ 1,296,067	**$ 175,062**	**$ (36,574)**	**$ 689**	**$ 1,435,244**
Net amount	**$ 2,311,594**				**$ 2,755,918**

b. The land and buildings listed above include the compensation of house division, related taxes and fees from the joint construction transaction with the related party, besides, The Corporation purchase parking spaces from the related party.

c. Building improvements are included in Buildings account. The significant components of Other equipment include Transportation equipment, Furniture and fixtures, Leasehold improvements, Construction materials such as piers and molds for prestressed beams, all of which are depreciated in accordance with their useful lives. For the information on the useful lives, please refer to Note 4(8).

d. As of December 31, 2023 and 2022, part of the property, plant and equipment has been pledged as collateral for borrowings, please refer to Note 8.

(7) Lease agreement

a. Right-of-use assets

The details of the costs and depreciation of the land, buildings, machinery leased by the Group were as follows:

	Land	Buildings	Machinery	Transportation Equipment	Total
Cost					
Balance on January 1, 2023	$ 373,191	$ 165,090	$ 6,955	$ 3,622	$ 548,898
Additions	65,322	55,186	3,846	--	124,354
Disposals	(177,981)	(45,049)	--	(3,662)	(226,692)
Balance on December 31, 2023	$ 260,532	$ 175,227	$ 10,801	$ --	$ 446,560
Depreciation					
Balance on January 1, 2023	$ 245,215	$ 51,250	$ 5,659	$ 3,160	$ 305,284
Recognition	70,179	12,783	1,457	502	84,921
Derecognition	(133,037)	(45,051)	--	(3,662)	(181,750)
Balance on December 31, 2023	$ 182,357	$ 18,982	$ 7,116	$ --	$ 208,455
Carrying amount					
December 31, 2023	$ 78,175	$ 156,245	$ 3,685	$ --	$ 238,105

	Land	Buildings	Machinery	Transportation Equipment	Total
Cost					
Balance on January 1, 2022	$ 308,960	$ 58,111	$ 6,955	$ 3,662	$ 377,688
Additions	72,339	116,826	--	--	189,165
Disposals	(8,108)	(9,847)	--	--	(17,955)
Balance on December 31, 2022	**$ 373,191**	**$ 165,090**	**$ 6,955**	**$ 3,622**	**$ 548,898**
Depreciation					
Balance on January 1, 2022	$ 176,638	$ 41,188	$ 4,244	$ 1,939	$ 224,008
Recognition	76,686	19,453	1,415	1,221	98,775
Derecognition	(8,108)	(9,391)	--	--	(17,499)
Balance on December 31, 2022	**$ 245,215**	**$ 51,250**	**$ 5,659**	**$ 3,160**	**$ 305,284**
Carrying amount					
December 31, 2022	**$ 127,976**	**$ 113,840**	**$ 1,296**	**$ 502**	**$ 243,614**

b. Lease liabilities

The lease liabilities of the Group were as follows:

	December 31, 2023					
	Future Minimum Lease Payments		Interest		Present Value of Minimum Lease Payments	
Within 1 year	$	52,865	$	6,375	$	46,490
1 - 5 years		121,880		17,372		104,508
Later than 5 years		107,385		10,039		97,346
	$	**282,130**	**$**	**33,786**	**$**	**248,344**
Current	**$**	**52,865**	**$**	**6,375**	**$**	**46,490**
Non-current	**$**	**229,265**	**$**	**27,411**	**$**	**201,854**

	December 31, 2022					
	Future Minimum Lease Payments		Interest		Present Value of Minimum Lease Payments	
Within 1 year	$	80,696	$	6,077	$	74,619
1 - 5 years		92,791		14,749		78,042
Later than 5 years		105,534		11,633		93,901
	$	**279,021**	**$**	**32,459**	**$**	**246,562**
Current	**$**	**80,696**	**$**	**6,077**	**$**	**74,619**
Non-current	**$**	**198,325**	**$**	**26,382**	**$**	**171,943**

The amount recognized in profit or loss was as follows:

	For the Years Ended December 31			
	2023		2022	
Interest expense of lease liabilities	$	6,726	$	4,330
Expenses relating to short-term leases	$	1,725	$	2,094
Expenses relating to low-value asset leases (excluding the short-term ones)	$	3,237	$	2,901

The amount recognized in statements of cash flows was as follows:

	For the Years Ended December 31			
	2023		2022	
Total cash outflow for leases	$	87,828	$	108,336

The intervals of the discount rates of the lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Land	1.94%～3.31%	1.94%～3.08%
Buildings	1.92%～3.30%	1.92%～3.08%
Machinery	3.08%～3.31%	3.08%
Transportation equipment	2.04%	2.04%

c. Significant leasing activities and terms

The Group leases a number of land, buildings and machinery for the operating of offices, branches, staff dormitories and storage yards, and the lease terms for these assets range from 1 to 15 years. Upon the lease maturity date, the Group does not possess the rights of first refusal for these assets.

d. Others

Part of the office equipment leased by the Group is classified as short-term leases, whose terms are within 1 year, or low-value asset leases. For these leases, The Group has elected to apply the recognition exemption, and thus did not recognize right-of-use assets and lease liabilities for these leases.

(8) Investment properties-net

a. The details of the costs, depreciation and impairment of the Group's Investment properties were as follows:

Cost or deem cost：

	Balance on January 1, 2023	Additions	Disposals	Reclassification and Others	Balance on December 31, 2023
Land	$ 130,358	$ --	$ --	$ --	$ 130,358
Buildings	71,344	--	--	--	71,344
2023.12.31	$ 201,702	$ --	$ --	$ --	$ 201,702
Accumulated depreciation and impairment：					
Buildings	$ 1,274	$ 1,273	$ --	--	$ 2,547
2023.12.31	$ 1,274	$ 1,273	$ --	--	$ 2,547
Net	$ 200,428				$ 199,155

Cost or deem cost：

	Balance on January 1, 2022	Additions	Disposals	Reclassification and Others	Balance on December 31, 2022
Land	$ 200,801	$	$ --	$ (70,443)	$ 130,358
Buildings	109,970		--	(38,626)	71,344
2022.12.31	$ 310,771	$	$ --	$ (109,069)	$ 201,702

Accumulated depreciation and impairment：

Buildings	$ --	$ 1,963	$ --	$ (689)	$ 1,274
2022.12.31	$ --	$ 1,963	$ --	$ (689)	$ 1,274
Net	$ 310,771				$ 200,428

b. The investment properties are compensation of house division, related taxes and fees from the joint construction transaction with the related party, besides, The Corporation purchase parking spaces from the related party; The land and buildings listed above had been traded in 2021 at a fair value of 308,840 thousand dollars.

c. Investment properties is not measured at fair value, but only discloses information about its fair value; and as of December 31, 2023 and 2022 the fair value of Investment properties was 216,363 and 210,547 thousand dollars which is based on the evaluation results using the comparison method and the income method. of independent evaluation experts.

d. Rental benefit：

	For the Years Ended December 31	
	2023	**2022**
Rental income	$ --	$ --
Direct operating expenses--No rental income generated in the current period	(2,250)	(1,561)
Net	$ (2,250)	$ (1,561)

e. Collateral

As of December 31, 2023 and 2022 , the investments properities has been pledged as collateral, please refer to Note 8.

(9) Financial liabilities and loans

a. The details on the amount, terms and provisions of the loans were as follows:

	December 31, 2023			
	Interest Rate Interval	Year of Maturity		Amount
Collateralized loans	2.44%~4.13%	2024～2038	$	1,541,321
Non-collateralized loans	2.56%～3.325%	2024		58,694
Leasing Company Guaranteed loans	3.20%～3.50%	2024		30,855
			$	**1,630,870**
Recognized as:				
Current				
Short-term loans			$	1,115,743
Long-term loans - current portion				78,235
Long-term notes payable - current portion				30,855
Non-current				
Long-term loans				406,037
Long-term notes payable				--
			$	**1,630,870**

	December 31, 2022			
	Interest Rate Interval	Year of Maturity		Amount
Collateralized loans	1.00%～4.005%	2023～2038	$	1,961,888
Non-collateralized loans	2.00%～3.125%	2023～2027		555,250
Leasing Company Guaranteed loans	3.20%～3.50%	2023～2024		109,481
			$	**2,626,619**
Recognized as:				
Current				
Short-term loans			$	2,035,543
Long-term loans - current portion				64,923
Long-term notes payable - current portion				78,626
Non-current				
Long-term loans				416,672
Long-term notes payable				30,855
			$	**2,626,619**

b. Due to the need for construction guarantees and operating funds, the Corporation entered a joint credit contract arranged by Mega bank in April, 2020, which is for the guarantee of contract security, guarantee of advance payments and mid-term loans, with the amounts limited to 440,000, 810,000 and 400,000 thousand dollars, respectively.

Within the duration of this case, the Corporation shall maintain the following financial indicators, which are reported in the annual and semiannual consolidated financial statements verified/audited by the auditors:

a)	Current ratio	≧ 100%
b)	Debt ratio	≦ 250%
c)	Time interest earned	≧ 2
d)	Total equity	＞ 1,900,000 thousand dollars

The financial indicators mentioned above are reviewed semiannually. If any of the indicators fails to meet the corresponding requirement, the interest rates will increase by 0.1% from the day after the end of the reporting period to the day before the requirement is met again. As of December 31, 2023, part of the financial indicators of the Corporation did not meet the requirements; therefore, the Group will pay for the guarantee fees of 2,537 thousand .

c. In May 2012, due to the need for working capital, the Corporation signed a loan contract with the Land Bank, with an amount of 100,000 thousand dollars. The Corporation made a written commitment to ensure that its related matters such as environmental protection, pollution prevention, and waste disposal were in compliance with relevant laws and regulations at all times. During the continuation of this case, if any violation of the above-mentioned relevant laws and regulations (based on the Corporation ’ s listed pollution projects listed on the website of the Environmental Protection Administration), the interest rate of the loan should be increased by 0.01%.

d. Due to the need for construction working capital and guarantees, the Corporation signed a joint credit contract arranged by Mega bank in April 2023, which is for the guarantee of contract security, guarantee of advance payments and mid-term loans, with the limit to 935,000, 4,110,000 and 500,000 thousand dollars, respectively.

Within the duration, the mandated leader arranger will review the following financial indicators semiannually:

a)	Current ratio	≧ 80% (Between 2024 to 2026) ≧ 100% (Since 2027)
b)	Debt ratio	≦ 250% (Between 2024 to 2026) ≦ 200% (Since 2027)
c)	Time interest earned	≧ 2
d)	Total equity	≧ 1,900,000 thousand dollars

The financial indicators base on the annual and semiannual financial statements verified/audited by the auditors. Since semiannual financial statement of 2023. ((a) and (b) will be reviewed since 2024 annual report), if any of the indicators fails to meet the corresponding requirement, the interest rates will increase by 0.05% from the date after the end of the reporting period or interest lift date or guarantee fee paid date to the day before the requirement is met again.

e. Due to the need for construction working capital and guarantees, the Corporation signed a joint credit contract arranged by Chang Hwa Bank in September 2023, which is for the guarantee of contract security and construction working capital, with the limit to 695,000 and 2,305,000 thousand dollars, respectively.

Since annual report date of 2024, the Corporation shall maintain the following financial indicators:

a)	Debt ratio	≦ 350% (Between 2024 to 2027) ≦ 250% (Since 2028)
b)	Time interest earned	≧ 2
c)	Total equity	≧ 2,600,000 thousand dollars

The financial indicators base on the annual and semiannual financial statements verified/audited by the auditors. If any of the indicators fails to meet the corresponding requirement, it dose not be regard as Breach of contract, the interest rates will increase by 0.05% from the date after the end of the reporting period or interest lift date or guarantee fee paid date to the day before the requirement is met again.

f. The details of notes payable of the leasing loans were as follows:

	2023.12.31			
Item	Notes Period	Notes Payable	Discount	Net
Repurchase after sale	2021.10.20~2024.10.20	$ 14,585	$ 210	$ 14,375
Repurchase after sale	2021.10.05~2024.10.05	16,740	260	16,480
		31,325	470	30,855
Less：current portion		(31,325)	(470)	(30,855)
Net		$ --	$ --	$ --

	2022.12.31			
Item	Notes Period	Notes Payable	Discount	Net
Guaranteed loans	2021.12.27~2023.12.27	$ 38,460	$ 503	$ 37,957
Repurchase after sale	2021.10.20~2024.10.20	32,087	962	31,125
Repurchase after sale	2021.10.05~2024.10.05	41,680	1,281	40,399
		112,227	2,746	109,481
Less：current portion		(80,902)	(2,276)	(78,626)
Net		$ 31,325	$ 470	$ 30,855

g. In January, 2019, the subsidiary applied for financing from Taiwan Cooperative Bank due to the construction of new plants in Guanyin. The subsidiary planned to use the funds for the purchase of land, machinery and vehicles, the construction of plants. The lines of credit for mid-long-term loans were 336,000 thousand dollar, with the credit periods ranging from 2 to 7 years, and the interest of the loans were calculated using the floating interest rates. Part of the loans, amounting to 225,000 thousand dollars, were long-term collateralized loans, whose credit period set as 15 January, 2020~2038. According to the terms of the loan, the subsidiary shall pay the monthly interests in the first 2 years of the loan, and pay the principal and interests, evenly amortized in 192 monthly installments, starting from the third year of the loan.

h. For the information on the Group' s exposures to interest rate and liquidity risk, please refer to Note 12(2). For the information on the pledged assets, please refer to Note 8.

i. As of December 31, 2023 and 2022, the loan quotas yet to be used by the Group are 2,936,405 and 2,245,139 thousand dollars, respectively.

(10) Other payables

The details were as follows:

	December 31, 2023	December 31, 2022
Salary expense	$ 274,172	$ 199,549
Remuneration of employees	24,049	7,646
Remuneration of directors and supervisors	17,988	6,463
Interest expense	3,150	4,187
Accounts payable for equipment	294,089	100,825
Sales tax payable	9,421	30,672
Insurance payable	17,902	14,203
Accounts payable for shipping costs	19,005	16,970
Accounts payable for repair and maintenance fees	23,851	14,543
Accounts payable for professional fees	4,194	6,135
Overtime pay payable	11,000	9,295
Employment Service payable	7,964	6,426
Miscellaneous purchases payable	5,365	4,227
Others	67,850	46,920
	$ 780,000	**$ 468,061**

(11) Provision

a. The details were as follows:

	For the Years Ended December 31	
	2023	2022
Balance on January 1	$ 23,746	$ 48,382
Additional provisions for the current period	35,917	(24,636)
Balance on December 31	$ 59,663	$ 23,746

b. The Group adopted the IFRS 15 for onerous contracts, when the future payment exceed the revenue expected to be earned , the provision for onerous contracts should be evaluate according to IAS37” Provisions, Contingent Liabilities and Contingent Assets” .

(12) Retirement benefit plans

a. Defined benefit plan

a) The Group adopted the defined benefit plan under the Labor Standards

Law, under which pension benefits are calculated on the basis of the length of service (base number) and the average monthly salaries of the six months before retirement. The Group contributed an amount equal to 4% of salaries and wages paid each month to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. In addition, the contribution rate has been increased from 4% to 8% since October, 2018.

b) The expenses regarding defined benefit plans for the years ended December 31, 2023 and 2022, are recognized as administrative expenses and operating costs, the details of which were as follows:

	For the Years Ended December 31	
	2023	2022
Operating costs	$ 126	$ 182
Administrative expenses	440	271
	$ 566	**$ 453**

c) The amount of Remeasurement of Net defined benefit liabilities (assets) recognized in other comprehensive income was as follows:

	2023	2022
Balance on January 1	$ (66,614)	$ (64,806)
Remeasurement of Net defined benefit liabilities (assets)	(8,470)	(1,808)
Balance on December 31	$ (75,084)	$ (66,614)

d) The reconciliation of the present value of defined benefit obligation and the fair value of plan assets was as follows:

	2023.12.31	2022.12.31
Present value of defined benefit obligation	$ 132,866	$ 130,428
Fair value of plan assets	(84,766)	(79,014)
	48,100	51,414
Unrecognized prior service costs	--	--
Net amount	$ 48,100	$ 51,414
Amount recognized as defined benefit assets	**$ --**	**$ 424**
Amount recognized as defined benefit liabilities	**$ 48,100**	**$ 51,838**

The details of the present value of defined benefit obligation were as follows:

	For the Years Ended December 31	
	2023	2022
Balance on January 1	$ 130,428	$ 123,371
Current service cost	--	130
Net interest expense	1,130	503
Remeasurement of net defined benefit liabilities (assets)		
Actuarial (gain) loss - changes in financial assumptions	2,906	(4,749)
Actuarial (gain) loss - changes in demographic assumptions	--	--
Actuarial (gain) loss – experience adjustments	6,668	11,173
Payments for defined benefit obligation		
Paid by the Group	--	--
Paid from plan assets	(8,266)	--
Balance on December 31	**$ 132,866**	**$ 130,428**

The details of the fair value of the plan assets were as follows:

	For the Years Ended December 31	
	2023	2022
Balance on January 1	$ 79,014	$ 55,155
Interest income	563	179
Return (loss) on plan assets	1,103	4,617
Contributions from the employer	12,352	19,063
Benefits paid	(8,266)	--
Balance on December 31	**$ 84,766**	**$ 79,014**

e) As of December 31, 2023, the Group plans to contribute 7,367 thousand dollars to the defined benefit plans by the end of 2024.

f) The weighted-average duration of the defined benefit obligation was as follows:

	2023.12.31	2022.12.31
The Corporation	7.23 years	7.95 years
Ho Chang International Contractor Co., Ltd.	11.4 years	11.6 years

g) The major classes of the plan assets and the proportion of their fair values to the plan assets' total fair value are stated as follows:

	2023.12.31	2022.12.31
Cash	16.00	16.00
Short-term notes	6.00	4.00
Government bonds, bank debentures, corporate bonds and securitized assets	7.00	6.00
Money market funds	0.00	0.00
Stocks and beneficiary certificates (including futures)	11.00	13.00
Foreign investments	10.00	11.00
Domestic outsourcing	10.00	10.00
Foreign outsourcing	40.00	40.00
	100.00	100.00

The actual returns on the plan assets in 2023 and 2022 were 1,666 and 4,796 thousand dollars, respectively. The employee pension fund is entirely deposited in the Bank of Taiwan's trust department. The expected rate of return of the plan assets is determined mainly based on the actuary's estimation of the yield to maturity of government bond within the duration of the defined benefit obligation, taking into consideration the trends of historical return, the prediction of the market where the assets are invested, the details of how the pension fund monitoring committee manages the pension fund, and the lower bound of return rate, which is the two-year time deposit rates of the local banks.

Actuarial assumptions:

	2023.12.31	2022.12.31
Discount rate		
The Corporation	1.25%	1.25%
Ho Chang International Contractor Co., Ltd.	1.25%	1.25%
Future expected rate of salary increase		
The Corporation	2.50%	2.00%
Ho Chang International Contractor Co., Ltd.	2.75%	2.75%

Changes of 0.25% in the discount rate will lead to the following impacts on the defined benefit obligation:

	For the Years Ended December 31			
	2023		2022	
	Increase	Decrease	Increase	Decrease
Impact on defined benefit obligation	$ 1,524	$ 1,566	$ 1,602	$ 1,649

Changes of 0.25% in the rate of salary increase will lead to the following impacts on the defined benefit obligation:

	For the Years Ended December 31			
	2023		2022	
	Increase	Decrease	Increase	Decrease
Impact on defined benefit obligation	$ 1,602	$ 1,567	$ 1,678	$ 1,628

h) The historical information on the experience adjustments was as follows:

	2023.12.31	2022.12.31
Present value of defined benefit obligation at the end of the period	$ 132,866	$ 130,428
Fair value of plan assets at the end of the period	(84,766)	(79,014)
Deficit of the defined benefit plan at the end of the period	$ 48,100	$ 51,414
Actuarial gains or losses on defined benefit obligation arising from experience	$ 6,668	$ 11,173
Actuarial gains or losses on changes in assumption of defined benefit obligation		
Actuarial gains or losses on changes in financial assumptions	$ 2,906	$ (4,749)
Experience gains or losses on plan assets	$ 1,103	$ 4,617

b. Defined contribution plan

The Group adopted the pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. According to the LPA, the Group is obliged to contribute an amount no less than 6% of the salaries of employees to the labor pension accounts. The Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages, in compliance with the LPA.

The details of the amounts recognized as the expenses of defined contribution plan by the Group were as follows:

	For the Years Ended December 31	
	2023	2022
Operating costs	$ 31,464	$ 26,643
Selling expense	116	111
Administrative expenses	4,710	4,140
	$ 36,290	**$ 30,894**

(13) Equity

a. Ordinary shares (Amounts in NT$)

a) As of December 31, 2023 and 2022, the total authorized capital stock of the Corporation is NT$3,000,000,000, and the total paid-in capital amounts to NT$2,374,837,880, respectively. Every share is entitled to the right to vote and to receive dividends.

b) As of December 31, 2023, each capital increase of the Corporation over the years has been approved and registered by the competent authority. The relevant information on the sources of funding was as follows:

	Amount (NT$)
Registered capital upon establishment	$ 24,000,000
Capital increase in cash	1,035,000,000
Capital increase by retained earnings capitalization	934,526,570
Capital transferred from capital surplus	103,652,700
Conversion of convertible bonds	344,868,610
Capital reduction by retirement of treasury stock	(67,210,000)
	$ 2,374,837,880

b. Capital surplus

	Conversion of Convertible Bonds	Treasury Stock Transactions	Expiry of Stock Warrants	Others
Balance on January 1, 2023	$ 19,752	$ 12,099	$ 4,527	$ 1,323
Transfer of capital surplus to capital	--	--	--	--
Cash distributed from capital surplus	--	--	--	--
Treasury shares overdue	--	--	--	--
Balance on December 31, 2023	**$ 19,752**	**$ 12,099**	**$ 4,527**	**$ 1,323**

	Conversion of Convertible Bonds	Treasury Stock Transactions	Expiry of Stock Warrants	Others
Balance on January 1, 2022	$ 19,752	$ 12,099	$ 4,527	$ 1,323
Transfer of capital surplus to capital	--	--	--	--
Cash distributed from capital surplus	--	--	--	--
Treasury shares overdue	--	--	--	--
Balance on December 31, 2022	$ **19,752**	**$ 12,099**	**$ 4,527**	**$ 1,323**

Under Company Act, the capital surplus generated from donations and the excess of the issuance price over the par value of capital stock (including the stock issued for new capital, mergers and convertible bonds) may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or stock dividends in proportion to each shareholder's shareholding ratio. Moreover, according to the Securities and Exchange Act, the amount of capital surplus transferred to capital must not exceed 10% of the paid-in capital each year. The capital surplus shall not be used for recovery of deficit of the capital, unless the earned surplus reserve has been fully used for the recovery of deficit.

c. Distribution of profits

a) According to the Corporation's Articles of Incorporation, when allocating earnings, the Corporation shall first estimate and reserve the taxes to be paid, offset its accumulated losses, and set aside a legal capital reserve at 10% of the remaining earnings (until the accumulated legal capital reserve equals the Corporation's paid-in capital, in which case the remainder is recognized as special capital reserve according to relevant laws). The remaining amount, combined with the accumulated unappropriated earnings, will be distributed as dividends and bonuses to shareholders, for which the board of directors shall propose a profit-distribution plan and submit to the shareholders' meeting for resolution. The industry to which the Corporation belongs is a well-developed and stable industry, so the dividend policy shall take into consideration the demand for investment funds, the Corporation's financial structure and earnings, and the principle that cash dividends shall not be lower than 20% of total dividends. For the policies regarding the distribution of employees' compensation and remuneration of directors and supervisors, please refer Note 6(16).

b) b) The appropriations of 2022 have been approved by the Company's Board of Directors in its meeting on March 15, 2023. The appropriations and cash dividends were NT$0.3 per share, and it has been approved on June 19, 2023 by the Company's shareholders in its meeting.

c) Regarding the recovery of the loss incurred for the year ended December 31, 2021, the shareholders' meeting passed the resolution, on June 21, 2022, that no dividend will be distributed.

d) For the information on the profit-distribution plan proposed by the board of directors and the corresponding resolution of the shareholders' meeting, please visit the Market Observation Post System (MOPS), the information-disclosing website launched by Taiwan Stock Exchange (TWSE).

(14) Operating revenue

a. The details were as follows:

	For the Years Ended December 31	
	2023	**2022**
Concrete sales revenue	$ 1,177,335	$ 618,483
Less: sales allowance	(609)	(137)
Construction contract revenue	10,093,075	7,829,974
Rent revenue	5,283	--
	$ 11,275,084	**$ 8,448,320**

b. The relevant information on Revenues from contracts was as follows:

a) Classified by the timing of revenue recognition

	Construction Segment	Concrete Segment	Total
Engineering service revenue	$ 10,093,075	$ --	$ 10,093,075
Rent revenue	5,283	--	5,283
Sales of goods	--	1,176,726	1,176,726
	$ 10,098,358	$ 1,176,726	$ 11,275,084

	For the Years Ended December 31, 2023		
	Construction Segment	Concrete Segment	Total
At a specific point in time	$ --	$ 1,176,726	$ 1,182,009
Gradually recognized over time	10,098,358	--	10,098,358
	$ 10,098,358	**$ 1,176,726**	**$ 11,275,084**

	Construction Segment	Concrete Segment	Total
Engineering service revenue	$ 7,829,974	$ --	$ 7,829,974
Sales of goods	--	618,346	618,346
	$ 7,829,974	$ 618,346	$ 8,448,320

	For the Years Ended December 31, 2022		
	Construction Segment	Concrete Segment	Total
At a specific point in time	$ --	$ 618,346	$ 618,346
Gradually recognized over time	7,829,974	--	7,829,974
	$ 7,829,974	**$ 618,346**	**$ 8,448,320**

b) Contract balances

	For the Years Ended December 31	
	2023	2022
Construction contract receivables (Note 6(3))	$ 1,840,143	$ 1,187,225
Contract assets - current		
Construction retention receivable	$ 1,150,185	$ 781,814
Construction contract receivables	1,438,315	1,843,312
	$ 2,588,500	**$ 2,625,126**
Contract liabilities - current		
Construction contract payables	$ 5,183,521	$ 4,045,156
Pre-mixed concrete contract payables	267,900	--
	$ 5,451,421	$ 4,045,156

I. Contract assets – current

	Opening Balance	Ending Balance	Difference
Construction contracts	$ 2,625,126	$ 2,588,500	$ (36,626)

II. Contract liabilities – current

	Opening Balance	Ending Balance	Difference
Construction contracts	$ 4,045,156	$ 5,183,521	$ 1,138,365
Pre-mixed concrete contract payables	$ --	$ 267,900	$ 267,900

(I) The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Corporation’s satisfaction of performance obligations (namely, the recognition of revenue, including the recognized costs and profits (losses)) and the customer’s corresponding payment. Since the Corporation has obtain the unconditional right to receive part of the contract consideration on the balance sheet date, the contract assets and liabilities for the fiscal year 2023 decrease and increase, respectively.

(II) The Group recognized 10,093,075 thousand dollars of construction contract revenue, since it has satisfied the contract obligations.

(III) Contract consideration allocated to contract obligations yet to be fulfilled: As of December 31, 2023, the total transaction price of the Company's outstanding performance obligations was 46,973,146 thousand, which will be gradually recognized as revenue with the completion of construction projects such as bridges, MRT, and social housing. It was completed from 2024 to 2032.

(15) Non-operating income and expense

a. Interest income

	For the Years Ended December 31	
	2023	2022
Interest of bank deposits	$ 19,955	$ 5,344
other	3,490	1,032
	$ 23,445	$ 6,376

b. Other income

	For the Years Ended December 31	
	2023	**2022**
Other income － claims and dispute mediation (Note)	$ --	$ 5,147
Other income － transfers from waived debts	9,489	5,663
Other income - others	7,271	5,997
	$ 16,760	**$ 16,807**

Note: It is the net amount after deducting the subcontractor's payment for the dispute mediation fund for the CF640 section bid project of the circular line.

c. Other gains and losses

	For the Years Ended December 31	
	2023	**2022**
Gain on disposal and retirement of property, plant and equipment, net	$ 6,184	$ 507
Gain on foreign exchange, net	(93)	421
Lease Modification Benefit	1,191	20
Depreciation expense of Investment properties	(1,273)	(1,561)
Net gain on financial assets at fair value through profit or loss	(101)	--
Others(Note)	(8,951)	(3,818)
	$ (3,043)	**$ (4,431)**

Note：The amount for the year ended December 31, 2023, including the deduction 7,813 thousand fom The turnkey city-owned land readjustment project of Caota overall development unit (section 3) in Guanyin District, Taoyuan City

d. Finance costs

	For the Years Ended December 31	
	2023	2022
Interest expense		
Bank loans	$ 70,423	$ 75,762
Lease liabilities	6,427	4,329
Others	129	--
Financial expense	375	505
	$ 77,354	**$ 80,596**

(16) Employee benefits, depreciation, depletion and amortization expenses

a. The details were as follows:

	For the Year Ended December 31, 2023		
	Attributable to Operating Costs	Attributable to Operating Expenses	Total
Employee benefits expense			
Salary expense	$ 1,047,072	$ 151,510	$ 1,198,582
Labor & health insurance expense	93,342	13,096	106,438
Pension expense	31,590	5,266	36,856
Other employee benefit expense	140,354	21,472	161,826
	1,312,358	191,344	1,503,702
Depreciation expense	339,798	23,807	363,605
Amortization expense	412	587	999
	$ 1,652,568	**$ 215,738**	**$ 1,868,306**

	For the Year Ended December 31, 2022		
	Attributable to Operating Costs	Attributable to Operating Expenses	Total
Employee benefits expense			
Salary expense	$ 709,789	$ 115,884	$ 825,673
Labor & health insurance expense	69,216	10,438	79,654
Pension expense	26,825	4,522	31,347
Other employee benefit expense	90,259	4,094	94,353
	896,089	134,938	1,031,027
Depreciation expense	251,142	23,097	274,239
Amortization expense	505	684	1,189
	$ 1,147,736	**$ 158,719**	**$ 1,306,455**

b. Short-term compensated absences liabilities

The accrued liabilities regarding compensated absences for the years ended December 31, 2023 and 2022, are respectively 56,099 thousand and 44,230 thousand dollars.

c. Employees' compensation and remuneration of directors and supervisors

a) According to the Corporation's Articles, the Corporation accrues compensation of employees and remuneration of directors and supervisors at rates of 3% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors, provided that the Corporation has recovered all of the accumulated losses.

b) For the years ended December 31, 2023 , the Corporation estimated its employee remuneration amounting to $18,183 thousand,and the directors' remuneration amounting to $12,122 thousand, respectively. If there is any change in the amounts after the annual consolidated financial statements are authorized for issue, the difference is recorded as a change in the accounting estimate and recognized as an adjustment in the next fiscal year.

c) For the years ended December 31, 2022 , the Corporation estimated its employee remuneration amounting to $5,229 thousand,and the directors' remuneration amounting to $3,486 thousand, respectively. Since 2021 was accumulated losses the employees' compensation and remuneration of director are not distributed, which resolution was approved by the Company's Board of Directors in its meeting and it was no difference with financial report.

d) For the information on Employees' compensation and remuneration of directors and supervisors, please visit the Market Observation Post System (MOPS), the information-disclosing website launched by Taiwan Stock Exchange (TWSE).

(17) Income taxes

a. The reconciliation of the income tax calculated from pre-tax income at statutory tax rate and the income tax expense was as follows:

	For the Years Ended December 31	
	2023	2022
Income tax calculated from pre-tax income at statutory tax rate	$ 140,525	$ 57,654
Adjustments for		
Permanent difference	(82)	573
Temporary difference	7,094	(53,157)
Surtax on unappropriated earnings	--	--
Less: Investment deduction	--	--
Loss deduction	(30,186)	--
Carry forward of unused tax losses	--	10,143
Income tax expense recognized in profit or loss	$ 117,351	$ 15,213

b. The details of income tax expense were as follows:

	For the Years Ended December 31	
	2023	2022
Income tax expense for the current period		
In respect of the current year	$ 117,351	$ 15,213
Adjustments for prior years	--	--
Deferred gain		
The origination and reversal of temporary differences	--	--
Income tax expense	$ 117,351	$ 15,213

c. The changes in current income tax assets and liabilities recognized on the balance sheets for the current period were as follows:

	2023.12.31	2022.12.31
Current tax assets, opening balance	$ 5,446	$ 111
Current tax liabilities, opening balance	(8,311)	(13,792)
Income tax expense	(117,351)	(15,213)
Approved tax refunds	(10)	--
Income tax paid	17,685	26,029
Current tax assets, ending balance	(5,436)	(5,446)
Current tax liabilities, ending balance	$ (107,977)	$ (8,311)

d. Income tax expenses recognized by the Group in other comprehensive income for the fiscal years 2023 and 2022 are 0 thousand dollars.

e. The analysis of net deferred income tax assets and liabilities was as follows:

	2023.12.31	2022.12.31
Recognized as deferred tax assets (liabilities)		
Shares of operating revenue of associates and joint ventures	$ 354	$ 371
Allowance for bad debts in excess of limit	375	956
Unrealized construction losses	11,933	4,749
Carryforward of unused tax loss	--	35,081
Unrealized depreciation expense	81	--
Unrealized exchange gain	--	(84)
	12,743	41,073
Less: Taxable losses estimated to be non-deductible	(12,743)	(41,073)
Amount recognized as deferred tax assets (non-current)	**$ --**	**$ --**

Unused taxable losses for the previous ten years have been approved by the tax collection authority and estimated to be non-deductible from the net profit of the current year, so the tax losses are not recognized as deferred income tax assets because it is not very likely that the corporation will have sufficient taxable income for its use in the future.

f. Information on unused loss carryforwards as of December 31, 2023 comprised:

Tax Loss Year	2023.12.31	2022.12.31	Expiry Year
2018	$ --	$ 83,898	2028
2020	--	40,792	2030
2022	--	50,717	2032
	$ --	$ 175,407	

g. The tax authorities have examined income tax returns of the Corporation and subsidiary through 2021. The Group does not owe any tax.

(18) Earnings per share

a. Basic EPS

Basic earnings per share of the Group are calculated by dividing the profit and loss attributable to the parent company's common equity holders by the weighted average number of outstanding common shares in the current period.

b. Diluted EPS

Diluted earnings per share are calculated by adjusting the profit and loss attributable to the common equity holders of the parent company and the weighted average number of outstanding common shares to the effects of all potentially dilutive securities.

c. The details of EPS were as follows:

	For the Year Ended December 31, 2023		
	After-tax Amount	**Number of Outstanding Shares (in thousands)**	**EPS (NT$)**
Consolidated basic EPS			
Net income available to common shareholders of the parent company	$ 510,029	237,484	$ 2.15
Consolidated diluted EPS			
Effect of potentially dilutive ordinary shares			
Bonuses issued to employees	--	753	
Net income available to common shareholders of the parent, adjusted for the effect of potentially dilutive ordinary shares	$ 510,029	238,237	$ 2.14

	For the Year Ended December 31, 2022		
	After-tax Amount	Number of Outstanding Shares (in thousands)	EPS (NT$)
Basic EPS			
Net income available to common shareholders of the parent company	$ 242,201	237,484	$ 1.02
Diluted EPS			
Effect of potentially dilutive ordinary shares			
Bonuses issued to employees	--	573	
Net income available to common shareholders of the parent, adjusted for the effect of potentially dilutive ordinary shares	$ 242,201	238,057	$ 1.02

7. Related Party Transactions

(1) Names and relationships of the related parties

Name	Relationship to the Group
FENG XIN DEVELOPMENT & INVESTMENT CO., LTD.	The Investor of the Corporation using the equity method
YI DA CONSTRUCTION CO., LTD.	Other related parties (Note: After the re-election of directors in June 2022, this company was no longer related party)
All directors, general managers and vice general managers	Major members of whom the Management of the Group consists

(2) Operating transactions

a. Sales

	For the Years Ended December 31	
	2023	2022
YI DA CONSTRUCTION CO., LTD.	$ --	$ 97

The purchases mentioned above were made on general terms and conditions for purchase, which do not differ significantly from those for general customers.The amount of 2022 only disclosed until director re-election.

b. Rent expense

	For the Years Ended December 31	
	2023	2022
FENG XIN DEVELOPMENT & INVESTMENT CO., LTD.	$ 8,306	$ 4,411

Note: The amount of rent and the payment method, specified in the rent agreement mentioned above, were negotiated by both parties. The amounts of deposit as of December 31, 2023 and 2022, was 1,381 and 1,670 thousand dollars.

(3) Remuneration of the major members of the Management

	For the Years Ended December 31	
	2023	2022
Short-term employee benefits	$ 42,811	$ 31,273
Retirement benefits	1,508	1,102
	$ 44,319	**$ 32,375**

For detailed information on the major members of the Management, please refer to the Group's annual report.

8. Pledged Assets

The details of the assets pledged as collateral or for security of the Group were as follows:

Name of the Asset	Object Pledged as Collateral	2023.12.31	2022.12.31
Demand deposits and reserve accounts	Bank loan	$ 133,913	$ 205,820
Demand deposits and reserve accounts	Warranty and guarantee of construction performance、Advance payment bond	342,082	311,454
Time deposits	Bank loan	20,790	60,230
Time deposits	Warranty and guarantee of construction performance、Advance payment bond	1,702,615	661,467
Refundable deposits	Warranty and guarantee of construction performance	150,832	179,547
Property, plant and equipment	Bank loan, Equipment Financing	1,384,980	1,327,798
Investment properties	Bank loan	199,155	200,428
		$ 3,934,367	**$ 2,946,744**

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(1) As of December 31, 2023, the total amount of construction contracts signed with non-related parties by the Corporation was NT$23,388,962 thousand dollars, and the accumulated payments made by the Corporation amounted to NT$10,343,619 thousand dollars.

(2) As of December 31, 2023, the guaranteed notes issued by the Group for bank loans, material purchases and construction guarantees amounted to NT$1,048,725 thousand dollars.

(3) Litigations and other contingencies

a. To define the rights and obligations regarding the financial operations of the aforementioned jointly contracted construction, the Corporation and the joint contractor, HWASUN ENGINEERING & CONSTRUCTION CO., LTD. (hereinafter "Hwasun Company"), have signed the "Agreement on the Financial Operations regarding the Joint Contract" on January 5, 2003. As stated in the Agreement, both parties should deposit cash into the joint contract account as operating funds in proportion to their capital contribution ratios when the account has inadequate balance. If either party fails to contribute all or part of the operating funds in accordance with the regulations, the non-defaulting party would advance the contribution amount for the defaulting party. The defaulting party should repay the advance amount, combined with the interest calculated using 10% annual interest rate, to the joint contract account in cash. Nevertheless, Hwasun Company has not been contributing its share of operating funds according to the agreement since March, 2005. To ensure the smooth progress of the construction, the Corporation has been advancing the share of contribution for Hwasun Company, and recognized the estimated interest of the advance payments from the payment date to the settlement date. During the construction period, the Corporation has repeatedly demanded the settlements of debts without success. To facilitate the settlement process, on July 2, 2012, the Corporation petitioned Taiwan Taoyuan District Court for the pay warrant of the accumulated advance payments and relevant interest, respectively 181,535 thousand and 134,764 thousand dollars, as of April 30, 2012. Taiwan Taoyuan District Court approved and issued the pay warrant on July 31, 2012. The case entered legal proceedings after Hwasun Company’s objection on August 29, 2012. On October 30, 2012, Taiwan Taoyuan District Court considered itself lacking jurisdiction, ruling that the case would be transferred to Taiwan Taipei District Court for further trials. As of the date of consolidated financial statements, the case is still under trial. In addition, to secure the creditor’s rights, the Corporation has made a deposit of 48,400 thousand dollars in order to petition Taiwan Taipei District Court for the execution of provisional attachment on the Opposite party’s assets within the range of 140,000 thousand dollars. In May, 2016, Hwasun Company petitioned the court for the reassessment of the assets under provisional execution, and the court ruled, on June 21, 2016, that the assets were worth approximately 270,000 thousand dollars. To secure the creditor’s rights, the Corporation has made an additional deposit of 45,000 thousand dollars in order to petition Taiwan Taipei District Court for the execution of provisional attachment, making the total amount of deposits 93,400 thousand dollars (recognized as refundable deposits – non-current). Concerning the aforementioned payments, the Corporation estimated that the advance payments were retrievable from the payments for the jointly contracted construction and payments for price-level adjustments in the future; therefore, the Corporation only recognized an amount of 40% of the interest receivable as allowance for bad debts by the end of 2006. Afterward, Hwasun Company suffered from a financial crisis, lowering the possibility that the Corporation would be able to collect the advance payments and interest; as a result, the Corporation increased the recognition of allowance for bad debts to 50% of the interest receivable in March, 2009. Furthermore, on March 31, 2011, the Corporation decided to cease to recognize the estimated interest and planned to solve the issue through legal proceedings, considering Hwasun Company’s solvency and the fact that it had not been actively responding to the Corporation’s demand. As of September 30, 2012, the balances of advance payments under joint contract and accumulated interest receivable were respectively 180,932 thousand and 112,097 thousand dollars. Due to the change in the estimation of the retrievable amount, the Corporation has reassessed the principal and interest of this case and recognized an additional amount of 199,931 as allowance for bad debts. The joint construction project was completed and settled with the owners in December, 2013, and the relevant payments were collected by January 9, 2014. After offsetting the collected payments with the advance payments, the Corporation recognized advance payments under joint contract of 193,843 thousand dollars, accumulated interest receivable of 112,097 thousand dollars, and allowance for bad debts in full amount, 305,940 thousand dollars as of December 31, 2019. Afterward, the litigation with the subcontractor of this construction project reached a settlement in March, 2020, allowing the Corporation to retrieve the principal and interest of the advance deposits; as a result, 64,347 thousand dollars of advance payments were offset, simultaneously reversing the allowance for bad debts. As of March 31, 2022, the balances of advance payments under joint contract, accumulated interest receivable and allowance for bad debts were respectively 129,496 thousand, 112,097 thousand and 241,593 thousand dollars. Later, the two parties reached a settlement on April 22, 2022. Hwasun Company should pay the Corporation 180,000 thousand dollars, and delivered a sight note of 100,000 thousand dollars on the same day. Then Hwasun Company delivered the face value of 48,070 thousand dollars on May 16, 2022, and instructed a third party to pay the remaining 31,930 thousand dollars on May 16, 2022. The aforementioned payment has been recovered, and the relevant provision for bad debts has been reversed.

b. Hwasun Company filed a lawsuit to the district court on May 3, 2016, requesting that the Corporation pay the residual funds of 9,990 thousand dollars and the operating funds of 10 thousand dollars. The Corporation deemed this case repetitive with the claims regarding the case of funds loan, and has petitioned the court to continue the proceedings either after the judgment regarding the case of funds loan was made or after the appraisal report was released. The case was withdrawn on the same day as the settlement in accordance with the mediation conditions of the above case.

c. INTERNATIONAL ENGINEERING & CONSTRUCTION CO., LTD., a client of the subsidiary - HO CHANG INTERNATIONAL CONTRACTOR CO., LTD., owed the subsidiary NT$2,907 thousand dollars (recognized as "Overdue receivables"), and the recoverability of the debts has been assessed to be extremely low; as a result, bad debt expense has been recognized in full. The company had applied with the district court for bankruptcy, besides, HO CHANG issued a legal attest letter for this debt and a Taiwan Taoyuan District Court debt obligation certificate was obtained. As the debtor has no assets for execution, and the debts have been overdue for two years, it is proposed to fully write off the provision for allowance accounts.

10. Significant Losses from Disasters: None

11. Significant Subsequent Events: None

12. Others

(1) Capital risk management

The Group's fundamental goals of capital management are to maintain a high credit rating and healthy capital ratios to support the Group's operation and the maximization of the shareholders' equity. The capital management strategy of the Group in 2023 is consistent with those in prior years.

The Management regularly reviews the capital structure and considers the costs and risks involved in different capital structures. The Group adjusts the amount of debt according to the progress of construction and the funds required for operation, and adjusts the overall capital structure through means such as the issuance of new shares.

(2) Financial instruments

a. Information on the fair values of the financial instruments

	2023.12.31	2022.12.31
Financial assets		
Financial assets at fair value through profit or loss	**$ --**	**$ --**
Financial assets at amortized cost		
Cash and cash equivalents	$ 408,969	$ 573,126
Financial assets at amortized cost	1,723,406	741,697
Notes receivable	26,251	16,989
Accounts receivable	3,493,794	2,211,016
Other receivables	16,900	22,060
Refundable deposits	183,419	224,873
Other financial assets	1,608,245	3,048,505
	$ 7,460,984	**$ 6,838,266**

	2023.12.31	2022.12.31
Financial liabilities		
Short-term loans	$ 1,115,743	$ 2,035,543
Notes payable	218,186	377,083
Accounts payable	2,741,371	2,135,448
Other payables	780,000	468,061
Deposit received (other current liabilities and other non-current liabilities)	63,315	74,992
Long-term loans (including the current portion)	484,272	481,595
Long-term notes payable(including the current portion)	30,855	109,481
	$ 5,433,742	**$ 5,682,203**
Lease liabilities (including due within one year)	**$ 248,344**	**$ 246,562**

b. Information on the fair values

a) Techniques and assumptions adopted in the process of fair value measurement

The fair value of a financial instrument refers to the price at which a willing buyer and seller trade the instrument. The methods and assumptions adopted by the Group for the estimation of the fair values of financial assets and liabilities were as follows:

I. The fair values of cash and cash equivalents, receivables, payables and other current liabilities approximately equal their carrying amounts due to their short terms to maturity.

II. The fair values of financial assets and liabilities traded in active markets with standardized terms and conditions are determined by reference to the market quotation.

III. The fair values of financial derivatives are determined using the public quotations. When public quotations are not available, the fair values of non-option financial derivatives are calculated by discounting the cash flows using the yield curves applicable in their durations. The fair values of options, on the other hand, are calculated using option pricing models.

b) Levels of fair values

The definitions of different levels of fair values are as follows:

I. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

II. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

III. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group’s financial assets and liabilities measured at fair value on a recurring basis:

2023.12.31	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets at FVTPL	$ --	$ --	$ --	$ --

2022.12.31	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets at FVTPL	$ --	$ --	$ --	$ --

Except for those mentioned above, the fair values of other financial assets and liabilities measured at amortized cost are approximately equal to their carrying amounts.

c. Natures of significant financial risks and the Group’s exposure to the risks

a) Market risk

Market risk refers to the risk arising from changes in market quotations of exchange rate and interest rate, causing the Group’s profits or the values of financial instruments held to fluctuate. The objectives of market risk management are to control the extent of the exposure to market risk within an affordable range and to optimize the return on portfolio simultaneously.

I. Exchange rate risk

The construction projects contracted by the Group consist primarily of domestic public construction, and the materials are acquired primarily from the domestic market as well. Therefore, the Group is not exposed to significant exchange rate risk.

II. Interest rate risk

Interest rate risk refers to the risk arising from changes in market interest rate, leading to volatility in the fair values or future discounted cash flows of financial instruments. The Group’s exposure to interest rate risk pertains primarily to floating-rate loans. If interest rates had been 1% higher and all other variables were held constant, the influence would have been as follows:

	2023.12.31	2022.12.31
Profit or loss	$ 22,126	$ 26,045

b) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations, resulting in financial losses to the Group. The Group’s exposure to credit risk pertains primarily to accounts receivable and other receivables.

I. The Group is mainly engaged in the contracting business of governmental public constructions and other projects from other entities with superior reputation. In addition, the Group’s business units manage the clients’ credit risks in compliance with the Group’s relevant policies, procedures and internal controls. The evaluation of a client’s credit risk takes into consideration the client’s financial position, historical transactions, as well as current economic situation. The Group supervises its exposure to credit risks and the credit ratings of its counterparties on a continuous basis.

II. The Group applies the simplified approach in IFRS 9, estimating the loss allowance for receivables according to lifetime expected credit losses. When calculating the lifetime expected credit loss, the Group determines the expected credit loss rate, taking into consideration both current conditions and individual customer’s characteristics, and recognizes 100% loss allowance for the receivables later than 365 days past due without other credit guarantees.

III. Individual risk assessment

The Group has set up an allowance for bad debt account to reflect the impairment loss and bad debt expense recognized from the estimation of the losses incurred for accounts receivable, other receivables, overdue receivables and investments. Except for the following cases, significant doubts about the recoverability of assets do not exist, and thus exposures to credit risk are not significant.

i. Regarding accounts receivable, the allowance for bad debts was assessed and recognized on an individual basis for cases such as delayed payments due to the owner’s financial issues and special scenarios that payments were frozen by the owner.

ii. Regarding other receivables, the Group has assessed and recognized relevant allowance for bad debts for the advance payments for the joint contractor regarding the operating funds of the jointly contracted construction and the interest derived from them, taking into consideration the joint contractor’s solvency and the fact that it had not been actively responding to the Group’s demand (Please refer to Note 9(3)).

iii. The Group possesses preference shares of THE CHINESE BANK CO., LTD., who suffers from a significant financial crisis. Hence, impairment loss was recognized in full of the principals and interest. THE CHINESE BANK CO., LTD. is currently in the process of liquidation.

iv. The Group has assessed and recognized relevant allowance for bad debts for the overdue receivables due to the client’s lack of liquidity.

IV. The credit policy of the Group in the fiscal year 2023 is consistent with that in the fiscal year 2022. Please refer to Note 6(3) for details of impairment loss.

c) Liquidity risk

The Group manages its financial flexibility using cash and cash equivalents, collection of construction contract revenues and contracts such as bank borrowings, and finances its operations by maintaining adequate cash and cash equivalents. The following table summarized the maturity of the payments stated in the Group’s financial liability contracts. The Group ensures that sufficient funds are available to cover the due liabilities, so that unaffordable loss will not occur and damages the Group.

2023.12.31	Carrying Amount	Contractual Cash Flow	Less than 1 Year	1-3 Years	More than 3 Years
Short-term loans	$ 1,115,743	$ (1,148,388)	$ (1,148,388)	$ --	$ --
Notes payable	218,186	(218,186)	(218,186)	--	--
Accounts payable	2,741,371	(2,741,371)	(2,047,315)	(511,954)	(182,102)
Other payables	780,000	(780,000)	(780,000)	--	--
Long-term loans (including the current portion)	484,272	(540,792)	(89,690)	(163,581)	(287,521)
Long-term notes payable(including the current portion)	30,855	(31,325)	(31,325)	--	--
Lease liabilities (including due within one year)	248,344	(281,431)	(52,252)	(67,715)	(161,464)
	$ 5,618,771	$ (5,741,493)	$ (4,367,156)	$ (743,250)	$ (631,087)

2022.12.31	Carrying Amount	Contractual Cash Flow	Less than 1 Year	1-3 Years	More than 3 Years
Short-term loans	$ 2,035,543	$ (2,094,812)	$ (2,094,812)	$ --	$ --
Notes payable	377,083	(377,083)	(377,083)	--	--
Accounts payable	2,135,448	(2,135,448)	(1,378,252)	(586,881)	(170,315)
Other payables	468,061	(468,061)	(468,061)	--	--
Long-term loans (including the current portion)	481,595	(538,696)	(75,301)	(142,889)	(320,506)
Long-term notes payable(including the current portion)	109,481	(112,226)	(80,901)	(31,325)	--
Lease liabilities (including due within one year)	246,562	(278,937)	(78,504)	(94,092)	(106,341)
	$ 5,853,773	**$ (6,005,263)**	**$ (4,552,914)**	**$ (855,187)**	**$ (597,162)**

The Group does not expect that the time points at which cash flows occur in the maturity analysis will advance significantly or that the actual amounts will differ significantly.

(3) Policies of financial risk management

The main objectives of the Group's financial risk management are to manage market risk, credit risk and liquidity risk related to operating activities and to identify, evaluate and manage the aforementioned risks in accordance with the Group's policies and risks.

The Group has established suitable policies, procedures and internal control for the aforementioned financial risk management in accordance with relevant regulations. Under the policies, all significant financial activities must be reviewed by the board of directors in accordance with relevant regulations and internal control systems. During the execution of the financial management activities, the Group must comply with the established regulations concerning financial risk management.

(4) Others

Chau-Hsen Enterprise Co., Ltd. (“Chau-Hsen”) engaged maritime engineering, which is a joint venture project (The port and embankment construction project of The Third Liquefied Natural Gas Terminal) engaged by the Corporation and the other contractor (“the Group”). The Group prepaid the project payment by agreement and request for collateral, afterwards, since Chau-Hsen failed to perform the contract, the Group cease the contract in August 2021 and issued a reminder letter to claim the nonperformance prepayment 120,620 thousand (of which 56,764 thousand attributed to the Corporation). Due to disparate interpretations of rights and obligations of the contract by both parties, the Group filed for compulsory execution with the court in August 2022 regarding the collateral provided by Chau-Hsen.

Subsequently, in December of the same year, Chau-Hsen initiated legal proceedings in the district court, seeking payment of 240,620 thousand (of which 113,236 thousand attributed to the Corporation). The lawsuit is currently under review. In order to avoid compulsory execution, Chau-Hsen has provided sufficient security funds to the court. In August 2023, the court allocated the security funds to our company in proportion.

13. Supplementary Disclosures

(1) Significant Transactions and Relevant Information

a. Financings provided: None

b. Endorsement/guarantee provided: None

c. Marketable securities held (excluding investments in subsidiaries and associates): None

d. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

e. Acquisition of individual real estate at costs of at least $300 million or 20% of the paid-in capital：None

f. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None

g. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: See Table 1 attached

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 2 attached

i. Information on the derivative financial instruments transaction: None

(2) Information on Investees

a. Information on the investees over which the Group directly or indirectly exercises significant influence or controls: See Table 3 attached

b. Intercompany relationships and significant intercompany transactions: See Table 4 attached

(3) Information on Investments in Mainland China: None

(4) Information on Major Shareholders: See Table 5 attached

14. Segment Information

(1) General information and the evaluation of segment information

The Group consists of the following two reportable segments:

a. Construction segment, which is mainly engaged in the contracting business of civil engineering projects, and

b. Concrete segment, which is mainly engaged in the manufacturing and selling business of ready-mix concrete.

The segment information of the Group and the internal management report offered to the operating decision makers are prepared in a consistent manner. The operating decision makers are in charge of allocating resources to operating segments and evaluating their performances. The board of directors is identified as the decision maker of the Corporation and the subsidiary.

(2) Information on segment revenues, assets and liabilities

a. The analyses of the revenues and operating results of the Group’s operating units by reportable segment were as follows:

	2023.1.1～12.31			
	Construction Segment	**Concrete Segment**	**Adjustments and Write-offs**	**Total**
Revenues from clients other than the parent company and the subsidiary	$ 10,098,358	$ 1,176,726	$ --	$ 11,275,084
Segment from the parent company and the subsidiary	--	719,989	(719,989)	--
Net revenue	$ 10,098,358	$ 1,896,715	$ (719,989)	$ 11,275,084
Segment profit or loss	$ 577,823	$ 202,259	$ --	$ 780,082
Gains or losses on investments				(101)
General income and expenses				--
Interest expense				(77,354)
Pre-tax income of operating units				$ 702,627

	2022.1.1～12.31			
	Construction Segment	Concrete Segment	Adjustments and Write-offs	Total
Revenues from clients other than the parent company and the subsidiary	$ 7,829,974	$ 618,346	$ --	$ 8,448,320
Segment from the parent company and the subsidiary	--	724,942	(724,942)	--
Net revenue	$ 7,829,974	$ 1,343,288	$ (724,942)	$ 8,448,320
Segment profit or loss	$ 276,042	$ 92,842	$ --	$ 368,884
Gains or losses on investments				--
General income and expenses				--
Interest expense				(80,596)
Pre-tax income of operating units				$ 288,288

b. The revenues reported above were the external revenues reported to the chief operating decision maker, prepared in the same manner as the revenues in the income statement.

c. Segment assets and liabilities

Since the assessed amount of the Group’s assets and liabilities are not offered to the chief operating decision maker, the assessed amount is zero.

(3) Information on the adjustments of segment profit or loss

Since the amount of segment profit or loss is identical with the amount reported in the financial statements, no adjustment is required.

(4) Information on major customers

Major customers representing at least 10% of net revenue:

	2023.1.1～12.31		2022.1.1～12.31	
Name	Amount	% of Revenue	Amount	% of Revenue
Taipei City Government	$ 1,553,999	13.78 %	$ 2,057,762	24.36 %
Freeway Bureau, Ministry of Transportation and Communications	1,423,527	12.63 %	1,792,287	21.21 %
CPC Co., Ltd.	4,799,318	42.57 %	1,453,251	17.20 %
Taoyuan City Government	707,298	6.27 %	736,813	8.72 %
New Taipei City Government	1,550,743	13.75 %	1,789,860	21.19 %
	$ 10,034,885	**89.00 %**	**$ 7,829,973**	**92.68 %**

TABLE 1

HWANG CHANG GENERAL CONTRACTOR CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable	
			Purchases / Sales	Amount	% to Total	Payment Terms	Abnormal Transaction	Notes/Accounts Payable or Receivable	Ending Balance	% to Total
Hwang Chang General Contractor Co., Ltd.	Ho Chang International Contractor Co., Ltd.	Investee company evaluated using the equity method	Purchases	722,624	9.89%	Net 60 days from the 20th day after the month of when invoice is issued Cash payments on the 30th day after the month of when invoice is issued	--	Net 60 days end of month or payments depending on the Corporation's funding conditions	Notes payable 3,958 Accounts payable 513,419	17.10%

Note: The amount has been offset during the preparation of consolidated financial statements.

TABLE 2

HWANG CHANG GENERAL CONTRACTOR CO., LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Days	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Ho Chang International Contractor Co., Ltd.	Hwang Chang General Contractor Co., Ltd.	Investee company evaluated using the equity method	Notes receivable 3,958	1.60%	--	--	3,205 (Note 2)	--
			Accounts receivable 518,045		198,078	**(Note 1)**	149,200 (Note 2)	--

Note 1: The collection of the receivables depends on the funding condition of the parent company.

Note 2: The amounts are the received amounts as of March 1, 2024

Note 3: The amounts have been offset during the preparation of consolidated financial statements.

TABLE 3

HWANG CHANG GENERAL CONTRACTOR CO., LTD.

INFORMATION ON THE INVESTEES OVER WHICH THE CORPORATION DIRECTLY OR INDIRECTLY EXERCISES SIGNIFICANT INFLUENCE OR CONTROL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount			
Hwang Chang General Contractor Co., Ltd.	Ho Chang International Contractor Co., Ltd.	Taipei, Taiwan	Manufacturing of ready mixed concrete	93,351	98,673	19,867,288	49.00%	281,837	147,554	72,308	See Note

Note: The amount of investment in subsidiaries over which the Corporation exercises control has been offset during the preparation of consolidated financial statements.

TABLE 4

HWANG CHANG GENERAL CONTRACTOR CO., LTD.

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			
			Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets
Ho Chang International Contractor Co., Ltd.	The Corporation	2	Purchases	722,624	Note 2	6.41 %
Ho Chang International Contractor Co., Ltd.	The Corporation	2	Notes payable	3,958	Note 2	0.03 %
Ho Chang International Contractor Co., Ltd.	The Corporation	2	Accounts payable	513,419	Note 2	3.49 %
Ho Chang International Contractor Co., Ltd.	The Corporation	2	Prepayment for purchases	349,385	Note 2	2.38 %
Ho Chang International Contractor Co., Ltd.	The Corporation	2	Deposits received	356,365	--	2.42 %
Ho Chang International Contractor Co., Ltd.	The Corporation	2	Other receivables	901	--	0.01 %
The Corporation	Ho Chang International Contractor Co., Ltd.	1	Realized gross profit	84	--	0.00 %
The Corporation	Ho Chang International Contractor Co., Ltd.	1	Rent income	2,842	Note 2	0.03 %
The Corporation	Ho Chang International Contractor Co., Ltd.	1	Deposits received	473	--	0.00 %

Note 1: No. 1 represents the transactions from the parent company to the subsidiary. No. 2 represents the transactions from the subsidiary to the parent company.

Note 2: The purchases mentioned above were made on general terms and conditions for purchase, via the procedures of evaluation, negotiation and supervisory approval. The payment terms are 60 days End of Month and Net Monthly Account or depending on the Corporation's funding conditions.

Note 3: The amounts have been offset during the preparation of consolidated financial statements.

TABLE 5

HWANG CHANG GENERAL CONTRACTOR CO., LTD.

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Shareholders / Shares	Total Shares Owned	Ownership Percentage
Feng Xin Development & Investment Co., Ltd.	119,035,965	50.12 %
Huan Dong Investment Co., Ltd.	17,472,550	7.36 %
Jiang Lu Xiu E	12,208,173	5.14 %

Note: For the corporations which acquire the information on major shareholders through Taiwan Depository & Clearing Corporation, the following matters can be attached as the notes to the table.

(1) The information of this table is calculated by Taiwan Depository & Clearing Corporation, based on the information about the shareholders holding over 5% of the Corporation's non-physical ordinary shares and preference shares which have been registered and delivered, on the last business day of every quarter. The amount of share capital reported in the Corporation's financial statements may differ from the amount of non-physical shares which the Corporation has registered and delivered, due to different calculation bases.

(2) Regarding the information mentioned in Note (1), in the case that the shareholder transfers his/her shares into trust, the shares are disclosed independently in the trust account of the trustor, opened by the trustee. As for the share report for insiders holding over 10% of shares in accordance with Securities and Exchange Act, the holding shares include those held by the shareholder him/herself and those under trust with discretion reserved. For information on insider reporting for shares, please visit the Market Observation Post System (MOPS), the information-disclosing website launched by Taiwan Stock Exchange (TWSE).

Independent Auditors' Report

To the Board of Directors of Hwang Chang General Contractor Co., Ltd.:

Opinion

We have audited the accompanying financial statements of Hwang Chang General Contractor Corporation (hereinafter referred to as "the Corporation"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the Certified Public Accountant Code of Professional Ethics in the Republic of China (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. 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, are of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Corporation's financial statements for the year ended December 31, 2023 are stated as follows:

Revenue Recognition

The Corporation recognized construction revenue of 10,093,075 thousand in 2023. Revenue recognition is generally subject to significant risks, and the construction revenue is calculated in accordance with the percentage of completion method, by which the degree of completion is evaluated based on the proportion of the incurred contract cost to the estimated total contract cost, involving significant accounting estimates and judgments of the Management; therefore, revenue recognition is listed as one of the key audit matters. For relevant information on revenue recognition and loss assessment , please refer to Note 4 and 6.

The audit procedures performed with respect to the above-mentioned key audit matter include (but are not limited to) the following:

1. We obtained an understanding of the internal controls related to revenue recognition of the Management, and evaluated whether the application of revenue recognition is consistent with the corresponding accounting policies.

2. We reviewed the significant terms and conditions in the contracts, inspected the total amount of the contracts and examined whether the amount reached the standard of recognition.

3. We performed cutoff tests with respect to the incurred costs to check whether the revenues were recognized in the correct accounting period.

Responsibilities of the Management and Those charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than such risk 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 to express an opinion on the effectiveness of the Corporation's internal control.

3. Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

4. Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether there exists a material uncertainty related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information on the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the 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 communicate with Those charged with Governance all relationships and other matters, including related protective measures, that may reasonably be thought to affect our independence.

From the matters communicated with Those charged with Governance, we determine the key matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Benison Associated C.P.AS' Firm

LIN, YU-YA

LI, HAN

Taipei, Taiwan (Republic of China)

Date: March 8, 2024

Notice to Readers

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

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

HWANG CHANG GENERAL CONTRACTOR CO., LTD.

Balance Sheets

December 31, 2023 and 2022

Unit: NT$ Thousands

ASSETS ITEMS	December 31, 2023 Amount	%	December 31, 2022 Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6(1))	$ 329,265	2	$ 423,842	3
Financial assets at amortized cost - current (Note 6(2))	1,721,752	13	740,797	6
Contract assets - current (Note 6(4))(Note 6(15))	2,588,500	19	2,625,126	22
Accounts receivable - net amount (Note 6(3))	1,840,143	13	1,187,225	10
Other receivables (Note 6(3))	17,148	0	21,282	0
Current income tax assets (Note 6(18))	5,436	0	5,446	0
Prepayments	674,998	5	646,886	5
Other financial assets (Note 6(2))	1,577,062	12	3,036,005	25
Refundable deposits on construction contracts (Note 6(5))	180,831	1	217,638	2
Other current assets	2,576	0	673	0
Total current assets	8,937,711	65	8,904,920	73
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Note 6(6))	281,837	2	215,097	2
Property, plant and equipment (Note 6(7))	2,968,736	22	1,810,117	15
Right-of-use assets (Note 6(8))	223,005	2	234,866	2
Investment properties-net (Note 6(9))	306,845	2	308,808	2
Intagible assets	677	0	1,136	0
Prepayments for equipment	976,633	7	698,450	6
Refundable deposits (Note 6(5))	1,418	0	4,666	0
Overdue receivables(Note 6(3))	-	0	-	0
Total non-current assets	4,759,151	35	3,273,140	27
Total assets	$ 13,696,862	100	$ 12,178,060	100

LIABILITIES AND EQUITY ITEMS	December 31, 2023 Amount	%	December 31, 2022 Amount	%
CURRENT LIABILITIES				
Short-term loans (Notes 6(10))	$ 915,743	7	$ 1,805,543	15
Contract liabilities (Notes 6(4))(Note 6(15))	5,183,521	38	4,045,156	33
Notes payable	120,096	1	200,618	2
Notes payable - related parties (Note 7)	3,958	0	99,651	1
Accounts payable	2,387,573	18	2,043,335	17
Accounts payable - related parties (Note 7)	513,419	4	273,662	2
Other payables (Note 6(11))	657,985	5	378,024	3
Current income tax liabilities (Note 6(18))	79,459	1	-	0
Provision - current (Note 6(12))	59,663	0	23,746	0
Lease liabilities - current (Note 6(8))	39,619	0	70,327	1
Current portion of long-term notes payable(Note 6(10))	30,855	0	78,626	1
Other current liabilities	392,471	3	258,353	2
Total current liabilities	10,384,362	77	9,277,041	77
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Note 6(8))	193,442	1	167,326	1
Long-term notes payable (Note 6(10))	-	0	30,855	0
Accrued pension liabilities (Note 6(13))	47,859	0	51,838	0
Other non-current liabilities	36,423	0	46,879	0
Total non-current liabilities	277,724	1	296,898	1
Total liabilities	10,662,086	78	9,573,939	78
EQUITY				
Share capital (Note 6(14))				
Ordinary shares	2,374,837	17	2,374,837	20
Capital surplus (Note 6(14))	37,701	1	37,701	1
Retained Earnings (Note 6(14))				
Legal reserve	40,909	0	24,167	0
Unappropriated earnings	581,329	4	167,416	1
Total retained earnings	622,238	4	191,583	1
Treasury stock(Note 6(14))	-	0	-	0
Total equity	3,034,776	22	2,604,121	22
Total liabilities and equity	$ 13,696,862	100	$ 12,178,060	100

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

HWANG CHANG GENERAL CONTRACTOR CO., LTD.
Statements of Comprehensive Income
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
For the Years Ended December 31, 2023 and 2022

Unit: NT$ Thousands

ITEMS	For the Year Ended December 31, 2023 Amount	%	For the Year Ended December 31, 2022 Amount	%
OPERATING REVENUE (Note 6(15))	$ 10,098,358	100	$ 7,829,974	100
OPERATING COSTS	(9,329,537)	(92)	(7,569,706)	(97)
GROSS PROFIT BEFORE ADJUSTMENTS	768,821	8	260,268	3
(UNREALIZED) GROSS PROFIT ON SALES TO SUBSIDIARIES	-	0	-	0
(REALIZED) GROSS PROFIT ON SALES TO SUBSIDIARIES	85	0	85	0
GROSS PROFIT	768,906	8	260,353	3
OPERATING EXPENSES	(222,718)	(2)	(179,442)	(2)
EXPECTED CREDIT GAIN	-	0	180,000	2
PROFIT FROM OPERATIONS	546,188	6	260,911	3
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 6(16))	22,542	0	6,251	0
Other income (Note 6(16))	16,415	0	14,291	0
Other gains and losses (Note 6(16))	(7,423)	(0)	(5,412)	(0)
Finance costs (Note 6(16))	(58,857)	(1)	(63,507)	(1)
Share of profit and loss of subsidiaries, associates and joint ventures accounted for using the equity method (Note 6(6))	72,308	1	29,667	1
Total non-operating income and expenses	44,985	0	(18,710)	(0)
INCOME BERORE INCOME TAX	591,173	6	242,201	3
INCOME TAX EXPENSE (Note 6(18))	(81,144)	(1)	-	0
NET INCOME	510,029	5	242,201	3
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation (Note 6(13))	(7,799)	(0)	(2,193)	(0)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	(329)	(0)	189	0
Income taxes relating to items that will not be reclassified subsequently	-	0	-	0
Other comprehensive income/(loss) for the period, net of income tax	(8,128)	(0)	(2,004)	(0)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	$ 501,901	5	$ 240,197	3
EARNINGS PER SHARE (Note 6(19))				
Basic	$ 2.15		$ 1.02	
Diluted	$ 2.14		$ 1.02	

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

HWANG CHANG GENERAL CONTRACTOR CO., LTD.

Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

Unit: NT$ Thousands

ITEMS	Share Capital	Capital Surplus	Retained Earnings: Legal Reserve	Retained Earnings: Unappropriated earnings (Accumulated losses)	Total Equity
BALANCE AT JANUARY 1, 2022	$ 2,374,837	$ 37,701	$ 24,167	$ (72,781)	$ 2,363,924
Net income for the year ended December 31, 2022	-	-	-	242,201	242,201
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	(2,004)	(2,004)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	240,197	240,197
BALANCE AT DECEMBER 31, 2022	$ 2,374,837	$ 37,701	$ 24,167	$ 167,416	$ 2,604,121
BALANCE AT JANUARY 1, 2023	$ 2,374,837	$ 37,701	$ 24,167	$ 167,416	$ 2,604,121
Appropriation and distribution of retained earnings:					
Legal reserve appropriated	-	-	16,742	(16,742)	-
Cash dividends of ordinary share	-	-	-	(71,246)	(71,246)
Net income for the year ended December 31, 2023	-	-	-	510,029	510,029
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	(8,128)	(8,128)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	501,901	501,901
BALANCE AT DECEMBER 31, 2023	$ 2,374,837	$ 37,701	$ 40,909	$ 581,329	$ 3,034,776

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

HWANG CHANG GENERAL CONTRACTOR CO., LTD.
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

Unit: NT$ Thousands

ITEMS	For the Year Ended December 31, 2023 Amount	For the Year Ended December 31, 2022 Amount
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 591,173	$ 242,201
Adjustments for:		
Income and expense items that do not affect cash flows		
Depreciation expenses	310,722	227,504
Amortization expenses	459	650
Expected credit loss recognized/(reversed)	-	(180,000)
Net gain on financial assets measured at fair value through profit or loss	101	-
Interest expense	58,482	63,002
Interest income	(22,542)	(6,251)
Share of profits of subsidiaries, associates and joint ventures accounted for using the equity method	(72,308)	(29,667)
Cash dividends of investments accounted for using equity method	5,322	4,751
Loss/(Gain) on disposal of property, plant and equipment	(2,344)	72
Realized gross profit on sales to subsidiaries	(85)	(85)
Lease Modification Benefit	(1,191)	(20)
Total amount of income and expense items that do not affect cash flows	276,616	79,956
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Contract assets	36,626	100,141
Accounts receivable	(652,918)	140,872
Other receivables	4,463	125,875
Prepayments	(28,112)	(355,716)
Refundable deposits on construction contracts	36,807	(121,714)
Other current assets	(1,902)	180
Other financial assets	1,458,943	(2,365,280)
Net changes in operating assets:	853,907	(2,475,642)
Net changes in operating liabilities:		
Contract liabilities	1,138,365	3,644,105
Notes payable	(176,215)	(228,173)
Accounts payable	583,995	(282,528)
Other payables	281,299	32,153
Provision	35,917	(24,636)
Other current liabilities	(5,235)	8,577
Accrued pension liabilities	(11,778)	(18,609)
Net changes in operating liabilities:	1,846,348	3,130,889
Total changes in operating assets and liabilities:	2,700,255	655,247

(Continued)

Total adjustment amounts	2,976,871	735,203
Cash generated from/(used in) operations	3,568,044	977,404
Interest received	22,213	56,108
Interest paid	(53,393)	(57,557)
Income tax received	10	-
Income tax paid	(1,685)	(5,335)
Net cash generated from/(used in) operating activities	3,535,189	970,620
CASH FLOWS FROM INVESTING ACTIVITIES		
(Decrease)/increase in financial assets at amortized cost - current	(980,955)	(252,672)
Acquisition of financial assets measured at fair value through profit or loss	(10,000)	-
Disposal of financial assets measured at fair value through profit or loss	9,899	-
Payments for property, plant and equipment	(458,250)	(207,901)
Proceeds from the disposal of property, plant and equipment	3,458	45,643
Increase in refundable deposits	3,248	92,015
Payments for intangible assets	-	(220)
Increase in prepayments for equipment	(1,210,893)	(971,460)
Net cash used in investing activities	(2,643,493)	(1,294,595)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease)/increase in short-term borrowings	(889,800)	495,206
Decrease in long-term loans	(78,626)	(78,673)
Increase in deposits received	128,898	163,604
Cash dividends paid	(71,246)	-
Repayment of the principal portion of lease liabilities	(75,499)	(95,313)
	(986,273)	484,824
NET INCREASE IN CASH AND CASH EQUIVALENTS	(94,577)	160,849
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	423,842	262,993
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 329,265	$ 423,842

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

HWANG CHANG GENERAL CONTRACTOR CO., LTD.
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company History

Hwang Chang General Contractor Co., LTD. (hereinafter referred to as "the Corporation") was established under the provisions of the Company Act of the Republic of China (R.O.C.) in January, 1981. The Corporation, whose shares have been traded on the Taiwan Stock Exchange since October 15, 1999, is mainly engaged in the contracting business of civil engineering projects. The major construction projects contracted by the Corporation in 2023 are listed as follows:

- The segment CQ860 of MRT Wanda-Zhonghe-Shulin Line
- The reconstruction of Huannan Public Market
- The port and embankment construction project of The Third Liquefied Natural Gas Terminal
- The new turnkey project of Zhonghe Anbang youth social housing
- The construction of the new system interchange from National Freeway 3 to Provincial Highway 66
- The new turnkey project of Sanxia Guoguang segment (phase 2) youth social housing
- Taoyuan City Zhongli Sports Park Section Expropriation Project
- Kwun Tong Receiving Station Extrapolation Plan Outline Breakwater New Construction
- Increased installation of gate improvement Construction at Wugu Interchange on National Highway 1.
- Taipei Circular Line Section bid Y20-Y23: Civil construction & Hydropower environmental control.
- Taipei Circular Line Section bid Y23-Y25: Civil construction & Hydropower environmental control.

2. Approval Date and Procedures of the Financial Statement

The parent-company-only financial statements have been approved by the board of directors on March 8, 2024.

3. Applications of Newly Issued and Revised Standards and Interpretations

(1) The impact of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC):

The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Company's accounting policies.

(2) The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the Financial Supervisory Commission (FSC) for application starting from 2024

New, Revised or Amended Standards and Interpretations	**Effective Date Announced by IASB** (Note 1)
Amendments to IFRS16 "Requirements for Sale and Leaseback Transactions"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	**Effective Date Announced by IASB (Note 1)**
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information "	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

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

(2) Basis of preparation

a. The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

b. Significant accounting estimates are required in order to prepare financial statements in accordance with the IFRSs endorsed by the FSC, and the judgments of the Management are essential in the process of applying the Corporation's accounting policies as well. For the items involving a high degree of subjective judgment or complexity, or those involving significant assumptions and estimates of the financial reports, please refer to the explanation in note 5.

c. When preparing the financial statements, the Corporation used the equity method to account for its investments in subsidiaries and associates. In order to make the amounts of the net profit, other comprehensive income and total equity in the financial statements to be the same as the amounts attributable to the owner of the Corporation in its financial statements, adjustments arising from the differences in accounting treatment between the Corporation only basis and the consolidated basis were made to the account "Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method" and the related equity items, as appropriate, in the financial statements.

(3) Classification of current and non-current assets and liabilities

The normal operating cycle applies when considering the classification of the Corporation's construction-related assets and liabilities. For the remaining items, the classification criteria were as follows:

Assets that meet one of the following conditions are classified as current assets, and all other assets that are not current assets are classified as non-current assets:

a. The asset is expected to be realized within normal operating cycle, or it is intended to be sold or depleted;
b. The asset is held mainly for trading purposes;
c. The asset is expected to be realized within 12 months after the reporting period; or
d. The asset belongs to cash or cash equivalents which are not restricted from

being exchanged or used to settle a liability for at least 12 months after the reporting period or subject to other restrictions.

Liabilities that meet one of the following conditions are classified as current liabilities, and all other liabilities that are not current liabilities are classified as non-current liabilities:

a. The liability is expected to be settled within normal operating cycle;
b. The liabilities held are primarily for the trading purposes;
c. The liabilities are expected to be settled within 12 months after the reporting period; or
d. The liability belongs to those of which the Corporation has no unconditional right to defer the settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments do not affect its classification.

(4) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposit and check deposit. Cash equivalents refer to the short-term and highly liquid investment that can be converted into a fixed amount of cash at any time with little value volatility. Time deposits are classified as cash equivalents only when they satisfy the aforementioned definition, and the purpose of holding them is for meeting the short-term cash commitments instead of investment or other purposes.

(5) Financial Instruments

Financial assets and financial liabilities are primitively recognized in the balance sheets when the Corporation becomes a party to the contractual provisions of the instrument. At initial recognition, the Corporation measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

a. Measurement categories of financial assets

By conventional practices, all purchases or sales of financial derivatives are recognized and derecognized using the settlement date basis, whereas other financial assets are recognized and derecognized using the trade date basis.

The financial assets currently held by the Corporation consist of three categories, namely financial assets measured at fair value through profit or loss (FVTPL), financial assets measured at amortized cost, and investments in equity instruments measured at fair value through other comprehensive income (FVTOCI).

a) Financial assets at FVTPL

Financial assets at fair value through porift of loss can be either mandatorily required or designated to be measured at FVPTL. The financial assets that are mandatorily measured at FVTPL include debt instruments that do not meet the criteria of amortized cost or FVTOCI and equity instruments that are not designated to be measured at fair value through other comprehensive income.

The financial assets at FVTPL are measured at their fair values. The net gains or losses arising from remeasurement, excluding any interest or dividends earned on the financial asset, are recognized in profit or loss. For the method to determine the fair value, please refer to Note 12(2).

b) Financial assets at amortized cost

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

I. The financial asset is held under a business model whose purpose is to hold financial assets in order to collect contractual cash flows; and

II. The contractual terms of the financial asset generate cash flows on specific dates, and the cash flows are solely used to pay for the principal and interest of the outstanding principal amount.

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

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

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

c) Investments in equity instruments at FVTOCI.

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

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

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

b. Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including account receivables).

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

Expected credit losses reflect the weighted average of credit losses with respect to the default risks. Lifetime ECLs represent the expected credit losses resulting from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the expected credit losses resulting from the possible default events within 12 months after the reporting date.

The impairment loss of all financial assets reduces their carrying amounts through the corresponding loss allowance accounts.

c. Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. When a financial asset at amortized cost is derecognized entirely, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. When an investment in an equity instrument at FVTOCI is derecognized entirely, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without the reclassification to profit or loss.

d. Financial liabilities and equity instruments

a) Classification of financial liabilities or equity instruments

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

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

c) Financial liabilities

Financial liabilities are subsequently measured at amortized cost using effective interest method when they are not held for trading or designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognized in other profit or loss in the comprehensive income statement.

d) Other financial liabilities

Financial liabilities are initially recognized at fair value plus any directly attributable transaction costs if they are not held for trading or designated as at fair value through profit or loss (including short-term and long-term loans, bonds payable, accounts payable and other payables), and they are subsequently measured at amortized cost by the effective interest method. The interest expense which is not capitalized as the costs of an asset is reported in the finance costs item in non-operating income and expense.

e) Derecognition of financial liabilities

The Corporation derecognizes a financial liability only when the contractual obligations are discharged, cancelled or terminated.

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

f) Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities shall be offset against each other and expressed in the net amount in the balance sheet only when the Corporation currently has a legally enforceable right of set-off and intends either to settle on a net basis or to realize the financial assets and settle the financial liabilities simultaneously.

(6) Inventories

Inventories are recorded at cost and adjusted to weighted-average cost through the perpetual inventory method. At the end of the reporting period, the Corporation states the inventories at the lower of cost or net realizable value, applying the item-by-item method for all inventories except for those from identical categories.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(7) Investments accounted for using equity method

The Corporation uses the equity method to account for its investments in subsidiaries.

a. A subsidiary is an entity that is controlled by the Corporation.

b. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in other equity of the subsidiary in proportion to the Corporation's shareholding ratio.

c. Changes in the Corporation's ownership interest in a subsidiary, which do not cause the Corporation to lose control over the subsidiary, are accounted for as equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

d. When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value on the date when the control is lost. The difference between the fair value of the investment retained in the former subsidiary plus any consideration received and the carrying amount of the previous investment on the date when the control was lost is recognized as gain or loss in profit or loss. In addition, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Corporation directly disposed of the related assets or liabilities.

e. For the investment retained in the former subsidiary, the fair value on the date when the control is lost is used as the amount initially recognized in investment in associates.

f. Profit or loss resulting from downstream transactions is eliminated in full in the financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized in the financial statements only to the extent that the interests in the subsidiaries are not related to the Corporation.

(8) Property, plant and equipment

a. Recognition and measurement

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment. The cost of self-constructed asset includes direct materials, direct labor expense, the estimated costs of future disassembly, removal of the asset and recover of the location, the funding costs that meet the criteria of asset capitalization, and any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Additionally, the cost also includes the effective portion of cash flow hedge transferred from equity for the purchase of property, plant and equipment denoted in foreign currency, and the software purchased in order to integrate the function of relevant equipment shall also be capitalized as a part of the equipment.

When an item of property, plant and equipment consists of distinct parts, and their costs, in relation to the total cost of the item, are so significant that it is more appropriate to apply different depreciating rates or depreciation methods, the parts shall be treated as separate items (main components) of property, plant, and equipment.

Gains or losses arising from the disposal or retirement of an item of property, plant and equipment are determined as the difference between the sales proceeds and the carrying amount of the asset and are recognized in profit or loss.

b. Reclassification to investment property

When the property for own use is reclassified as investment property, the carrying amount of the property on the date of transfer is used as initial carrying value of the investment property.

c. Subsequent costs

Subsequent costs are considered a part of the carrying amount of the property, plant and equipment only when their future economic benefits are likely to flow into the Corporation, and the amount can be reliably measured; meanwhile, the carrying amount of the parts replaced shall be derecognized. The costs incurred on a regular basis to keep the property, plant and equipment in healthy condition are expensed in profit or loss immediately.

d. Depreciation

Depreciation is calculated by deducting the residual value from the asset cost and is recognized in profit or loss within the estimated useful life of each component using the straight-line method. Each significant part is depreciated separately. If the estimated useful life of a part of an asset differs significantly from those of other parts of the asset, the part shall be depreciated individually. Depreciation is recognized in profit or loss.

The leased assets of which there is reasonable assurance the Corporation will obtain the ownership by the end of the lease term are depreciated over their estimated useful lives. Other leased assets are depreciated over the shorter of the lease terms and the useful lives.

No depreciation shall be recognized for the land.

The estimated useful life of the current period and comparative periods were as follows:

a) Houses and buildings: 55 years
b) building improvements: 10 years
c) Machinery: 1.58 to 21 years
d) Transportation equipment: 3 to 16 years
e) Furniture and fixtures: 3 to 13 years
f) Other equipment: 5 to 18 years
g) Vessels: 10 to 15 years
h) Construction equipment: amortized evenly over the life of the construction contract
i) Leasehold improvements: 5 to 15 years

The estimated useful lives, residual values and depreciation methods are reviewed and adjusted, if necessary, at the end of each reporting period, and any changes in the estimates are accounted for on a prospective basis.

(9) Investment properties

a. Investment properties are properties held to earn rental and/or for capital appreciation.

b. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.Depreciation is recognized using the straight linemethod.

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

(10) Lease

The Corporation evaluates whether the contract is a lease or contains a lease on the contract establishment date.

a. The Corporation as lessor

Rental income from operating lease is recognized on a straight-line basis over the term of the lease.

b. The Corporation as lessee

Except for payments for low-value asset leases and short-term leases, which are recognized as expenses on a straight-line basis, the Corporation recognizes right-of-use assets and lease liabilities for all leases on the commencement date of the lease.

Right-of-use assets are measured at cost. The cost of right-of-use assets comprises the initial measurement of lease liabilities adjusted for lease payments less any lease incentives received and initial direct costs made at or before the commencement date, plus an estimate of costs needed to restore the underlying assets. Subsequent measurement is calculated as cost less accumulated depreciation and accumulated impairment loss and adjusted for changes in lease liabilities as a result of lease term modifications or other related factors. Right-of-use assets are presented separately in the balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments. If the implicit interest rate can be readily determined, the lease payments are discounted at the implicit rate. Otherwise, the lease payments are discounted at the lessee’s incremental borrowing rate.

Lease liabilities are subsequently measured at amortized costs using the effective interest method, and the interest expenses are allocated over the lease terms. If the modification of the lease term leads to a change in future lease payments, the Corporation will remeasure the lease liability and adjust the right-of-use asset accordingly. Nonetheless, if the carrying amount of the right-of-use asset has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented independently in the balance sheets.

(11) Intangible assets

Separately acquired intangible assets with finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method over the following estimated useful lives: Technology license fees - the estimated life of the technology or the term of the technology transfer contract; software and system design costs – 3 to 5 years; patent and others - the economic life or the contract period. The estimated useful lives and amortization methods are reviewed and adjusted, if necessary, at the end of each reporting period, and any changes in the estimates are accounted for on a prospective basis.

(12) Impairment of non-financial assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the corporate assets can be allocated to the individual cash-generating units on a reasonable and consistent basis, they will be allocated to the individual cash-generating units; otherwise, they will be allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. When assessing the value in use, the Corporation discounts the estimated future cash flows using the pre-tax discount rate, which reflects the current market assessment of the following: the time value of money and the risk specific to the assets of which the future cash flow estimates have yet to be adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

(13) Provisions

A provision is recognized when the Corporation is charged with a current obligation (whether legal or constructive) as a result of a past event, and it is likely that the Corporation has to settle the obligation, whose amount can be reliably estimated.

When recognizing the amount of the provisions, the Corporation measures them at the best estimate of the payments required to settle the obligations at the end of the reporting period, taking into consideration the obligations' uncertainty and risks. If the provision is measured at the estimated cash flows to settle the current obligation, its carrying amount equals the present value of the cash flows.

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

(14) Treasury stock

When the Corporation repurchases some of its outstanding stock, the after-tax amount of the consideration paid for the repurchase (including the directly attributable costs) is recognized as "Treasury stock", a contra-equity account. If the disposal price of the treasury stock is higher than its carrying amount, the difference is recognized as Capital surplus – treasury stock transactions. If the disposal price is lower, on the other hand, then the difference shall be offset against the capital surplus generated from the transactions of similar treasury stock. If the balance of the capital surplus is insufficient to offset the difference, the remainder is recorded as a reduction of retained earnings. The carrying amount of Treasury stock is computed separately based on the reason for reacquisition using the weighted-average method.

Upon retirement, Ordinary shares and Capital surplus – treasury stock transactions are debited in proportion to the ratio of the shares retired. If the carrying amount of the retired treasury stock is higher than the sum of the par value and premium of them, the difference shall be offset against the capital surplus generated from the transactions of similar treasury stock. If the capital surplus is insufficient to offset the difference, the remainder is recorded as a reduction of retained earnings. If the carrying amount is lower than the sum, on the other hand, the capital surplus generated from the transactions of similar treasury stock is credited.

(15) Revenue recognition

The Corporation identifies the performance obligations from customer contracts, allocates the transaction price to each performance obligation, and recognizes revenue when each obligation is satisfied.

For the construction contracts that are under the control of clients at the time of construction, the revenue is gradually recognized over time. Since the costs invested in the construction are directly related to the degree of completion of the performance obligations, the Corporation measures the degree of completion on the proportion of the costs invested to the total estimated cost. The Corporation gradually recognizes contract assets over the period of construction, and reclassifies them to account receivables at the point when the customer is invoiced. If the payments received exceed the revenues recognized to date, then the Corporation recognizes contract liabilities for the difference.

The retention receivable, certain payments retained by the customer as specified in the contract to ensure that the Corporation adequately completes all of its contractual obligations, are recognized as contract assets until the Corporation satisfies its performance obligations.

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

(16) Joint arrangements

A joint arrangement is an arrangement over which more than two parties have joint control. Joint arrangement includes joint operation and joint venture, and has the following characteristics: (a) the participants are bound by the contractual arrangement; (b) the arrangement confers at least two parties the joint control over the arrangement. IFRS 11 "Joint Arrangement" defines joint control as the contractual agreement to share control over an arrangement. It only exists when decisions related to relevant activities (i.e. activities that have a material impact on the remuneration of the arrangement) must be agreed by all parties sharing control.

A joint operation is a joint arrangement, by which the parties having joint control over the arrangement (that is, the joint operators) have rights to the assets and are obligated to the liabilities related to the arrangement. The joint operators shall recognize and measure assets and liabilities related to its equity in the arrangement (and recognize relevant income and expenses) under relevant IFRSs applicable to specific assets, liabilities, income, and expenses.

The Corporation shall consider the structure of the arrangement, the legal form of the separate vehicle, the terms of the contractual arrangement, and other facts or circumstances when evaluating the classification of joint arrangements.

(17) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the acquisition costs of those assets, and the exchange gains or losses of loans denoted in non-functional currencies are recorded as the adjusting amount of the aforementioned costs. Borrowing costs that are not directly attributable to qualifying assets are recorded as the acquisition costs of those assets based on the related costs calculated at the weighted average interest rate.

(18) Retirement benefits

The contribution obligation of a defined contribution plan is recognized as an expense during the period of service provided by the employee. The benefit expenses of a defined benefit pension plan are recognized as defined benefit costs in accordance with the actuarial result.

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

Net defined benefit liabilities represent the actual deficit in the Corporation's defined benefit plans.

(19) Income tax

Income tax expense represents the sum of the current and deferred income tax.

a. Current tax

Current income tax is calculated based on the taxable income (loss) of the current year. As part of the profits or losses belong to taxable or deductible items in other reporting periods, or do not belong to taxable or deductible items, the taxable income is different from the net income reported in the statements of comprehensive income. The current income tax-related liabilities of the Corporation are calculated in accordance with the tax rate that has been legislated or substantively legislated at the end of the reporting period.

According to the Income Tax Law in the ROC, a surtax on unappropriated earnings is reported as Income tax expense in the year when the shareholders passed the approval of retained earnings.

b. Deferred tax

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

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

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

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

c. Current and deferred taxes for the year

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

(20) Earnings per share

The Corporation presents the basic and diluted earnings per share attributable to the Corporation’s common equity holders. Basic earnings per share of the Corporation are calculated by dividing the profit and loss attributable to the Corporation's common equity holders by the weighted average number of outstanding common shares in the current period. Diluted earnings per share are calculated by adjusting the profit and loss attributable to the common equity holders of the Corporation and the weighted average number of outstanding common shares to the effects of all potentially dilutive securities. The Corporation’s diluted earnings per share are calculated taking into account the convertible bonds and employee bonuses distributable through issuance of shares.

(21) Segment information

The operating segment is an integral part of the Corporation, engaged in business activities that may generate revenues and incur expenses (including revenues and expenses related to the transactions among other components of the Corporation). The operating results of all operating segments are periodically reviewed by the major operating decision-makers of the Corporation to make decisions on the allocation of resources to the segments and to evaluate their performance. Every operation segment has its individual financial information.

(22) Finance income and finance costs

Finance income comprises the interest income and dividend income generated from investments in financial assets, the impairment reversal gains on financial assets, the disposal gains on available-for-sale financial assets, the net gains on financial assets (liabilities) at FVTPL, and the gains on hedging instruments that should be recognized in profit or loss. Interest income is recognized as profit or loss using the effective interest method on an accrual basis. Dividend income is recognized on the date when the Corporation obtains the right to collect the dividend. Interest income and dividend income are presented in Other income, a component of Non-operating income and expenses, while the gains and losses on other items are recognized at net amount in Other gains and losses, a component of Non-operating income and expenses.

Finance costs comprise the interest expense of loans, interest expenses recognized over time from changes in the present value of provisions, dividends paid on preferred stock classified as liabilities (reported in interest expense), the net losses on financial assets (liabilities) at FVTPL, the impairment losses on financial assets, the disposal losses on available-for-sale financial assets, and the losses on hedging instruments that should be recognized in profit or loss. Finance costs other than interest expense are reported with relevant gains in Other gains and losses, a component of Non-operating income and expenses.

Borrowing costs that are not directly attributable to qualifying assets are recognized in profit or loss using the effective interest method.

Gains and losses on exchange are reported in net amounts in Other gains and losses, a component of Non-operating income and expenses.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Corporation's accounting policies in Note 4, the Management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences and other factors that are considered relevant. Actual results may differ from these estimates.

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

The following is the information about the major assumptions made for the future and other major sources of uncertainty in the estimates at the end of the financial report period. These assumptions and estimates have the risk of causing significant adjustments in the carrying amounts of assets and liabilities in the next financial year.

(1) Recognition of operating income

The Corporation's construction contract revenues are recognized using the percentage-of-completion method, and the percentage of completion is estimated by the proportion of the costs invested to the total estimated cost.

(2) Estimated impairment of financial assets

a. The estimated impairment of accounts receivable and investments in debt instruments is based on assumptions about risk of default and expected loss rates made by the Corporation, taking into consideration the Corporation's historical experiences as well as existing market conditions. If the actual cash flows are less than expected, a material impairment loss may arise.

b. For relevant information on the possible adjustments of the financial statements of the next period, due to the accounts receivable and other receivables to which the Corporation has taken corresponding legal actions, please refer to Note 6(3), Note 9(3) and Note 12.

(3) Impairment assessment on investments accounted for using equity method

The Corporation immediately recognizes impairment losses on its net investment in an associate when there is an indication that the investment may be impaired and the carrying amount may not be recoverable. The Management evaluates the impairment based on the estimated future cash flows expected to be generated by the invested company, taking into account the growth rate of sales and the capacity of the production facilities as estimated by the invested company's management. The Corporation also takes into consideration market conditions and industry trends when evaluating the appropriateness of the relevant assumptions.

(4) Realizability of deferred tax assets

Deferred tax assets are only recognized to the extent that it is probable that there will be sufficient taxable profits against which the benefits of the temporary differences can be utilized. Assessment of the realizability of the deferred tax assets involves subjective critical accounting judgments and estimates of the Management; thus, any change in global economic environment, industrial trends and relevant laws could result in significant adjustments in the deferred tax assets.

(5) Calculation of defined benefit obligation

The pension costs of the retirement benefit plan and the present value of defined benefit obligations are determined via actuarial valuation. The process of actuarial valuation involves various assumptions, including those for the discount rate, future salary growth, mortality rate and potential increases in future pension payments. For details of the assumptions used to evaluate pension costs and defined benefit obligations, please refer to Note 6(13).

6. Descriptions of Significant Accounting Items

(1) Cash and cash equivalents

	2023.12.31	2022.12.31
Cash and petty cash	$ 2,363	$ 2,270
Demand deposits	326,713	421,572
Check deposits	189	--
	$ 329,265	**$ 423,842**

Please refer to Note 12(2) for the disclosure of interest rate risk and sensitivity analysis of financial assets and liabilities of the Corporation.

(2) Financial assets

a. The details were as follows:

	2023.12.31	2022.12.31
Current:		
Financial assets measured at FVTPL		
Mutual funds	$ --	$ --

	2023.12.31	2022.12.31
Financial assets measurd at amortized cost		
Time deposits	1,721,752	740,797
Joint contract distribution	--	--
Total	1,721,752	740,797
Other financial assets		
Demand deposits	1,576,815	3,035,771
Joint contract distribution	247	234
Total	1,577,062	3,036,005
	$ 3,298,814	**$ 3,776,802**
Non-current		
Financial assets measurd at amortized cost		
Time deposits	**$ --**	**$ --**

b. Other information was as follows:

	For the Years Ended December 31			
	2023		2022	
	Interest Rate Interval	Year of Maturity	Interest Rate Interval	Year of Maturity
Financial assets measurd at amortized cost	0.41%～0.75%	2024	0.05%～1.10%	2023

c. Explanations of the evaluation adjustments of the Corporation's investments at FVTPL were as follows:

	For the Years Ended December 31	
	2023	2022
Balance at January 1	$ --	$ --
Increase during the period	--	--
Write-off during the period	--	--
Balance at December 31	$ --	$ --

d. The Corporation discloses the exposures to risks of credits, foreign currencies and interest rates related to financial instruments in Note 12(2).

e. As of December 31, 2023 and 2022, the restricted prepayment account funds(Listed in other financial assets) were 1,132,003 and 2,530,998 thousand dollars respectively; the purpose of the special account funds is limited to pay the project costs and expenses (including equipment).

f. Please refer to Note 8 for the information regarding the Corporation's financial assets pledged as collateral as of December 31, 2023 and 2022.

(3) Accounts receivable, other receivables and overdue receivables

a. The details were as follows:

	For the Years Ended December 31	
	2023	2022
Account receivables:		
Construction contract receivables	$ 1,840,143	$ 1,187,225
Construction contract receivables - related parties	--	--
Joint contract distribution	--	--
Total	1,840,143	1,187,225
Less: Allowance for impairment loss	--	--
	$ 1,840,143	**$ 1,187,225**
Other receivables:		
Other notes receivable		
Non-related parties	$ --	$ --
Less: Allowance for impairment loss	--	--
Other notes receivable, net amount	**--**	**--**
Other receivables:		
Interest receivable	1,053	724
Advance payments under joint contract	--	--
Others	16,400	20,863
Total	17,453	21,587
Less: Allowance for impairment loss	(305)	(305)
Other receivables, net amount	**17,148**	**21,282**
	$ 17,148	**$ 21,282**
Overdue receivables	$ --	$ --
Less: Allowance for impairment loss	--	--
	$ --	$ --

b. The recognition of Other receivables - Advance payments under joint contract results from the contributions paid in advance for the joint contractor, HWASUN ENGINEERING & CONSTRUCTION CO., LTD., of the jointly contracted project, the CO3 segment of Kaohsiung MRT. For relevant explanations of this advance payment and the allowance for impairment loss on its interest payable, please refer to Note 9(3).

c. The Corporation's Allowance for impairment loss of accounts receivable and other receivables:

a) The loss allowances evaluated by the Corporation were as follows:

2023.12.31	Not Past Due	Past Due Over 365 Days	Total
Gross carrying amount	$ 1,857,596	$ --	$ 1,857,596
Loss allowance	(305)	--	(305)
	$ 1,857,291	**$ --**	**$ 1,857,291**

2022.12.31	Not Past Due	Past Due Over 365 Days	Total
Gross carrying amount	$ 1,208,812	$ --	$ 1,208,812
Loss allowance	(305)	--	(305)
	$ 1,208,507	**$ --**	**$ 1,208,507**

b) The movements of the loss allowance of accounts receivable were as follows:

	For the Years Ended December 31	
	2023	2022
Balance at January 1	$ 305	$ 241,898
Add: Expected credit loss	--	--
Less: Amounts written off	--	(61,593)
Less: Reversal	--	(180,000)
Balance at December 31	**$ 305**	**$ 305**

d. The impairment recognized in loss allowance evaluation represents the difference between the carrying amount of the account receivable and the expected recovery amount. For the information related to credit risks, please refer to Note 12(2). The Corporation does not possess any collateral for the balance.

e. As of December 31, 2023 and 2022, none of the accounts receivable of the Corporation has been pledged as collateral.

(4) Construction in progress

a. The Corporation reported as Contract assets the contract consideration it has yet to obtain the unconditional right to receive, and as Contract liabilities the consideration received in advance for which the Corporation is obliged to offer construction service subsequently, as specified in the contract. As of December 31, 2023 and 2022, the details of the accounts ,please refer to Note 6(15).

b. For information on the credit risks regarding the construction retention receivables, please refer to Note 12(2).

c. Joint operations

a). The Corporation jointly contracted the port and embankment construction project of The Third Liquefied Natural Gas Terminal with PAN ASIA (ENGINEERS & CONSTRUCTORS) CO., LTD. and DREDGING INTERNATIONAL N.V. TAIWAN BRANCH (BELGIUM), in the form of joint operation. The capital contribution ratio between the Corporation and the joint contractors (respectively, PAN ASIA and DREDGING) is 40:45:15. Each of the joint contractors bears the costs incurred in proportion to its capital contribution and shares the project income and common expenses. The corporation recognizes its direct rights (and its share) to the assets, liabilities, income and expenses of the joint operation, which have been included in the applicable accounts of the financial statements.

b). The above construction project did not pass the referendum on "Three Connections Removal" on December 18, 2021. The owner will adopt an extrapolated plan and handle the contract change, but DREDGING INTERNATIONAL N.V. TAIWAN BRANCH (BELGIUM) ceased to continue to perform the contract on December 17, 2021. Accordingly, the joint contractor ratio between the Corporation and PAN ASIA (ENGINEERS & CONSTRUCTORS) CO., LTD. changed to 47.06:52.94 from that date.

c). The Corporation and PAN ASIA (ENGINEERS & CONSTRUCTORS) CO., LTD. jointly undertake the new project of the outer outline breakwater of Kwun Tong Receiving Station in the form of joint operation. The joint contractor ratio between the Corporation and the joint contractor is 73.83:26.17. Each of the joint contractors bears the costs incurred in proportion to its capital contribution and shares the project income and common expenses. The corporation recognizes its direct rights (and its share) to the assets, liabilities, income and expenses of the joint operation, which have been included in the applicable accounts of the financial statements.

(5) Refundable deposits

a. The details were as follows:

	2023.12.31	2022.12.31
Warranty deposits	$ 144,202	$ 118,432
Contract security deposits	6,630	53,615
Loans deposits	--	7,500
Deposit for construction in progress	--	20,000
Rental deposits	15,173	5,679
Other refundable deposits	14,826	12,412
	$ 180,831	**$ 217,638**
Deposits lodged to court (Note)	$ --	$ --
Other refundable deposits	1,418	4,666
	$ 1,418	**$ 4,666**

Note: The deposits include the amount lodged to Taipei District Court to petition for the provisional attachment regarding the litigation of advance payments for HWASUN ENGINEERING & CONSTRUCTION CO., LTD. Please refer to Note 9(3) for relevant information.

b. As of December 31, 2023 , the loans deposits has been pledged as collateral for Leasing Company loans.Please refer to Note 8 for relevant information.

(6) Investments accounted for using equity method

a. The details were as follows:

	2023.12.31		2022.12.31	
Invested Company	**Amount**	**Shareholding Ratio**	**Amount**	**Shareholding Ratio**
HO CHANG INTERNATIONAL CONTRACTOR CO., LTD	$ 281,837	49.00%	$ 215,097	49.00%
Less: Accumulated impairment				
	$ 281,837		**$ 215,097**	

b. The details of the share of the subsidiary's profit or loss using equity method were as follows:

	For the Years Ended December 31	
Invested Company	**2023**	**2022**
HO CHANG INTERNATIONAL CONTRACTOR CO., LTD	$ 72,308	$ 29,667

c. As of December 31, 2023, the Company has invested 127,059 thousand dollars in HO CHANG INTERNATIONAL CONTRACTOR CO., LTD, obtaining 12,706 thousand ordinary shares of the invested company, accounting for 49% of the equity of the invested company, and has received cash dividends of 33,709 thousand dollars and share dividends of 7,162 thousand shares, increasing the holding of shares to 19,868 thousand shares.

d. The investment profits or losses recognized using the equity method for the years ended December 31, 2023 and 2022, are calculated based on the financial statements for the identical periods of the invested company, which have been audited by independent auditors.

e. As of December 31, 2023 and 2022, none of the investments mentioned above has been pledged as collateral.

(7) Property, plant and equipment

a. The details of the costs, depreciation and impairment of the Corporation's Property, plant and equipment were as follows:

Cost or deemed cost

	Balance on January 1, 2023	Additions	Disposals	Reclassification and Others	Balance on December 31, 2023
Land	$ 215,444	$ --	$ --	$ --	$ 215,444
Buildings	153,598	734	--	--	154,332
Machinery	616,810	299,950	(5,827)	112,160	1,023,093
Miscellaneous equipment	953,963	43,307	(1,346)	--	995,924
Vessels	728,992	88,290	--	790,552	1,607,834
Other equipment	282,698	25,969	(8,836)	18,866	318,697
	$ 2,951,505	**$ 458,250**	**$ (16,009)**	**$ 921,578**	**$ 4,315,324**

Accumulated depreciation

	Balance on January 1, 2023	Additions	Disposals	Reclassification and Others	Balance on December 31, 2023
Buildings	$ 3,366	$ 5,219	$ --	$ --	$ 8,585
Machinery	379,755	59,155	(5,559)	--	433,351
Miscellaneous equipment	521,084	41,719	(1,235)	--	561,568
Vessels	120,048	84,554	--	--	204,602
Other equipment	117,135	40,580	(8,111)	(11,122)	138,482
	$ 1,141,388	**$ 231,227**	**$ (14,905)**	**$ (11,122)**	**$ 1,346,588**
Net amount	**$ 1,810,117**				**$ 2,968,736**

Cost or deemed cost

	Balance on January 1, 2022	Additions	Disposals	Reclassification and Others	Balance on December 31, 2022
Land	$ 222,074	$ --	$ (6,630)	$ --	$ 215,444
Buildings	120,169	33,429	--	--	153,598
Machinery	482,116	64,054	(970)	71,610	616,810
Miscellaneous equipment	959,181	23,099	(28,317)	--	953,963
Vessels	497,818	26,525	--	204,649	728,992
Other equipment	212,864	60,794	(6,599)	15,639	282,698
	$ 2,494,222	**$ 207,901**	**$ (42,516)**	**$ 291,898**	**$ 2,951,505**

Accumulated depreciation

	Balance on January 1, 2022	Additions	Disposals	Reclassification and Others	Balance on December 31, 2022
Buildings	$ 1,220	$ 2,146	$ --	$ --	$ 3,366
Machinery	355,631	25,089	(965)	--	379,755
Miscellaneous equipment	509,863	37,865	(26,644)	--	521,084
Vessels	67,427	52,621	--	--	120,048
Other equipment	105,010	16,802	(4,677)	--	117,135
	$ 1,039,151	**$ 134,523**	**$** (32,286)	**$ --**	**$ 1,141,388**
Net amount	**$ 1,455,071**				**$ 1,810,117**

b. The land and buildings listed above include the compensation of house division, related taxes and fees from the joint construction transaction with the related party, besides, The Corporation purchase parking spaces from the related party.

c. The building improvements were included in Building Item. The significant components of Other equipment include Transportation equipment, Furniture and fixtures, Leasehold improvements, Construction materials such as piers and molds for prestressed beams, all of which are depreciated in accordance with their useful lives. For the information on the useful lives, please refer to Note 4(8).

d. As of December 31, 2023 and 2022, part of the property, plant and equipment has been pledged as collateral for borrowings, please refer to Note 8.

(8) Lease agreement

a. Right-of-use assets

The details of the costs and depreciation of the land, buildings, machinery leased by the Corporation were as follows:

	Land	Buildings	Machinery	Total
Cost				
Balance on January 1, 2023	$ 343,640	$ 164,233	$ 6,955	$ 514,828
Additions	51,581	55,186	3,846	110,613
Disposals	(177,980)	(45,049)	--	(223,029)
Balance on December 31, 2023	**$ 217,241**	**$ 174,370**	**$ 10,801**	**$ 402,412**
Depreciation				
Balance on January 1, 2023	$ 223,545	$ 50,758	$ 5,659	$ 279,962
Recognition	63,511	12,564	1,457	77,532
Derecognition	(133,037)	(45,050)	--	(178,087)
Balance on December 31, 2023	**$ 154,019**	**$ 18,272**	**$ 7,116**	**$ 179,407**
Carrying amount				
December 31, 2023	**$ 63,222**	**$ 156,098**	**$ 3,685**	**$ 223,005**

	Land		Buildings		Machinery		Total
Cost							
Balance on January 1, 2022	$	279,409	$	57,692	$	6,955	$ 344,056
Additions		72,339		116,388		--	188,727
Disposals		(8,108)		(9,847)		--	(17,955)
Balance on December 31, 2022	$	343,640	$	164,233	$	6,955	$ 514,828
Depreciation							
Balance on January 1, 2022	$	161,290	$	40,909	$	4,244	$ 206,443
Recognition		70,363		19,240		1,415	91,018
Derecognition		(8,108)		(9,391)		--	(17,499)
Balance on December 31, 2022	$	223,545	$	50,758	$	5,659	$ 279,962
Carrying amount							
December 31, 2022	$	120,095	$	113,475	$	1,296	$ 234,866

b. Lease liabilities

The lease liabilities of the Corporation were as follows:

	December 31, 2023		
	Future Minimum Lease Payments	**Interest**	**Present Value of Minimum Lease Payments**
Within 1 year	$ 45,717	$ 6,098	$ 39,619
1 – 5 years	113,332	17,236	96,096
Later than 5 years	107,385	10,039	97,346
	$ 266,434	**$ 33,373**	**$ 233,061**
Current	**$ 45,717**	**$ 6,098**	**$ 39,619**
Non-current	**$ 220,717**	**$ 27,275**	**$ 193,442**

	December 31, 2022		
	Future Minimum Lease Payments	**Interest**	**Present Value of Minimum Lease Payments**
Within 1 year	$ 76,277	$ 5,950	$ 70,327
1 – 5 years	88,082	14,657	73,425
Later than 5 years	105,534	11,633	93,901
	$ **269,893**	**$ 32,240**	**$ 237,653**
Current	**$ 76,277**	**$ 5,950**	**$ 70,327**
Non-current	**$ 193,616**	**$ 26,290**	**$ 167,326**

The amount recognized in profit or loss was as follows:

	For the Years Ended December 31	
	2023	2022
Interest expense of lease liabilities	$ 6,427	$ 4,077
Expenses relating to short-term leases	$ 1,717	$ 2,084
Expenses relating to low-value asset leases (excluding the short-term ones)	$ 3,113	$ 2,769

The amount recognized in statements of cash flows was as follows:

	For the Years Ended December 31	
	2023	2022
Total cash outflow for leases	$ 80,329	$ 100,166

The intervals of the discount rates of the lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Land	2.71%～3.31%	2.71%～3.08%
Buildings	2.73%～3.30%	2.73%～3.08%
Machinery	3.08%～3.31%	3.08%

c. Significant leasing activities and terms

The Corporation leases a number of land, buildings and machinery for the operating of offices, branches, staff dormitories and storage yards, and the lease terms for these assets range from 1 to 15 years. Upon the lease maturity date, the Corporation does not possess the rights of first refusal for these assets.

d. Others

Part of the office equipment leased by the Corporation is classified as short-term leases, whose terms are within 1 year, or low-value asset leases. For these leases, The Corporation has elected to apply the recognition exemption, and thus did not recognize right-of-use assets and lease liabilities for these leases.

(9) Investment properties-net

a. The details of the costs, depreciation and impairment of the Corporation's Investment properties were as follows:

Cost or deem cost：

	Balance on January 1, 2023	Additions	Disposals	Reclassification and Others	Balance on December 31, 2023
Land	$ 200,801	$ --	$ --	$ --	$ 200,801
Buildings	109,970	--	--	--	109,970
2023.12.31	$ 310,771	$ --	$ --	$ --	$ 310,771
Accumulated depreciation and impairment：					
Buildings	$ 1,963	$ 1,963	$ --	$ --	$ 3,926
2023.12.31	$ 1,963	$ 1,963	$ --	$ --	$ 3,926
Net	$ 308,808				$ 306,845

Cost or deem cost：

	Balance on January 1, 2022	Additions	Disposals	Reclassification and Others	Balance on December 31, 2022
Land	$ 200,801	$ --	$ --	$ --	$ 200,801
Buildings	109,970	--	--	--	109,970
2022.12.31	$ 310,771	$ --	$ --	$ --	$ 310,771
Accumulated depreciation and impairment：					
Buildings	$ --	$ 1,963	$ --	$ --	$ 1,963
2022.12.31	$ --	$ 1,963	$ --	$ --	$ 1,963
Net	$ 310,771				$ 308,808

b. The investment properties are compensation of house division, related taxes and fees from the joint construction transaction with the related party, besides, The Corporation purchase parking spaces from the related party; The land and buildings listed above had been traded in 2021 at a fair value of 308,840 thousand dollars.

c. Investment properties is not measured at fair value, but only discloses relative information about its fair value; and as of December 31, 2023 and 2022 the fair value of Investment properties was 333,249 and 324,157 thousand dollars which is based on the evaluation results using the comparison method and the income method of independent evaluation experts.

d. Rental benefit：

	For the Years Ended December 31	
	2023	2022
Rental Income	$ 2,842	$ 947
Direct operating expenses-- rental income generated in the current period	(1,065)	(402)
Direct operating expenses--None rental income generated in the current period	(2,250)	(1,561)
NET	$ (473)	$ (1,016)

The above-mentioned rental income has been included in other income in the Statements of Comprehensive Income.

e. Collateral

As of December 31, 2023 and 2022 , the investments properities has been pledged as collateral, please refer to Note 8.

(10) Financial liabilities and loans

a. The details on the amount, terms and provisions of the loans were as follows:

	December 31, 2023		
	Interest Rate Interval	**Year of Maturity**	**Amount**
Collateralized loans	2.55%～4.13%	2024～2026	$ 857,049
Non- collateralized loans	2.56%～3.25%	2024	58,694
Leasing Company Guaranteed loans	3.20%～3.50%	2024	30,855
			$ 946,598
Recognized as:			
Current			
Short-term loans			$ 915,743
Long-term notes payable - current portion			30,855
Non-current			
Long-term notes payable			--
			$ 946,598

	December 31, 2022		
	Interest Rate Interval	Year of Maturity	Amount
Collateralized loans	1.80%～4.005%	2023	$ 1,300,293
Non- collateralized loans	2.64%～3.125%	2023～2027	505,250
Leasing Company Guaranteed loans	3.20%～3.50%	2023～2024	109,481
			$ 1,915,024
Recognized as:			
Current			
Short-term loans			$ 1,805,543
Long-term notes payable - current portion			78,626
Non-current			
Long-term notes payable			30,855
			$ 1,915,024

b. Due to the need for construction guarantees and operating funds, the Corporation entered a joint credit contract arranged by Mega bank in April, 2020, which is for the guarantee of contract security, guarantee of advance payments and mid-term loans, with the amounts limited to 440,000, 810,000 and 400,000 thousand dollars, respectively.

Within the duration of this case, the Corporation shall maintain the following financial indicators, which are reported in the annual and semiannual financial statements verified/audited by the auditors:

a)	Current ratio	≧ 100%
b)	Debt ratio	≦ 250%
c)	Time interest earned	≧ 2
d)	Total equity	≧ 1,900,000 thousand dollars

The financial indicators mentioned above are reviewed semiannually. If any of the indicators fails to meet the corresponding requirement, the interest rates will increase by 0.1% from the day after the end of the reporting period to the day before the requirement is met again. As of December 31, 2022, part of the financial indicators of the Corporation did not meet the requirements; therefore, the Corporation will pay for the guarantee fees of 2,537 thousand .

c. In May 2012, due to the need for working capital, the Corporation signed a loan contract with the Land Bank, with an amount of 100,000 thousand dollars. The Corporation made a written commitment to ensure that its related matters such as environmental protection, pollution prevention, and waste disposal were in compliance with relevant laws and regulations at all times. During the continuation of this case, if any violation of the above-mentioned relevant laws and regulations (based on the Corporation 's listed pollution projects listed on the website of the Environmental Protection Administration), the interest rate of the loan should be increased by 0.01%.

d. Due to the need for construction working capital and guarantees, the Corporation signed a joint credit contract arranged by Mega bank in April 2023, which is for the guarantee of contract security, guarantee of advance payments and mid-term loans, with the limit to 935,000, 4,110,000 and 500,000 thousand dollars, respectively.

Within the duration, the mandated leader arranger will review the following financial indicators semiannually:

a)	Current ratio	≧ 80% (Between 2024 to 2026)
		≧ 100% (Since 2027)
b)	Debt ratio	≦ 250% (Between 2024 to 2026)
		≦ 200% (Since 2027)
c)	Time interest earned	≧ 2
d)	Total equity	≧ 1,900,000 thousand dollars

The financial indicators base on the annual and semiannual financial statements verified/audited by the auditors. Since semiannual financial statement of 2023. ((a) and (b) will be reviewed since 2024 annual report), if any of the indicators fails to meet the corresponding requirement, the interest rates will increase by 0.05% from the date after the end of the reporting period or interest lift date or guarantee fee paid date to the day before the requirement is met again.

e. Due to the need for construction working capital and guarantees, the Corporation signed a joint credit contract arranged by Chang Hwa Bank in September 2023, which is for the guarantee of contract security and construction working capital, with the limit to 695,000 and 2,305,000 thousand dollars, respectively.

Since annual report date of 2024, the Corporation shall maintain the following financial indicators:

a)	Debt ratio	≦ 350% (Between 2024 to 2027)
		≦ 250% (Since 2028)
b)	Time interest earned	≧ 2
c)	Total equity	≧ 2,600,000 thousand dollars

The financial indicators base on the annual and semiannual financial statements verified/audited by the auditors. If any of the indicators fails to meet the corresponding requirement, it dose not be regard as Breach of contract, the interest rates will increase by 0.05% from the date after the end of the reporting period or interest lift date or guarantee fee paid date to the day before the requirement is met again.

f. The details of notes payable of the leasing loans were as follows:

2023.12.31				
Item	Notes Period	Notes Payable	Discount	Net
Guaranteed loans	2021.12.27~2023.12.27	$ --	$ --	$ --
Repurchase after sale	2021.10.20~2024.10.20	14,585	210	14,375
Repurchase after sale	2021.10.05~2024.10.05	16,740	260	16,480
		31,325	470	30,855
Less：current portion		(31,325)	(470)	(30,855)
Net		$ --	$ --	$ --

2022.12.31				
Item	Notes Period	Notes Payable	Discount	Net
Guaranteed loans	2021.12.27~2023.12.27	$ 38,460	$ 503	$ 37,957
Repurchase after sale	2021.10.20~2024.10.20	32,087	962	31,125
Repurchase after sale	2021.10.05~2024.10.05	41,680	1,281	40,399
		112,227	2,746	109,481
Less：current portion		(80,902)	(2,276)	(78,626)
Net		$ 31,325	$ 470	$ 30,855

g. For the information on the Corporation's exposures to interest rate and liquidity risk, please refer to Note 12(2). For the information on the pledged assets, please refer to Note 8.

h. As of December 31, 2023 and 2022, the loan quotas yet to be used by the Corporation are 2,486,405 and 1,825,139 thousand dollars, respectively.

(11) Other payables

The details were as follows:

	December 31, 2023	December 31, 2022
Accrued salaries expense	$ 241,999	$ 176,901
Remuneration of employees	18,183	5,229
Remuneration of directors and supervisors	12,122	4,046
Accrued interest expense	2,161	3,499
Accounts payable for equipment	274,011	96,510
Sales tax payable	3,611	9,871
Insurance payable	15,906	12,585
Accounts payable for repair and maintenance fees	12,762	6,427
Accounts payable for professional fees	3,524	5,485
Overtime pay payable	9,990	5,777
Employment Service payable	7,964	4,648
Miscellaneous purchases payable	5,033	2,890
Others	50,719	44,156
	$ 657,985	**$ 378,024**

(12) Provision

a. The details were as follows:

	For the Years Ended December 31	
	2023	**2022**
Balance on January 1, 2023	$ 23,746	$ 48,382
Additional provisions for the current period	35,917	(24,636)
Balance on December 31, 2023	$ 59,663	$ 23,746

b. The Corporation adopted the IFRS 15 for onerous contracts, when the future payment exceed the revenue expected to be earned , the provision for onerous contracts should be evaluate according to IAS37"Provisions, Contingent Liabilities and Contingent Assets".

(13) Retirement benefit plans

a) Defined benefit plan

a) The Corporation adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service (base number) and the average monthly salaries of the six months before retirement. The Corporation contributed an amount equal to 4% of salaries and wages paid each month to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. In addition, the contribution rate has been increased from 4% to 8% since October, 2018.

b) The expenses regarding defined benefit plans for the year ended December 31, 2023 and 2022, are recognized as Administrative expenses and Operating costs, the details of which were as follows:

	For the Years Ended December 31	
	2023	**2022**
Operating costs	$ 126	$ 182
Administrative expenses	445	271
	$ 571	**$ 453**

c) The amount of remeasurement of net defined benefit liabilities (assets) recognized in other comprehensive income was as follows:

	2023	**2022**
Balance on January 1	$ (67,044)	$ (64,851)
Remeasurement of Net defined benefit liabilities (assets)	(7,800)	(2,193)
Balance on December 31	$ (74,844)	$ (67,044)

d) The reconciliation of the present value of Defined benefit obligation and the fair value of plan assets was as follows:

	2023.12.31	2022.12.31
Present value of defined benefit obligation	$ 129,166	$ 127,301
Fair value of plan assets	(81,307)	(75,463)
	47,859	51,838
Unrecognized prior service costs	--	--
Net amount	$ 47,859	$ 51,838
Amount recognized as defined benefit Assets	**$ --**	**$ --**
Amount recognized as defined benefit liabilities	**$ 47,859**	**$ 51,838**

The details of the present value of Defined benefit obligation were as follows:

	For the Years Ended December 31			
	2023		2022	
Balance on January 1	$	127,301	$	120,135
Current service cost		--		130
Net interest expense		1,091		485
Remeasurement of net defined benefit liabilities (assets)				
Actuarial (gain) loss - changes in financial assumptions		2,906		(4,467)
Actuarial (gain) loss - changes in demographic assumptions		--		--
Actuarial (gain) loss – experience adjustments		5,968		11,018
Payments for defined benefit obligation				
Paid by the Corporation		--		--
Paid from plan assets		(8,100)		--
Balance on December 31	**$**	**129,166**	**$**	**127,301**

The details of the fair value of the plan assets were as follows:

	For the Years Ended December 31			
	2023		2022	
Balance on January 1	$	75,463	$	51,,881
Interest income		519		161
Return (loss) on plan assets		1,074		4,358
Contributions from the employer		12,351		19,063
Benefits paid		(8,100)		--
Balance on December 31	$	81,307	$	75,463

e) As of December 31, 2023, the Corporation plans to contribute 7,367 thousand dollars to the defined benefit plans by the end of 2024.

f) The weighted-average duration of the defined benefit obligation was as follows:

2023.12.31	2022.12.31
7.23 years	7.95 years

g) The major classes of the plan assets and the proportion of their fair values to the plan assets' total fair value are stated as follows:

	2023.12.31	2022.12.31
Cash	16.00	16.00
Short-term notes	6.00	4.00
Government bonds, bank debentures, corporate bonds and securitized assets	7.00	6.00
Money market funds	0.00	0.00
Stocks and beneficiary certificates (including futures)	11.00	13.00
Foreign investments	10.00	11.00
Domestic outsourcing	10.00	10.00
Foreign outsourcing	40.00	40.00
	100.00	100.00

The actual returns on the plan assets in 2023 and 2022 were 1,593 and 4,519 thousand dollars, respectively. The employee pension fund is entirely deposited in the Bank of Taiwan's trust department. The expected rate of return of the plan assets is determined mainly based on the actuary's estimation of the yield to maturity of government bond within the duration of the defined benefit obligation, taking into consideration the trends of historical return, the prediction of the market where the assets are invested, the details of how the pension fund monitoring committee manages the pension fund, and the lower bound of return rate, which is the two-year time deposit rates of the local banks.

Actuarial assumptions:

	2023.12.31	2022.12.31
Discount rate	1.25%	1.25%
Future expected rate of salary increase	2.50%	2.00%

Changes of 0.25% in the discount rate will lead to the following impacts on the defined benefit obligation:

	For the Years Ended December 31			
	2023		2022	
	Increase	Decrease	Increase	Decrease
Impact on defined benefit obligation	$ 1,424	$ 1,461	$ 1,513	$ 1,555

Changes of 0.25% in the rate of salary increase will lead to the following impacts on the defined benefit obligation:

	For the Years Ended December 31			
	2023		2022	
	Increase	Decrease	Increase	Decrease
Impact on defined benefit obligation	$ 1,499	$ 1,468	$ 1,580	$ 1,545

h) The historical information on the experience adjustments was as follows:

	2023.12.31	2022.12.31
Present value of defined benefit obligation at the end of the period	$ 129,166	$ 127,301
Fair value of plan assets at the end of the period	(81,307)	(75,463)
Deficit of the defined benefit plan at the end of the period	$ 47,859	$ 51,838
Actuarial gains or losses on defined benefit obligation arising from experience	$ 5,968	$ 11,018
Actuarial gains or losses on changes in assumption of defined benefit obligation		
Actuarial gains or losses on changes in financial assumptions	$ (2,906)	$ (4,467)
Experience gains or losses on plan assets	$ 1,074	$ 4,358

b) Defined contribution plan

The Corporation adopted the pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. According to the LPA, the Corporation is obliged to contribute an amount no less than 6% of the salaries of employees to the labor pension accounts. The Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages, in compliance with the LPA.

The details of the amounts recognized as the expenses of defined contribution plan by the Corporation were as follows:

	For the Years Ended December 31	
	2023	2022
Operating costs	$ 26,965	$ 22,376
Administrative expenses	3,990	3,517
	$ 30,955	**$ 25,893**

(14) Equity

a. Ordinary shares (Amounts in NT$)

a) As of December 31, 2023 and 2022, the total authorized capital stock of the Corporation is NT$3,000,000,000, and the total paid-in capital amounts to NT$2,374,837,880 , respectively. Every share is entitled to the right to vote and to receive dividends.

b) As of December 31, 2023, each capital increase of the Corporation over the years has been approved and registered by the competent authority. The relevant information on the sources of funding was as follows:

	Amount (NT$)
Registered capital upon establishment	$ 24,000,000
Capital increase in cash	1,035,000,000
Capital increase by retained earnings capitalization	934,526,570
Capital transferred from capital surplus	103,652,700
Conversion of convertible bonds	344,868,610
Capital reduction by retirement of treasury stock	(67,210,000)
	$ 2,374,837,880

b. Capital surplus

	Conversion of Convertible Bonds	Treasury Stock Transactions	Expired Stock Warrants	Others
Balance on January 1, 2023	$ 19,752	$ 12,099	$ 4,527	$ 1,323
Transfer of capital surplus to capital	--	--	--	--
Cash distributed from capital surplus	--	--	--	--
Balance on December 31, 2023	**$ 19,752**	**$ 12,099**	**$ 4,527**	**$ 1,323**

	Conversion of Convertible Bonds	Treasury Stock Transactions	Expired Stock Warrants	Others
Balance on January 1, 2022	$ 19,752	$ 12,099	$ 4,527	$ 1,323
Transfer of capital surplus to capital	--	--	--	--
Cash distributed from capital surplus	--	--	--	--
Balance on December 31, 2022	**$ 19,752**	**$ 12,099**	**$ 4,527**	**$ 1,323**

Under Company Act, the capital surplus generated from donations and the excess of the issuance price over the par value of capital stock (including the stock issued for new capital, mergers and convertible bonds) may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or stock dividends in proportion to each shareholder’s shareholding ratio. Moreover, according to the Securities and Exchange Act, the amount of capital surplus transferred to capital must not exceed 10% of the paid-in capital each year. The capital surplus shall not be used for recovery of deficit of the capital, unless the earned surplus reserve has been fully used for the recovery of deficit.

c. Distribution of profits

a) According to the Corporation’s Articles of Incorporation, when allocating earnings, the Corporation shall first estimate and reserve the taxes to be paid, offset its accumulated losses, and set aside a legal capital reserve at 10% of the remaining earnings (until the accumulated legal capital reserve equals the Corporation’s paid-in capital, in which case the remainder is recognized as special capital reserve according to relevant laws). The remaining amount, combined with the accumulated unappropriated earnings, will be distributed as dividends and bonuses to shareholders, for which the board of directors shall propose a profit-distribution plan and submit to the shareholders’ meeting for resolution. The industry to which the Corporation belongs is a well-developed and stable industry, so the dividend policy shall take into consideration the demand for investment funds, the Corporation’s financial structure and earnings, and the principle that cash dividends shall not be lower than 20% of total dividends. For the policies regarding the distribution of employees’ compensation and remuneration of directors and supervisors, please refer Note 6(17).

b) The appropriations of 2022 have been approved by the Company’s Board of Directors in its meeting on March 15, 2023. The appropriations and cash dividends were NT$0.3 per share, and it has been approved on June 19, 2023 by the Company’s shareholders in its meeting.

c) Regarding the recovery of the loss incurred for the year ended December 31, 2021, the shareholders’ meeting passed the resolution, on June 21, 2022, that no dividend will be distributed.

d) For the information on the profit-distribution plan proposed by the board of directors and the corresponding resolution of the shareholders’ meeting, please visit the Market Observation Post System (MOPS), the information-disclosing website launched by Taiwan Stock Exchange (TWSE).

(15) Operating revenue

a. The details were as follows:

	For the Years Ended December 31	
	2023	2022
Construction contract revenue	$ 10,093,075	$ 7,829,974
Rent revenue	5,283	--
	$ 10,098,358	**$ 7,829,974**

b. The relevant information on revenues from contracts was as follows:

a) Classified by the timing of revenue recognition

	For the Years Ended December 31	
Construction contract revenue	**2023**	**2022**
At a specific point in time	$ --	$ --
Gradually recognized over time	10,098,358	7,829,974
	$ 10,098,358	**$ 7,829,974**

b) Contract balances

	For the Years Ended December 31	
	2023	2022
Construction contract receivables (Note 6(3))	$ 1,840,143	$ 1,187,225
Contract assets - current		
Construction retention receivable	$ 1,150,185	$ 781,814
Construction contract receivables	1,438,315	1,843,312
	$ 2,588,500	**$ 2,625,126**
Contract liabilities - current		
Construction contract payables	$ 5,183,521	$ 4,045,156

I. Contract assets – current

	Opening Balance	Ending Balance	Difference
Construction contracts	$ 2,625,126	$ 2,588,500	$ (36,626)

II. Contract liabilities – current

	Opening Balance	Ending Balance	Difference
Construction contracts	$ 4,045,156	$ 5,183,521	$ 1,138,365

(I) The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Corporation's satisfaction of performance obligations (namely, the recognition of revenue, including the recognized costs and profits (losses)) and the customer’s corresponding payment. Since the Corporation has obtain the unconditional right to receive part of the contract consideration on the balance sheet date, the contract assets and liabilities for the fiscal year 2023 decrease and increase, respectively.

(II) The Corporation recognized 10,093,075 thousand dollars of construction contract revenue, since it has satisfied the contract obligations.

(III) Contract consideration allocated to contract obligations yet to be fulfilled: As of December 31, 2023, the total transaction price of the Company's outstanding performance obligations was 46,973,146 thousand, which will be gradually recognized as revenue with the completion of construction projects such as bridges, MRT, and social housing. It was completed from 2024 to 2032.

(16) Non-operating income and expense

a. Interest income

	For the Years Ended December 31	
	2023	**2022**
Interest on bank deposits	$ 19,067	$ 5,232
Other	3,475	1,019
	$ 22,542	$ 6,251

b. Other income

	For the Years Ended December 31	
	2023	**2022**
Other income – claims and dispute mediation (Note)	$ --	$ 5,147
Other income – transfers from waived debts	9,489	5,663
Rental income(Note 7)	2,842	947
Other income - others	4,084	2,534
	$ 16,415	**$ 14,291**

Note: It is the net amount after deducting the subcontractor's payment for the dispute mediation fund for the CF640 section bid project of the circular line.

c. Other gains and losses

	For the Years Ended December 31			
	2023		2022	
Gain on disposal and retirement of property, plant and equipment, net	$	2,344	$	(72)
Gain on foreign exchange, net		(93)		421
Lease Modification Benefit		1,191		20
Depreciation expense of Investment properties		(1,963)		(1,963)
Net gain on financial assets measured at fair value through profit or loss		(101)		--
Others(Note)		(8,801)		(3,818)
	$	**(7,423)**	**$**	**(5,412)**

Note：The amount for the year ended December 31, 2023, including the deduction 7,813 thousand fom The turnkey city-owned land readjustment project of Caota overall development unit (section 3) in Guanyin District, Taoyuan City.

d. Finance costs

	For the Years Ended December 31			
	2023		2022	
Interest expense				
Bank loans	$	51,926	$	58,925
Lease liabilities		6,427		4,077
Other		129		--
Other finance costs		375		505
	$	**58,857**	**$**	**63,507**

(17) Employee benefits, depreciation, depletion and amortization expenses

a. The details were as follows:

	For the Year Ended December 31, 2023		
	Attributable to Operating Costs	Attributable to Operating Expenses	Total
Employee benefits expense			
Salary expense	$ 940,031	$ 118,436	$ 1,058,467
Labor & health insurance expense	84,066	11,637	95,703
Pension expense	27,091	4,435	31,526
Director's Remuneration	--	5,212	5,212
Other employee benefit expense	126,855	20,468	147,323
	1,178,043	160,188	1,338,231
Depreciation expense	288,260	20,500	308,760
Amortization expense	159	300	459
	$ 1,466,462	**$ 180,988**	**$ 1,647,450**

	For the Year Ended December 31, 2022		
	Attributable to Operating Costs	Attributable to Operating Expenses	Total
Employee benefits expense			
Salary expense	$ 627,035	$ 88,909	$ 715,944
Labor & health insurance expense	60,652	9,256	69,908
Pension expense	22,558	3,788	26,346
Director's Remuneration	--	7,297	7,297
Other employee benefit expense	79,847	3,499	83,346
	790,092	112,749	902,841
Depreciation expense	204,331	21,210	225,541
Amortization expense	278	372	650
	$ 994,701	**$ 134,331**	**$ 1,129,032**

b. As of December 31, 2023 and 2022, the total numbers of employees are respectively 1,607 and 1,048 (including foreign workers), and the numbers of directors who do not concurrently work as an employee are 5 and 6.

c. The Corporation's average employee welfare expenses in 2023 and 2022 were 835 thousand and 866 thousand respectively. The Corporation's 2023 and 2022 average staff salary costs were 661 and 687 thousand respectively. The Corporation's average salary adjustment for employees decreased by 3.78% in 2023.

d. The Corporation has set up an audit committee to replace the supervisor, so the supervisor's remuneration in 2023 and 2022 is zero.

e. Short-term compensated absences liabilities

The accrued liabilities regarding compensated absences for the years ended December 31, 2023 and 2022, are respectively 50,557 thousand and 39,699 thousand .

f. The Corporation's salary and remuneration policy is as follows:

a) The Corporation has set up a Compenation Committee to regularly evaluate and supervise the remuneration system of the Corporation's directors and managers. The procedures for the remuneration of directors and managers are based on the performance evaluation method of the board of directors and employee performance appraisal. In addition, referring to the company's operational performance, future risks, development strategies and industry trends, it also considers the individual's impact on the company's performance to give reasonable remuneration for contributions.

b) The Corporation has formulated a complete employee welfare system in accordance with laws and regulations to provide employees with good salary and welfare conditions. Employee remuneration includes monthly salary and employee remuneration according to the profit situation of the current year and the regulations of the Corporation's Articles.The Corporation regularly conducts the performance appraisal of all employees every year, and truly understands the work performance of colleagues, which is the basis for promotion, training and development and salary payment.

c) According to the Corporation's Articles, the Corporation accrues compensation of employees and remuneration of directors and supervisors at rates of 3% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors, provided that the Corporation has recovered all of the accumulated losses.

d) For the years ended December 31, 2023 , the Corporation estimated its employee remuneration amounting to $18,183 thousand,and the directors' remuneration amounting to $12,122 thousand, respectively. If there is any change in the amounts after the annual consolidated financial statements are authorized for issue, the difference is recorded as a change in the accounting estimate and recognized as an adjustment in the next fiscal year.

e) For the years ended December 31, 2022 , the Corporation estimated its employee remuneration amounting to $5,229 thousand,and the directors' remuneration amounting to $3,486 thousand, respectively. Since 2021 was accumulated losses the employees ' compensation and remuneration of director are not distributed, which resolution was approved by the Company' s Board of Directors in its meeting and it was no difference with financial report.

f) For the information on Employees' compensation and remuneration of directors and supervisors, please visit the Market Observation Post

System (MOPS), the information-disclosing website launched by Taiwan Stock Exchange (TWSE).

(18) Income taxes

a. The reconciliation of the income tax calculated from pre-tax income at statutory tax rate and the income tax expense was as follows:

	For the Years Ended December 31	
	2023	2022
Income tax calculated from pre-tax income at statutory tax rate	$ 118,235	$ 48,440
Adjustments for		
Permanent difference	(13,995)	(5,427)
Temporary difference	7,090	(53,156)
Surtax on unappropriated earnings	--	--
Less: Investment deduction	--	--
Loss deduction	(30,186)	
Carry forward of unused tax losses	--	10,143
Income tax expense recognized in profit or loss	$ 81,144	$ --

b. The details of Income tax expense were as follows:

	For the Years Ended December 31	
	2023	2022
Income tax expense for the current period		
In respect of the current year	$ 81,144	$ --
Adjustments for prior years	--	--
Deferred gain		
The origination and reversal of temporary differences	--	--
Income tax expense	$ 81,144	$ --

c. The changes in current income tax assets and liabilities recognized on the balance sheets for the current period were as follows:

	2023.12.31	2022.12.31
Current tax assets, opening balance	$ 5,446	$ 111
Current tax liabilities, opening balance	--	--
Income tax expense	(81,144)	--
Approved tax refunds	(10)	--
Income tax paid	1,685	5,335
Current tax assets, ending balance	(5,436)	(5,446)
Current tax liabilities, ending balance	$ (79,459)	$ --

d. Income tax expenses recognized by the Corporation in other comprehensive income for fiscal years 2023 and 2022 are 0 thousand dollars.

e. The analysis of net deferred income tax assets and liabilities was as follows:

	2023.12.31	2022.12.31
Recognized as deferred tax assets (liabilities)		
Shares of operating revenue of associates and joint ventures	$ 354	$ 371
Allowance for bad debts expense in excess of limit	208	208
Unrealized construction losses	11,933	4,749
Unrealized exchange gain	--	(84)
Unrealized depreciation expense	81	--
Carryforward of unused tax loss	--	35,081
	12,576	40,325
Less: Taxable losses estimated to be non-deductible	(12,576)	(40,325)
Amount recognized as deferred tax assets (non-current)	**$ --**	**$ --**

Unused taxable losses for the previous ten years have been approved by the tax collection authority and estimated to be non-deductible from the net profit of the current year, so the tax losses are not recognized as deferred income tax assets because it is not very likely that the corporation will have sufficient taxable income for its use in the future.

f. Information on unused loss carryforwards as of December 31, 2023 comprised:

Tax Loss Year	2023.12.31	2022.12.31	Expiry Year
2018	$ --	$ 83,898	2028
2020	--	40,792	2030
2022	--	50,717	2032
	$ --	$ 175,407	

g. The tax authorities have examined income tax returns of the Corporation through 2021. The Corporation does not owe any tax.

(19) Earnings per share

a. Basic EPS

Basic earnings per share of the Corporation are calculated by dividing the profit and loss attributable to the Corporation's common equity holders by the weighted average number of outstanding common shares in the current period.

b. Diluted EPS

Diluted earnings per share are calculated by adjusting the profit and loss attributable to the common equity holders of the Corporation and the weighted average number of outstanding common shares to the effects of all potentially dilutive securities.

c. The details of EPS were as follows:

	For the Year Ended December 31, 2023		
	After-tax amount	**Number of Oustanding Shares (in thousands)**	**EPS (NT$)**
Basic EPS			
Net income available to common shareholders of the parent	$ 510,007	237,484	$ 2.15
Diluted EPS			
Effect of potentially dilutive ordinary shares	--	753	
Bonuses issued to employees			
Net income available to common shareholders of the parent, adjusted for the effect of potentially dilutive ordinary shares	$ 510,007	238,237	$ 2.14

	For the Year Ended December 31, 2022		
	After-tax amount	**Number of Oustanding Shares (in thousands)**	**EPS (NT$)**
Basic EPS			
Net income available to common shareholders of the parent	$ 242,201	237,484	$ 1.02
Diluted EPS			
Effect of potentially dilutive ordinary shares	--	573	
Bonuses issued to employees			
Net income available to common shareholders of the parent, adjusted for the effect of potentially dilutive ordinary shares	$ 242,201	238,057	$ 1.02

7. Related Party Transactions

(1) Names and relationships of the related parties

Name	Relationship to the Corporation
FENG XIN DEVELOPMENT & INVESTMENT CO., LTD.	The Investor of the Corporation using the equity method
HO CHANG INTERNATIONAL CONTRACTOR CO., LTD	Investee companies evaluated using the equity method
All directors, general managers and vice general managers	Major members consisting the Management of the Corporation

(2) Operating transactions

a. Purchases

	For the Years Ended December 31	
	2023	2022
HO CHANG INTERNATIONAL CONTRACTOR CO., LTD	$ 722,624	$ 727,578

The purchases mentioned above were made on general terms and conditions for purchase, via the procedures of evaluation, negotiation and supervisory approval. The payment period is 60 days for the next month and cash receipt for the next month or pay according to the Corporation's capital status. The Corporation is mainly engaged in the contracting business of civil engineering projects, whose purchase refers to payments for outsourced constructions and payments to subcontractors for construction materials.

b. Prepayments

	2023.12.31	2022.12.31
HO CHANG INTERNATIONAL CONTRACTOR CO., LTD.	$ 349,385	$ 352,020

HO CHANG INTERNATIONAL CONTRACTOR CO., LTD. is building new plants as a result of the contract of ready-mix concrete with the Corporation. After negotiation, two parties agreed that the Corporation would subsidize the capital cost of 13,177 thousand dollars, derived from the purchases of land, from 2019 to 2023. The subsidies are amortized for 5 years, and allocated to prepayments and cost of goods purchased.

The amounts of amortized prepayments as of December 31, 2023 and 2022, was zero and 2,635 thousand dollars, respectively.

c. Other receivables

	2023.12.31	2022.12.31
HO CHANG INTERNATIONAL CONTRACTOR CO., LTD.	$ 901	$ 5

d. Notes payable

	2023.12.31	2022.12.31
HO CHANG INTERNATIONAL CONTRACTOR CO., LTD.	$ 3,958	$ 99,651

e. Accounts payable

	2023.12.31	2022.12.31
HO CHANG INTERNATIONAL CONTRACTOR CO., LTD.	$ 513,419	$ 273,662

f. Deposits received

	2023.12.31	2022.12.31
HO CHANG INTERNATIONAL CONTRACTOR CO., LTD.	$ 356,366	$ 215,790

Note: The deposits pertain primarily to contract security deposits.

g. Guaranteed notes receivables

	2023.12.31	2022.12.31
HO CHANG INTERNATIONAL CONTRACTOR CO., LTD.	$ 397,851	$ 424,729

Note: The notes pertain to guaranteed notes received for performance guarantee.

h. Rent expense

	For the Years Ended December 31	
	2023	2022
FENG XIN DEVELOPMENT & INVESTMENT CO., LTD.	$ 8,306	$ 4,411

Note: The amount of rent and the payment method, specified in the rent agreement mentioned above, were negotiated by both parties. The amounts of deposit as of December 31, 2023 and 2022, was 1,381 and 1,670 thousand dollars, respectively.

i. Rental income

	For the Years Ended December 31	
	2023	2022
HO CHANG INTERNATIONAL CONTRACTOR CO., LTD.	$ 2,842	$ 947

Note: In the above-mentioned lease contract, the determination of the rental income and the payment method are based on the agreement of both parties; as of December 31, 2023 and 2022, the deposits were 473 thousand dollars respectively.

(3) Remuneration of the major members of the Management

	For the Years Ended December 31	
	2023	2022
Short-term employee benefits	$ 34,273	$ 25,117
Retirement benefits	1,188	814
	$ 35,461	**$ 25,931**

For detailed information on the major members of the Management, please refer to the Corporation's annual report.

8. Pledged Assets

The details of the assets pledged as collateral or for security of the Corporation were as follows:

Name of the asset	Object Pledged as Collateral	2023.12.31	2022.12.31
Demand deposits and reserve accounts	Bank loan	$ 133,414	$ 193,320
Demand deposits and reserve accounts	Warranty and guarantee of construction performance、Advance payment bond	311,398	311,453
Time deposits	Bank loan	20,790	60,230
Time deposits	Warranty and guarantee of construction performance、Advance payment bond	1,700,962	660,567
Refundable deposits	Warranty and guarantee of construction performance	150,832	179,547
Property, Plant and Equipment	Equipment Financing	397,843	415,092
Investment properties	Bank loan	306,845	308,808
		$ 3,022,084	**$ 2,129,017**

9. Significant Contingent Liabilities and Unrecognized Contractual Commitments

(1) As of December 31, 2023, the total amount of construction contracts signed with non-related parties by the Corporation was NT$23,388,962 thousand dollars, and the accumulated payments made by the Corporation amounted to NT$10,343,619 thousand dollars.

(2) As of December 31, 2023, the guaranteed notes issued by the Corporation for bank loans, material purchases and construction guarantees amounted to NT$506,639 thousand dollars.

(3) Litigations and other contingencies

a. To define the rights and obligations regarding the financial operations of the aforementioned jointly contracted construction, the Corporation and the joint contractor, HWASUN ENGINEERING & CONSTRUCTION CO., LTD. (hereinafter "Hwasun Company"), have signed the "Agreement on the Financial Operations regarding the Joint Contract" on January 5, 2003. As stated in the Agreement, both parties should deposit cash into the joint contract account as operating funds in proportion to their capital contribution ratios when the account has inadequate balance. If either party fails to contribute all or part of the operating funds in accordance with the regulations, the non-defaulting party would advance the contribution amount for the defaulting party. The defaulting party should repay the advance amount, combined with the interest calculated using 10% annual interest rate, to the joint contract account in cash. Nevertheless, Hwasun Company has not been contributing its share of operating funds according to the agreement since March, 2005. To ensure the smooth progress of the construction, the Corporation has been advancing the share of contribution for Hwasun Company, and recognized the estimated interest of the advance payments from the payment date to the settlement date. During the construction period, the Corporation has repeatedly demanded the settlements of debts without success. To facilitate the settlement process, on July 2, 2012, the Corporation petitioned Taiwan Taoyuan District Court for the pay warrant of the accumulated advance payments and relevant interest, respectively 181,535 thousand and 134,764 thousand dollars, as of April 30, 2012. Taiwan Taoyuan District Court approved and issued the pay warrant on July 31, 2012. The case entered legal proceedings after Hwasun Company's objection on August 29, 2012. On October 30, 2012, Taiwan Taoyuan District Court considered itself lacking jurisdiction, ruling that the case would be transferred to Taiwan Taipei District Court for further trials. As of the date of financial statements, the case is still under trial. In addition, to secure the creditor's rights, the Corporation has made a deposit of 48,400 thousand dollars in order to petition Taiwan Taipei District Court for the execution of provisional attachment on the Opposite party's assets within the range of 140,000 thousand dollars. In May, 2016, Hwasun Company petitioned the court for the reassessment of the assets under provisional execution, and the court ruled, on June 21, 2016, that the assets were worth approximately 270,000 thousand dollars. To secure the creditor's rights, the Corporation has made an additional deposit of 45,000 thousand dollars in order to petition Taiwan Taipei District Court for the execution of provisional attachment, making the total amount of deposits 93,400 thousand dollars (recognized as refundable deposits – non-current). Concerning the aforementioned payments, the Corporation estimated that the advance payments were retrievable from the payments for the jointly contracted construction and payments for price-level adjustments in the future; therefore, the Corporation only recognized an amount of 40% of the interest receivable as allowance for bad debts by the end of 2006. Afterward, Hwasun Company suffered from a financial crisis, lowering the possibility that the Corporation would be able to collect the advance payments and interest; as a result, the Corporation increased the recognition of allowance for bad debts to 50% of the interest receivable in March, 2009. Furthermore, on March 31, 2011, the Corporation decided to cease to recognize the estimated interest and planned to solve the issue through legal proceedings, considering

Hwasun Company's solvency and the fact that it had not been actively responding to the Corporation's demand. As of September 30, 2012, the balances of advance payments under joint contract and accumulated interest receivable were respectively 180,932 thousand and 112,097 thousand dollars. Due to the change in the estimation of the retrievable amount, the Corporation has reassessed the principal and interest of this case and recognized an additional amount of 199,931 as allowance for bad debts. The joint construction project was completed and settled with the owners in December, 2013, and the relevant payments were collected by January 9, 2014. After offsetting the collected payments with the advance payments, the Corporation recognized advance payments under joint contract of 193,843 thousand dollars, accumulated interest receivable of 112,097 thousand dollars, and allowance for bad debts at full amount, 305,940 thousand dollars as of December 31, 2019. Afterward, the litigation with the subcontractor of this construction project reached a settlement in March, 2020, allowing the Corporation to retrieve the principal and interest of the advance deposits; as a result, 64,347 thousand dollars of advance payments were offset, simultaneously reversing the allowance for bad debts. As of December 31, 2021, the balances of advance payments under joint contract, accumulated interest receivable and allowance for bad debts were respectively 129,496 thousand, 112,097 thousand and 241,593 thousand dollars. Later, the two parties reached a settlement on April 22, 2022. Hwasun Company should pay the Corporation 180,000 thousand dollars, and delivered a sight note of 100,000 thousand dollars on the same day. Then Hwasun Company delivered the face value of 48,070 thousand dollars on May 16, 2022, and instructed a third party to pay the remaining 31,930 thousand dollars on May 16, 2022. The aforementioned payment has been recovered, and the relevant provision for bad debts has been reversed.

b. Hwasun Company filed a lawsuit to the district court on May 3, 2016, requesting that the Corporation pay the residual funds of 9,990 thousand dollars and the operating funds of 10 thousand dollars. The Corporation deemed this case repetitive with the claims regarding the case of funds loan, and has petitioned the court to continue the proceedings either after the judgment regarding the case of funds loan was made or after the appraisal report was released. The case was withdrawn on the same day as the settlement in accordance with the mediation conditions of the above case.

10. Significant Losses from Disasters: None

11. Significnat Subsequent Events: None

12. Others

(1) Capital risk management

The Corporation's fundamental goals of capital management are to maintain a high credit rating and healthy capital ratios to support the Corporation's operation and the maximization of the shareholders' equity. The capital management strategy of the Corporation in 2020 is consistent with those in prior years.

The Management regularly reviews the capital structure and considers the costs and risks involved in different capital structures. The Corporation adjusts the amount of debt according to the progress of construction and the funds required for operation, and adjusts the overall capital structure through means such as the issuance of new shares.

(2) Financial instruments

a. Information on the fair values of the financial instruments

	2023.12.31		2022.12.31	
Financial assets				
Financial assets at fair value through profit or loss	$	--	$	--
Financial assets at amortized cost				
Cash and cash equivalents	$	329,265	$	423,842
Financial assets at amortized cost		1,721,752		740,797
Accounts receivable		2,990,328		1,969,039
Other receivables		17,148		21,282
Refundable deposits		182,249		222,304
Other financial assets		1,577,062		3,036,005
	$	**6,817,804**	**$**	**6,413,269**

	2023.12.31		2022.12.31	
Financial liabilities				
Short-term loans	$	915,743	$	1,805,543
Notes payable		124,054		300,269
Accounts payable		2,900,992		2,316,997
Other payables		657,985		378,024
Deposit received (other current liabilities and other non-current liabilities)		420,154		291,256
Long-term notes payable - current portion		30,855		109,481
	$	**5,049,783**	**$**	**5,201,570**
Lease liabilities (including due within one year)	**$**	**233,061**	**$**	**235,543**

b. Informaion on the fair values

a) Techniques and assumptions adopted in the process of fair value measurement

The fair value of a financial instrument refers to the price at which a willing buyer and seller trade the instrument. The methods and assumptions adopted by the Corporation for the estimation of the fair values of financial assets and liabilities are as follows:

I. The fair values of cash and cash equivalents, receivables, payables and other current liabilities approximately equal their carrying amounts due to their short terms to maturity.

II. The fair values of financial assets and liabilities traded in active markets with standardized terms and conditions are determined by reference to the market quotation.

III. The fair values of financial derivatives are determined using the public quotations. When public quotations are not available, the fair values of non-option financial derivatives are calculated by discounting the cash flows using the yield curves applicable in their durations. The fair values of options, on the other hand, are calculated using option pricing models.

b) Levels of fair values

The definitions of different levels of fair values are as follows:

I. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

II. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

III. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Corporation's financial assets and liabilities measured at fair value on a recurring basis:

2023.12.31	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets at FVTPL	$ --	$ --	$ --	$ --

2022.12.31	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets at FVTPL	$ --	$ --	$ --	$ --

Except for those mentioned above, the fair values of the other financial assets and liabilities measured at amortized cost are approximately equal to their carrying ammounts.

c. Natures of significant financial risks and the Corporation's exposure to the risks

a) Market risk

Market risk refers to the risk arising from changes in market quotations of exchange rate and interest rate, causing the Corporation's profits or the values of financial instruments held to fluctuate. The objectives of market risk management are to control the extent of the exposure to market risk within an affordable range and to optimize the return on portfolio simultaneously.

I. Exchange rate risk

The construction contracted by the Corporation consists primarily of domestic public construction, and the materials are acquired primarily from domestic market as well. Therefore, the Corporation is not exposed to significant exchange rate risk.

II. Interest rate risk

Interest rate risk refers to the risk arising from changes in market interest rate, leading to volatility in the fair values or future discounted cash flows of financial instruments. The Corporation's exposure to interest rate risk pertains primarily to floating-rate loans. If interest rates had been 1% higher and all other variables were held constant, the influence would have been as follows:

	2023.12.31	2022.12.31
Profit or loss	$ 15,246	$ 18,244

b) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations, resulting in financial loss to the Corporation. The Corporation's exposure to credit risk pertains primarily to accounts receivable and other receivables.

I. The Corporation is mainly engaged in the contracting of governmental public constructions. Significant concentration of credit risk does not exist. The Corporation periodically assesses the collectability of the accounts receivable and recognizes allowance for bad debts.

II. The Corporation applies the simplified approach in IFRS 9, estimating the loss allowance for receivables according to lifetime expected credit losses. When calculating the lifetime expected credit loss, the Corporation determines the expected credit loss rate, taking into consideration both current conditions and individual customer's characteristics, and recognizes 100% loss allowance for the receivables later than 365 days past due without other credit guarantees.

III. Individual risk assessment

The Corporation has set up an allowance for bad debt account to reflect the impairment loss and bad debt expense recognized from the estimation of the losses incurred for accounts receivable, other receivables and investments. Except for the following cases, significant doubts about the recoverability of assets do not exist, and thus exposures to credit risk are not significant.

i. Regarding accounts receivable, allowance for bad debts was assessed and recognized on an individual basis for cases such as delayed payments due to the owner's financial issues and special scenarios that payments were frozen by the owner.

ii. Regarding other receivables, the Corporation has assessed and recognized relevant allowance for bad debts for the advance payments for the joint contractor regarding the operating funds of the jointly contracted construction and the interest derived from them, taking into consideration the joint contractor's solvency and the fact that it had not been actively responding to the Corporation's demand Note (Please refer to 9 (3)).

iii. The Corporation possesses preference shares of THE CHINESE BANK CO., LTD., who suffers from a significant financial crisis. Hence, impairment loss was recognized at full amount of the principals and interest. THE CHINESE BANK CO., LTD. is currently in the process of liquidation.

IV. The credit policy of the Corporation in 2023 fiscal year is consistent with that in 2022 fiscal year. Please refer to Note 6(3) for details of impairment loss.

c) Liquidity risk

The Corporation manages its financial flexibility using cash and cash equivalents, collection of construction contract revenues and contracts such as bank borrowings, and finances its operations by maintaining adequate cash and cash equivalents. The following table summarized the maturity of the payments stated in the Corporation's financial liability contracts. The Corporation ensures that sufficient funds are available to cover the due liabilities, so that unaffordable loss will not occur and damages the Corporation.

2023.12.31	**Carrying Amount**	**Contractual Cash Flow**	**Less than 1 Year**	**1-3 Years**	**More than 3 Years**
Short-term loans	$ 915,743	$ (946,370)	$ (946,370)	$ --	$ --
Notes payable	124,054	(124,054)	(124,054)	--	--
Accounts payable	2,900,992	(2,900,992)	(2,206,936)	(511,954)	(182,102)
Other payables	657,985	(657,985)	(657,985)	--	--
Long-term notes payable - current portion	30,855	(31,325)	(31,325)	--	--
Lease liabilities (including due within one year)	233,061	(266,149)	(45,381)	(59,304)	(161,464)
	$ 4,862,690	**$ (4,926,875)**	**$ (4,012,051)**	**$ (571,258)**	**$ (343,566)**

2022.12.31	Carrying Amount	Contractual Cash Flow	Less than 1 Year	1-3 Years	More than 3 Years
Short-term loans	$ 1,805,543	$ (1,863,317)	$ (1,863,317)	$ --	$ --
Notes payable	300,269	(300,269)	(300,269)	--	--
Accounts payable	2,316,997	(2,316,997)	(1,559,801)	(586,881)	(170,315)
Other payables	378,024	(378,024)	(378,024)	--	--
Long-term notes payable - current portion	109,481	(112,227)	(80,902)	(31,325)	--
Lease liabilities (including due within one year)	237,653	(269,808)	(76,192)	(87,275)	(106,341)
	$ 5,147,967	**$ (5,240,642)**	**$ (4,258,505)**	**$ (705,481)**	**$ (276,656)**

The Corporation does not expect that the time points at which cash flows occur used in the maturity analysis will advance significantly or that the actual amounts will differ significantly.

(3) Policies of financial risk management

The main objectives of the Corporation's financial risk management are to manage market risk, credit risk and liquidity risk related to operating activities and to identify, evaluate and manage the aforementioned risks in accordance with the Corporation's policies and risks.

The Corporation has established suitable policies, procedures and internal control for the aforementioned financial risk management in accordance with relevant regulations. Under the policies, all significant financial activities must be reviewed by the board of directors in accordance with relevant regulations and internal control systems. During the execution of the financial management activities, the Corporation must comply with the established regulations concerning financial risk management.

(4) Others

Chau-Hsen Enterprise Co., Ltd. ("Chau-Hsen") engaged maritime engineering, which is a joint venture project (The port and embankment construction project of The Third Liquefied Natural Gas Terminal) engaged by the Corporation and the other contractor ("the Group"). The Group prepaid the project payment by agreement and request for collateral, afterwards, since Chau-Hsen failed to perform the contract, the Group cease the contract in August 2021 and issued a reminder letter to claim the nonperformance prepayment 120,620 thousand (of which 56,764 thousand attributed to the Corporation). Due to disparate interpretations of rights and obligations of the contract by both parties, the Group filed for compulsory execution with the court in August 2022 regarding the collateral provided by Chau-Hsen.

Subsequently, in December of the same year, Chau-Hsen initiated legal proceedings in the district court, seeking payment of 240,620 thousand (of which 113,236 thousand attributed to the Corporation). The lawsuit is currently under review. In order to avoid compulsory execution, Chau-Hsen has provided sufficient security funds to the court. In August 2023, the court allocated the security funds to our company in proportion.

13. Supplementary Disclosures

(1) Significant Transactions and Relevant Information

a. Financings provided: None

b. Endorsement/guarantee provided: None

c. Marketable securities held (excluding investments in subsidiaries and soociates): None

d. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

e. Acquisition of individual real estate at costs of at least $300 million or 20% of the paid-in capital：None

f. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None

g. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: See Table 1 attached

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: See Table 2 attached

i. Information on the derivative financial instruments transaction: None

(2) Information on Investees

Information on the investees over which the Corporation directly or indirectly exercises significant influence or controls: See Table 3 attached

(3) Information on Investments in Mainland China: None

(4) Information on Major Shareholders: See Table 4 attached

14. Segment Information: please refer to the consolidated financial statements for the year ended December 31, 2023.

TABLE 1

HWANG CHANG GENERAL CONTRACTOR CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases / Sales	Amount	% to Total	Payment Terms	Abnormal Transaction	Notes/Accounts Payable or Receivable	Ending Balance	% to Total	
Hwang Chang General Contractor Co., Ltd.	Ho Chang International Contractor Co., Ltd.	Investee company evaluated using the equity method	Purchases	722,624	9.89%	Net 60 days from the 20th day after the month of when invoice is issued Cash payments on the 30th day after the month of when invoice is issued	--	Net 60 days end of month or payments depending on the Corporation's funding conditions	Notes payable 3,958 Accounts payable 513,419	17.10%	

TABLE 2

HWANG CHANG GENERAL CONTRACTOR CO., LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Days	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Ho Chang International Contractor Co., Ltd.	Hwang Chang General Contractor Co., Ltd.	Investee company evaluated using the equity method	Notes receivable 3,958	1.60%	--	--	3,205 (Note 2)	--
			Accounts receivable 518,045		198,078	(Note 1)	149,200 (Note 2)	--

Note 1: The collection of the receivables depends on the funding condition of the parent company.
Note 2: The amounts are the received amounts as of March 1, 2024.

TABLE 3

HWANG CHANG GENERAL CONTRACTOR CO., LTD.

INFORMATION ON THE INVESTEES OVER WHICH THE CORPORATION DIRECTLY OR INDIRECTLY EXERCISES SIGNIFICANT INFLUENCE OR CONTROL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2021			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount			
Hwang Chang General Contractor Co., Ltd.	Ho Chang International Contractor Co., Ltd.	Taipei, Taiwan	Manufacturing of ready mixed concrete	93,351	98,673	19,867,288	49.00%	281,837	147,554	72,308	

TABLE 4

HWANG CHANG GENERAL CONTRACTOR CO., LTD.

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Shares / Shareholders	Total Shares Owned	Ownership Percentage
Feng Xin Development & Investment Co., Ltd.	119,035,965	50.12 %
Huan Dong Investment Co., Ltd.	17,472,550	7.36 %
Jiang Lu Xiu E	12,208,173	5.14 %

Note: For the corporations which acquire the information on major shareholders through from Taiwan Depository & Clearing Corporation, the following matters can be attached as the notes to the table.

(1) The information of this table is calculated, by Taiwan Depository & Clearing Corporation, based on the information about the shareholders holding over 5% of the Corporation's non-physical ordinary shares and preference shares which have been registered and delivered, on the last business day of every quarter. The amount of share capital reported in the Corporation's financial statements may differ from the amount of non-physical shares which the Corporation has registered and delivered, due to different calculation bases.

(2) Regarding the information mentioned in Note (1), in the case that the shareholder transfers his/her shares into trust, the shares are disclosed independently in the trust account of the trustor, opened by the trustee. As for the share report for insiders holding over 10% of shares in accordance with Securities and Exchange Act, the holding shares include those held by the shareholder him/herself and those under trust with discretion reserved. For information on insider report for shares, please visit the Market Observation Post System (MOPS), the information-disclosing website launched by Taiwan Stock Exchange (TWSE).

VI Whether the Company and its affiliates have encountered financial difficulties in the last year and as of the publication date of the annual report: None

VII Analysis and Review of Financial Position and Financial Performance and Risk Issues

I. Analysis of Financial Position

Unit: NT$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	9,275,870	9,004,664	271,206	3.01%
Non-current assets	5,429,796	3,908,867	1,520,929	38.91%
Total assets	14,705,666	12,913,531	1,792,135	13.88%
Current liabilities	10,683,374	9,365,487	1,317,887	14.07%
Non-current liabilities	692,401	718,172	(25,771)	-3.59%
Total liabilities	11,375,775	10,083,659	1,292,116	12.81%
Capital stock	2,374,837	2,374,837	-	-
Capital surplus	37,701	37,701	-	-
Retained earnings	622,238	191,583	430,655	224.79%
Non-controlling interest	295,115	225,751	69,364	30.73%
Total shareholders' equity	3,329,891	2,829,872	500,019	17.67%

Non-current assets: The purchase of equipment such as ships and machines required for Hwang Chang's construction projects in 2023 has resulted in an increase of around NT$1,533,126 thousand in property, plant and equipment and in prepayments for equipment, as compared to that of 2022, resulting in an increase of 38.91% in non-current assets.

Retained earnings: Balance resulted from an increase of NT$501,901 thousand in comprehensive income for 2023 and the distribution of NT$71,246 thousand in cash dividends.

II. Analysis of Financial Performance

(I) Comparative Analysis of Financial Performance

Unit: NT$ thousands

Item \ Year	2023	2022	Increase/ Decrease Amount	Ratio of Change
Operating revenue	11,275,084	8,448,320	2,826,764	33.46%
Operating costs	(10,266,477)	(8,067,124)	(2,199,353)	27.26%
Gross profit	1,008,607	381,196	627,411	164.59%
Operating expenses	(265,788)	(31,064)	(234,724)	755.61%
Net operating income	742,819	350,132	392,687	112.15%
Non-operating income and expenses	(40,192)	(61,844)	21,652	-35.01%
Net profit before tax	702,627	288,288	414,339	143.72%
Income tax expenses	(117,351)	(15,213)	(102,138)	675.39%
Net profit for the year	585,276	273,075	312,201	114.33%
Other comprehensive income or loss for the period	(8,470)	(1,808)	(6,662)	368.47%
Total comprehensive income	576,806	271,267	305,539	112.63%

Note on Increase/Decrease Ratio:

1. In 2023, due to some projects entering the peak construction period, the

operating revenue increased by 33.46%; correspondingly, operating costs increased by 27.26%. Additionally, due to the contracting of maritime projects with higher profits, the gross profit change reached 164.59%.

2. In 2022, the reversal for doubtful accounts with recognition of expected credit gain resulted in a 755.61% change in operating expenses.

(II) Analysis of Gross Profit Variance

Unit: NT$ thousands

	Period-Over-Period Increase (Decrease) in Variance	Reasons for Discrepancies			
		Selling Price Variance	Cost Variance	Sales Mix Variance	Quantity Variance
Gross Profit	627,411	-	-	-	-
Details	The Company is in the construction industry. Due to characteristics of the industry, the analysis of prices and quantity does not apply.				

III. Analysis of Cash Flow

(I) Analysis and Explanation of Recent Cash Flow Changes

Item \ Year	2023	2022	Increase/ Decrease Ratio
Cash flow ratio	35.44	14.30	147.75%
Cash flow adequacy ratio	122.64	54.63	124.49%
Cash reinvestment ratio	65.48	26.88	143.60

Analysis and description of increase/decrease ratio: Net cash inflow from operating activities in 2023 mainly resulted from the increase in profit and prepayments for newly contracted projects.

(II) Cash Flow Analysis for the Coming Year

Unit: NT$ thousands

Opening Cash Balance (1)	Annual Net Cash Flows from Operating Activities (2)	Annual Cash Outflow (3)	Cash Surplus (Deficit) Amount = (1) + (2) - (3)	Estimated Remedial Measures for Cash Deficit	
				Investment Plan	Financial Plan
408,969	(373,567)	104,068	139,470	-	-
Analysis of cash flow changes for the year: (1) Operating activities: Net cash outflow from operating activities mainly resulted from prepayments for construction work. (2) Investments and financing activities: Net cash inflow from financing activities mainly resulted from cash flow increase.					

IV. Major Capital Expenditure Items:

(I) The Company plans to purchase equipment such as ships and machines for building, transporting, positioning, riprap leveling, and craning of caisson for the new construction project for the breakwater of the Guantang Terminal reclamation scheme; this will ensure tracking of work progress and save construction costs, and can benefit the Company in the long term by increasing the economies of scale for maritime or similar contracts in the future, if any.

(II) In order to implement sustainable development, the Company plans to purchase land for the permanent office, maintenance plant and storage of its ships.

V. Investment Policy for the Last Year

(I) Main reasons for losses in the Company's investments: None.

(II) Investment plan for the upcoming year: At current, the Company does not have any significant investment plans.

VI. Risks Issues

(I) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

1. Interest rate changes: With the end of the epidemic, the cycle of intense interest rate hikes will temporarily draw a pause. In the future, the Company will maintain close relationships with banks to obtain more preferential interest rates depending on the interest rate level, actively reducing interest expenses.
2. Exchange rate changes: The Company's construction projects contracted are mainly domestic public work projects, with raw materials mainly acquired from the domestic market, and thus, bear little impact of exchange rate changes.
3. Inflation: The Company pays close attention to the overall international raw material trends to control the timing and cost of contracting so as to reduce relevant risks.

(II) Policies for engaging in high-risk and high-leverage investments, loans to others, provision of endorsements/guarantees, and derivatives trading, the main reasons for profit or loss thereof, and future countermeasures: The Company is committed to the development of its core business without engaging in high-risk, high-leverage investment, loaning to others, providing endorsements/guarantees to others, and trading of derivatives.

(III) Future R&D plans and estimated R&D costs: Most of the Company's public work projects are commissioned by the government. The Company is responsible for the construction as per the drawings in the contracts. The future R&D plan shall remain the same, and the Company will try to reduce costs and shorten construction periods, and actively study and improve construction techniques to greatly improve the Company's competitiveness Employees from the Engineering Department and the Construction Section of the Company will work with professional contractors to conduct R&D work, so there will be no R&D expenditure.

(IV) Impact of important domestic and international policy and legal changes on the Company's financial business and countermeasures: The Company pays close attention to and responds to domestic and international political and economic development and legal changes in real time.

(V) The influence of technological changes (including cybersecurity risks) and industry changes on the Company's financial operations and countermeasures: The high-tech industry has developed rapidly in recent years, whereas construction in the traditional industry has been relatively stable. However, as the prevalence of internet applications has escalated the importance of cybersecurity, to prevent financial systems from being compromised, information security risk assessments and countermeasures are conducted and implemented regularly. Looking forward, the Company has continued introducing new mindsets, new craftsmanship, and new technology in response to the challenges of technology and industry changes. Therefore, technological changes and industry changes haven't made a significant impact on the Company's finances.

(VI) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures: NONE.

(VII) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.

(VIII) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: None.

(IX) Risks arising from customer or supplier concentration and countermeasures: The Company mainly engages in the government's public work projects, and the credit risk is relatively low.

(X) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.

(XI) Effects of, Risks Relating to and Response to the Changes in Management Rights: None.

(XII) For major litigation and non-litigious proceedings, any major litigation, non-litigious, or administrative disputes finalized or pending in court, in which the Company and its Directors, Supervisors, President, de facto persons in charge, major shareholders holding more than 10% of the shares, and affiliates have been involved, shall be specified. Where the outcome thereof may have a significant impact on shareholders' equity or securities prices, the facts in dispute, the amount of the matter concerned, the start date of the litigation, the major parties involved, and the handling situation as of the publication date of the annual report shall be disclosed: None.

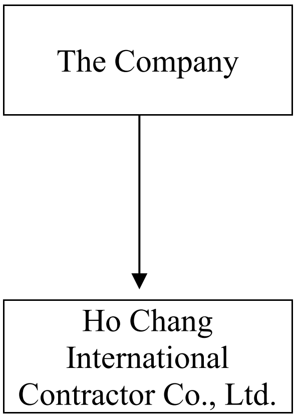
(XIII) Other Important Risks and Mitigation Measures: NONE.

VII. Other Important Matters: None.

VIII Special Disclosure

I. RELEVANT INFORMATION ON AFFILIATES (Reference Date: December 31, 2023)

(I) Affiliate Company Structure



(II) Basic Information on Affiliates

Name of Affiliate	Date of Incorporation	Address	Paid-in Capital	Major Business Activities
Ho Chang International Contractor Co., Ltd.	02.16.2004	No. 111, Ankang Road, Neihu District, Taipei City	NT$405,419 thousands	Ready-mixed concrete manufacturing

(III) Information on Directors, Supervisors, and Presidents of Affiliates

Name of Affiliate	Title	Name or Representative	Shareholding	
			Shares	Shareholding Ratio
Ho Chang International Contractor Co., Ltd.	Chairman	Hwang Chang General Contractor Co., Ltd. (Representative: Chiang Cheng-Chin)	19,867,288	49.00%
	Director	Hwang Chang General Contractor Co., Ltd. (Representative: Huang Chung-Lea)	19,867,288	49.00%
	Director	Hwang Chang General Contractor Co., Ltd. (Representative: Huang Hsien-Chao)	19,867,288	49.00%
	Director	Li Yen-Te	1,496,232	3.69%
	Director	Chiang Chia-Ming	-	-
	Supervisor	Fong Shin Development and Investment Co., Ltd. (Representative: Yao Han-Ching)	993,229	2.45%
	Supervisor	Cheng Shih-Pin	-	-
	General Manager	Chen Hsien-Chao	-	-

(IV) Overview of Operations of Affiliates

Unit: NT$ thousands

Name of Affiliate	Capital Amount	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Pre-tax Net Profit	Net Income (After Tax)	Earnings Per Share (NT$)
Ho Chang International Contractor Co., Ltd.	405,419	2,501,809	1,922,919	578,890	1,897,325	183,783	147,575	3.64

(V) Consolidated financial statements of affiliates: The consolidated financial statements of the Company's affiliates are consistent with those of the parent and subsidiaries. Refer to pages 82-156 for details.

II. Private Placement of Securities During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

IV. Other Supplementary Information: None.

IX Matters that Have a Significant Impact on Shareholders' Equity or Securities Prices Under Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act in the Last Year and As of the Publication Date of the Annual Report **None.**

Hwang Chang General Contractor Co., Ltd.

Chairperson: Chiang, Cheng-Chin