

**Evergreen Steel Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2023 and 2022 and  
Independent Auditors' Report**

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Evergreen Steel Corporation did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

EVERGREEN STEEL CORPORATION

By

KENG-LI LIN  
Chairman

March 13, 2024

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Evergreen Steel Corporation

### Opinion

We have audited the accompanying consolidated financial statements of Evergreen Steel Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2023 are described as follows:

#### Contract Revenue Recognition

The Company's contract revenue mainly comes from providing steel structure engineering contracting business; during the contract period, the contract revenue is recognized based on the degree of completion. Contract revenue recognition from construction depends on the degree of completion of the contract which involves subjective judgment which may result in profit or loss or certain risks that are not recognized in the correct period. Therefore, we identified contract revenue recognition with risk characteristics as a key audit matter.

The main audit procedures that we performed for testing the contract revenue recognition are as follows:

1. We obtained an understanding of the design and implementation of the Company's contract revenue evaluation method and control system by performing control tests.
2. We selected samples of the contract revenue with risk characteristics in the current year which are subject to detailed tests including checking the price accepted by the customers with construction contracts, assessing the adequacy of the contract cost estimation, recalculating the degree of completion, and verifying the correctness of the contract revenue recognition.
3. We performed an analytical review of contract revenue and performed a retrospective review of construction costs.

Refer to Note 4 to the financial statements for the accounting policy on the assessment of construction contracts. Refer to Notes 5 and 25 for critical accounting judgments and key sources of estimation uncertainty.

#### **Other Matter**

We have also audited the parent company only financial statements of Evergreen Steel Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, 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 basis of accounting unless management either intends to liquidate the Group or to cease 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.

## **Auditors' 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, 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 the Standards on Auditing of 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 that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. 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.

The engagement partners on the audits resulting in this independent auditors' report are Ching-Hsia Chang and Yung-Hsiang Chao.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 13, 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.*

# EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,020,667	9	\$ 1,556,034	5
Financial assets at amortized cost - current (Notes 4, 8 and 32)	3,291,045	9	3,329,082	11
Contract assets - current (Notes 4, 23, 25 and 31)	2,729,598	8	3,134,531	10
Notes receivable, net (Notes 4 and 23)	41,617	-	98,124	-
Trade receivables, net (Notes 4, 9 and 23)	823,456	2	1,101,350	3
Trade receivables from related parties, net (Notes 4, 9, 23 and 31)	31,772	-	31,520	-
Other receivables	39,942	-	29,621	-
Current tax assets (Note 4)	22,830	-	-	-
Inventories (Notes 4, 10 and 23)	3,929,699	11	3,096,562	10
Other current assets (Note 17)	95,113	-	37,720	-
Total current assets	14,025,739	39	12,414,544	39
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	11,090,592	31	10,287,438	32
Financial assets at amortized cost - non-current (Notes 4, 8 and 32)	400,036	1	48,726	-
Investments accounted for using equity method (Notes 4 and 12)	167,910	1	175,944	1
Property, plant and equipment (Notes 4, 13, 31 and 32)	3,923,775	11	3,389,378	11
Right-of-use assets (Notes 4 and 14)	30,304	-	48,983	-
Investment properties (Notes 4, 15 and 32)	98,804	-	100,805	-
Intangible assets (Notes 4 and 16)	5,559,032	16	4,959,787	16
Deferred tax assets (Notes 4 and 27)	113,666	-	68,397	-
Refundable deposits	12,313	-	14,489	-
Net defined benefit assets - non-current (Notes 4 and 22)	66,220	-	62,444	-
Other non-current assets (Note 17)	453,116	1	219,610	1
Total non-current assets	21,915,768	61	19,376,001	61
<b>TOTAL</b>	<b>\$ 35,941,507</b>	<b>100</b>	<b>\$ 31,790,545</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Contract liabilities - current (Notes 4, 23 and 25)	\$ 1,833,977	5	\$ 1,050,122	3
Notes payable, net (Note 23)	259,254	1	268,080	1
Trade payables, net (Notes 19, 23 and 31)	1,211,378	4	1,195,535	4
Other payables (Notes 20 and 31)	1,047,803	3	730,860	2
Current tax liabilities (Notes 4 and 27)	424,347	1	184,369	1
Provisions - current (Notes 4 and 21)	84,396	-	71,737	-
Lease liabilities - current (Notes 4 and 14)	16,980	-	24,903	-
Current portion of long-term borrowings (Note 18)	-	-	150,000	1
Other current liabilities	36,659	-	34,702	-
Total current liabilities	4,914,794	14	3,710,308	12
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 18)	2,830,000	8	3,165,824	10
Provisions - non-current (Note 21)	113,685	1	-	-
Deferred tax liabilities (Notes 4 and 27)	83,801	-	83,046	-
Lease liabilities - non-current (Notes 4 and 14)	9,462	-	20,798	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	8,006	-	7,244	-
Guarantee deposits received	81,213	-	24,393	-
Other non-current liabilities (Note 20)	79,513	-	26,008	-
Total non-current liabilities	3,205,680	9	3,327,313	10
Total liabilities	8,120,474	23	7,037,621	22
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)</b>				
Share capital				
Ordinary shares	4,170,915	11	4,170,915	13
Capital surplus	1,319,674	4	1,319,454	4
Retained earnings				
Legal reserve	2,708,324	7	2,441,847	8
Unappropriated earnings	9,597,333	27	8,106,299	25
Total retained earnings	12,305,657	34	10,548,146	33
Other equity				
Exchange differences on translation of the financial statements of foreign operations	(666)	-	(362)	-
Unrealized gain on financial assets at fair value through other comprehensive income	6,514,461	18	5,567,935	18
Total other equity	6,513,795	18	5,567,573	18
Total equity attributable to owners of the Company	24,310,041	67	21,606,088	68
<b>NON-CONTROLLING INTERESTS</b>				
Total equity	27,821,033	77	24,752,924	78
<b>TOTAL</b>	<b>\$ 35,941,507</b>	<b>100</b>	<b>\$ 31,790,545</b>	<b>100</b>

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

# EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 31)	\$ 11,090,533	100	\$ 11,439,152	100
OPERATING COSTS (Notes 10, 22, 26 and 31)	<u>(7,194,816)</u>	<u>(65)</u>	<u>(8,486,393)</u>	<u>(74)</u>
GROSS PROFIT	<u>3,895,717</u>	<u>35</u>	<u>2,952,759</u>	<u>26</u>
OPERATING EXPENSES (Notes 22, 26 and 31)				
Selling and marketing expenses	(298,706)	(3)	(297,682)	(3)
General and administrative expenses	(283,755)	(2)	(277,050)	(2)
Expected credit gain (Notes 9 and 25)	<u>21,898</u>	<u>-</u>	<u>11,853</u>	<u>-</u>
Total operating expenses	<u>(560,563)</u>	<u>(5)</u>	<u>(562,879)</u>	<u>(5)</u>
PROFIT FROM OPERATIONS	<u>3,335,154</u>	<u>30</u>	<u>2,389,880</u>	<u>21</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	74,594	1	40,825	-
Other income (Notes 26 and 31)	1,489,453	13	974,799	9
Other (losses) gains (Note 26)	(23,190)	-	5,487	-
Finance costs (Note 26)	(51,000)	-	(8,275)	-
Share of profit of associates and joint ventures accounted for using equity method (Note 12)	<u>32,951</u>	<u>-</u>	<u>46,084</u>	<u>-</u>
Total non-operating income and expenses	<u>1,522,808</u>	<u>14</u>	<u>1,058,920</u>	<u>9</u>
PROFIT BEFORE INCOME TAX	4,857,962	44	3,448,800	30
INCOME TAX EXPENSE (Notes 4 and 27)	<u>(544,157)</u>	<u>(5)</u>	<u>(359,639)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>4,313,805</u>	<u>39</u>	<u>3,089,161</u>	<u>27</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 22)	(4,225)	-	30,184	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	1,104,663	10	(3,131,008)	(27)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 27)	<u>832</u>	<u>-</u>	<u>(6,037)</u>	<u>-</u>
	<u>1,101,270</u>	<u>10</u>	<u>(3,106,861)</u>	<u>(27)</u>

(Continued)



# EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ (984)	-	\$ 351	-
Income tax related to items that may be reclassified subsequently to profit or loss (Note 27)	<u>272</u>	<u>-</u>	<u>(97)</u>	<u>-</u>
	<u>(712)</u>	<u>-</u>	<u>254</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>1,100,558</u>	<u>10</u>	<u>(3,106,607)</u>	<u>(27)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 5,414,363</u>	<u>49</u>	<u>\$ (17,446)</u>	<u>-</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 3,669,814	33	\$ 2,594,677	23
Non-controlling interests	<u>643,991</u>	<u>6</u>	<u>494,484</u>	<u>4</u>
	<u>\$ 4,313,805</u>	<u>39</u>	<u>\$ 3,089,161</u>	<u>27</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 4,789,190	43	\$ (351,727)	(3)
Non-controlling interests	<u>625,173</u>	<u>6</u>	<u>334,281</u>	<u>3</u>
	<u>\$ 5,414,363</u>	<u>49</u>	<u>\$ (17,446)</u>	<u>-</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 8.80</u>		<u>\$ 6.22</u>	
Diluted	<u>\$ 8.79</u>		<u>\$ 6.22</u>	

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

(Concluded)

**EVERGREEN STEEL CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company										
	Share Capital		Capital Surplus	Retained Earnings		Other Equity		Treasury Shares	Total	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2022	419,982	\$ 4,199,820	\$ 1,340,352	\$ 2,294,939	\$ 6,839,705	\$ (470)	\$ 8,584,546	\$ (49,938)	\$ 23,208,954	\$ 3,073,572	\$ 26,282,526
Appropriation and distribution of 2021 retain earnings											
Legal reserve	-	-	-	146,908	(146,908)	-	-	-	-	-	-
Cash dividend to shareholders	-	-	-	-	(1,251,274)	-	-	-	(1,251,274)	-	(1,251,274)
Dividends from claims extinguished by prescription	-	-	135	-	-	-	-	-	135	-	135
Net profit for the year ended December 31, 2022	-	-	-	-	2,594,677	-	-	-	2,594,677	494,484	3,089,161
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	22,270	108	(2,968,782)	-	(2,946,404)	(160,203)	(3,106,607)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	2,616,947	108	(2,968,782)	-	(351,727)	334,281	(17,446)
Cancellation of treasury shares	(2,891)	(28,905)	(21,033)	-	-	-	-	49,938	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(261,017)	(261,017)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	47,829	-	(47,829)	-	-	-	-
BALANCE AT DECEMBER 31, 2022	417,091	4,170,915	1,319,454	2,441,847	8,106,299	(362)	5,567,935	-	21,606,088	3,146,836	24,752,924
Appropriation and distribution of 2022 retain earnings											
Legal reserve	-	-	-	266,477	(266,477)	-	-	-	-	-	-
Cash dividend to shareholders	-	-	-	-	(2,085,457)	-	-	-	(2,085,457)	-	(2,085,457)
Dividends from claims extinguished by prescription	-	-	220	-	-	-	-	-	220	-	220
Net profit for the year ended December 31, 2023	-	-	-	-	3,669,814	-	-	-	3,669,814	643,991	4,313,805
Other comprehensive (loss) income for the year ended December 31, 2023, net of income tax	-	-	-	-	(2,730)	(304)	1,122,410	-	1,119,376	(18,818)	1,100,558
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	3,667,084	(304)	1,122,410	-	4,789,190	625,173	5,414,363
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(261,017)	(261,017)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	175,884	-	(175,884)	-	-	-	-
BALANCE AT DECEMBER 31, 2023	<u>417,091</u>	<u>\$ 4,170,915</u>	<u>\$ 1,319,674</u>	<u>\$ 2,708,324</u>	<u>\$ 9,597,333</u>	<u>\$ (666)</u>	<u>\$ 6,514,461</u>	<u>\$ -</u>	<u>\$ 24,310,041</u>	<u>\$ 3,510,992</u>	<u>\$ 27,821,033</u>

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

# EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 4,857,962	\$ 3,448,800
Adjustments for:		
Depreciation expense	235,570	372,480
Amortization expense	161,827	4,246
Expected credit reversed gain recognized on trade receivables	(21,898)	(11,853)
Finance costs	51,000	8,275
Interest income	(74,594)	(40,825)
Dividend income	(1,469,709)	(960,613)
Share of profit of associates and joint ventures accounted for using equity method	(32,951)	(46,084)
Gain on disposal of property, plant and equipment	(1,078)	(910)
Gain on disposal of investment properties	-	(6,517)
Net loss on disposal of inventories	-	10,491
Gain on lease modification	(4)	(14)
Other income	-	(679)
Changes in operating assets and liabilities		
Decrease in contract assets	426,111	150,482
Decrease (increase) in notes receivable	56,507	(59,965)
Decrease in trade receivables	278,362	646,626
(Increase) decrease in other receivables	(6,014)	758
(Increase) decrease in inventories	(833,137)	54,556
(Increase) decrease in other current assets	(57,910)	25,800
Increase in net defined benefit assets	(7,111)	(29,879)
Increase (decrease) in contract liabilities	783,855	(338,794)
Decrease in notes payable	(8,826)	(125,923)
Increase (decrease) in trade payables	15,843	(545,444)
Decrease in other payables	(21,781)	(23,460)
Increase in provisions	12,659	10,329
Increase (decrease) in other current liabilities	1,957	(26,188)
Decrease in net defined benefit liabilities	(128)	(194)
Increase in other non-current liabilities	<u>53,505</u>	<u>2,217</u>
Cash generated from operations	4,400,017	2,517,718
Interest received	70,286	38,889
Interest paid	(82,287)	(60,504)
Income tax paid	<u>(370,418)</u>	<u>(390,742)</u>
Net cash generated from operating activities	<u>4,017,598</u>	<u>2,105,361</u>

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# EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (2,732)
Proceeds from sale of financial assets at fair value through other comprehensive income	298,343	81,082
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	3,165	274,921
Purchase of financial assets at amortized cost	(313,273)	(3,307,312)
Payments for property, plant and equipment	(915,000)	(545,443)
Proceeds from disposal of property, plant and equipment	1,969	910
Increase in refundable deposits	-	(4,705)
Decrease in refundable deposits	2,176	-
Payments for intangible assets	(325,169)	(388,981)
Proceeds from disposal of investment properties	-	7,238
Other dividends received	1,469,709	960,613
Dividends received from associates	<u>40,000</u>	<u>28,000</u>
Net cash generated from (used in) investing activities	<u>261,920</u>	<u>(2,896,409)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	-	(100,000)
Repayments of bills payable	-	(449,937)
Proceeds from long-term borrowings	2,830,000	121,178
Repayments of long-term borrowings	(3,330,000)	-
Increase in guarantee deposits	56,820	-
Decrease in guarantee deposits	-	(1,006)
Repayment of principal portion of lease liabilities	(25,471)	(24,665)
Repayments of cash dividend	(2,085,457)	(1,251,274)
Dividends paid to non-controlling interests	(260,997)	(261,017)
Dividends from claims extinguished by prescription	<u>220</u>	<u>135</u>
Net cash used in financing activities	<u>(2,814,885)</u>	<u>(1,966,586)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,464,633</b>	<b>(2,757,634)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b><u>1,556,034</u></b>	<b><u>4,313,668</u></b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b><u>\$ 3,020,667</u></b>	<b><u>\$ 1,556,034</u></b>

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

(Concluded)

# EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Evergreen Steel Corporation (the “Company”) was incorporated in January 1973 as a company limited by shares under the Company Law of the Republic of China. The Company is mainly engaged in the steel structure engineering business and the environmental protection business. The Company’s steel structure engineering business mainly includes engineering projects for factories, tall buildings and bridges. The Company’s reinvestment in environmental protection businesses includes general and business waste treatment and cogeneration. Since April 12, 2021, the Company’s shares have been listed on the Taiwan Stock Exchange.

The consolidated financial statements are presented in the Company’s functional currency, New Taiwan dollars.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 13, 2024.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards 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 above standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

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

Note 1: Unless stated otherwise, the above IFRS Accounting Standards 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 above 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 MATERIAL ACCOUNTING POLICY INFORMATION

- a. 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 IFRS Accounting Standards as endorsed and issued into effect by the FSC.

- b. Basis of preparation

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

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

The Group engages in the construction business, which has an operating cycle of over one year, and the normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company and the entities controlled by the parent company (i.e., its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the parent company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the parent company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests 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 the owners of the parent company.

See Note 11 and Table 6 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the consolidated financial statements, the functional currencies of the parent company and its foreign operations (including subsidiaries and associates that use currencies which are different from the currency of the parent company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the parent company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies and inventory in transit. Inventories are stated at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is not a subsidiary nor an interest in a joint venture.

Investments in associates and joint ventures are accounted for using equity method.

Under the equity method, investments in an associate and joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates and joint ventures attributable to the Group.



Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the investment and the carrying amount is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Profits and loss resulting from the Group's downstream, upstream and sidestream transactions with its associates and joint ventures are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

#### h. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

#### i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

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-line method.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

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.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

When the Group has a right to charge for the usage of concession infrastructure (as a consideration for providing construction services in a service concession arrangement), it recognizes this as an intangible asset. Operating concession asset is measured initially at cost model and then amortized during the concession period. Major additions, replacement and improvements are capitalized, while maintenance and repairs are expensed currently. On derecognition of operating concession asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use asset, investment properties and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of such assets 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. Corporate assets are allocated to the individual 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. 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 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 for the asset or cash-generating unit in prior years. Reversals of impairment loss are recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, and trade receivables 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 asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits and commercial paper with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is 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 disposal of the equity investments; instead, it will be transferred 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 and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost including trade receivables and contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables and contract assets. For all other financial instruments, the Group recognizes 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 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

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.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

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

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the parent company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

1) Onerous contracts

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. In assessing whether a contract is onerous, the cost of fulfilling a contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that are related directly to fulfilling contracts.

2) Warranties

The contractual obligation of the warranty expenditure is expected to occur during the warranty period after the completion of the construction contracts. The Group sets out the provisions according to the warranty expenditure expected to occur during the warranty period. If the preparation is not enough, the current year's expenses shall be included.

3) Decommissioning and restoration obligation

Pursuant to the lease agreement, the Group has an obligation, at the end of the respective lease terms, to restore the leased plant assets to their original condition at the time of the lease. Provisions are recognized based on the present value of the best estimate of future outflows of economic benefits that will be required for fulfillment of the restoration obligation.

n. Revenue recognition

The Group identifies contracts with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

1) Construction contracts revenue

The Group recognizes revenue over time during the construction process. Because the cost of unit of the installation completion of the construction is directly related to fulfilling performance obligation, the Group uses the cost of unit of installation as the estimated total output incurred. The cost ratio is used to measure the progress of the completion, and after the inspection of the installation of the construction, income and cost are relatively recognized. The Group gradually

recognizes contract assets during the construction process and transfers the amount to accounts receivable when issuing invoices. If the payment received for the construction project exceeds the amount, the difference is recognized as contract liability. The project retention fund is withheld by the customer as stated in the contract to ensure that the Group completes all contractual obligations and is recognized as contract assets until the Group satisfies the performance obligations.

2) Energy revenue

The Group signed Commission of Waste Incineration with Taoyuan City Government to deliver general waste from city government and general industrial waste from private enterprise. During operation, the Group will charge waste treatment service fee and recognize revenue from waste treatment. Meanwhile, it will bring out revenue of power generation from Taiwan Power Company.

3) Service concession revenue

The Group signed “Building, Operation and Transfer of Taoyuan City Biomass Energy Center Protocol” with Taoyuan City Government to build and operate infrastructure of biomass energy center. During operation phase, the Group will charge waste treatment service fee. Meanwhile, it will bring out revenue of power generation from Taiwan Power Company.

4) Revenue from the rendering of services

- a) The Group recognized service revenue from waste treatment as the service being provided.
- b) Revenue from the rendering of services comes from providing container repair, renovation and storage services. Such service revenue is recognized when performance obligations are satisfied.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

## 2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated 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. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

## q. Employee benefits

### 1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

### 2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which 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 liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable is based on taxable profit for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) 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 to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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 asset to be recovered. A previously unrecognized deferred tax asset is 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 deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by 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.

3) Current and deferred taxes for the year

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

## **5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, management is required to make judgments, estimates 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 experience 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 in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.



## Construction Contracts

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date as the estimated total contract costs. Under the IFRS 15, incentives and penalties are considered as variables and shall be included in the contract revenue only when it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The estimated total output units, total costs and contractual items are assessed and determined by management based on the nature of the work, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profit and loss from the construction contracts. Please refer to Note 25 for related information.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Cash on hand	\$ 3,296	\$ 3,366
Checking accounts and demand deposits	340,446	315,529
Cash equivalents		
Time deposits	1,848,521	999,592
Commercial paper	<u>828,404</u>	<u>237,547</u>
	<u>\$ 3,020,667</u>	<u>\$ 1,556,034</u>

## 7. FINANCIAL ASSETS AT FVTOCI

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 9,345,408	\$ 9,258,913
Unlisted shares	1,570,068	869,705
Foreign investments		
Unlisted shares	<u>175,116</u>	<u>158,820</u>
	<u>\$ 11,090,592</u>	<u>\$ 10,287,438</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium-to long-term strategic purposes.

The Group sold its investments in 2023 and 2022 and transferred a gain of \$175,884 thousand and \$47,829 thousand, respectively, from other equity to retained earnings.

## 8. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Domestic investments		
Pledge deposits	\$ -	\$ 10,047
Restricted bank deposits	13,443	14,641
Time deposits with original maturities of more than 3 months	<u>3,277,602</u>	<u>3,304,394</u>
	<u>\$ 3,291,045</u>	<u>\$ 3,329,082</u>
<u>Non-current</u>		
Domestic investments		
Pledge deposits	<u>\$ 400,036</u>	<u>\$ 48,726</u>

Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.

## 9. TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Trade receivables (including trade receivables from related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 855,276	\$ 1,133,638
Less: Allowance for impairment loss	<u>(48)</u>	<u>(768)</u>
	<u>\$ 855,228</u>	<u>\$ 1,132,870</u>

The average credit period on sales of goods is 0 to 120 days. In determining the recoverability of a trade receivable, the Group considers the changes in the credit quality of the trade receivable since the date of credit was initially granted to the end of the reporting period. The allowance for bad debts refers to the past arrears records of the counterparty and the analysis of its current financial status to estimate the amount that cannot be recovered.

Except for individual customers who provide provision for losses when there is an obvious sign of impairment, the Group applies the simplified approach for the allowance of expected credit loss prescribed by IFRS 9, which permits the use of a lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial positions.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery of the receivable, e.g., when the debtor has been placed under liquidation, or when the trade receivables are over 365 days past due, whichever occurs earlier. The Group directly recognizes the impairment loss of related accounts receivable. The Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the Group's aging of trade receivables.

December 31, 2023

	<b>Amount Without Sign of Default</b>		<b>Amount with Sign of Default</b>	<b>Total</b>
	<b>0 to 60 Days</b>	<b>61 to 90 Days</b>		
Expected credit loss rate	-	0.04%	-	
Gross carrying amount	\$ 727,691	\$ 127,585	\$ -	\$ 855,276
Loss allowance (Lifetime ECL)	<u>(3)</u>	<u>(45)</u>	<u>-</u>	<u>(48)</u>
Amortized cost	<u>\$ 727,688</u>	<u>\$ 127,540</u>	<u>\$ -</u>	<u>\$ 855,228</u>

December 31, 2022

	<b>Amount Without Sign of Default</b>		<b>Amount with Sign of Default</b>	<b>Total</b>
	<b>0 to 60 Days</b>	<b>61 to 90 Days</b>		
Expected credit loss rate	0.05%	1.00%	-	
Gross carrying amount	\$ 1,115,555	\$ 18,083	\$ -	\$ 1,133,638
Loss allowance (Lifetime ECL)	<u>(588)</u>	<u>(180)</u>	<u>-</u>	<u>(768)</u>
Amortized cost	<u>\$ 1,114,967</u>	<u>\$ 17,903</u>	<u>\$ -</u>	<u>\$ 1,132,870</u>

The above is an aging analysis based on the account opening date.

The movements of the loss allowance of trade receivables were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 768	\$ -
Add: Net remeasurement of loss allowance (reversed)	<u>(720)</u>	<u>768</u>
Balance at December 31	<u>\$ 48</u>	<u>\$ 768</u>

## 10. INVENTORIES

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Raw material	\$ 3,897,117	\$ 3,069,957
Supplies	<u>32,582</u>	<u>26,605</u>
	<u>\$ 3,929,699</u>	<u>\$ 3,096,562</u>

The costs of inventories recognized as operating cost for the years ended December 31, 2023 and 2022 were \$5,790,801 thousand and \$7,373,578 thousand, respectively. The operating costs, which included the inventory write-downs for the year ended December 31, 2022 was \$10,491 thousand.

## 11. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

The entities included in the consolidated statements are listed below.

Investor	Investee	Main Business	% of Ownership		Remark
			December 31 2023	December 31 2022	
The parent company	Hsin Yung Enterprise Corporation	Waste treatment, disposal and cogeneration	68.46	68.46	-
	Super Max Engineering Enterprise Co., Ltd.	Waste collection, treatment and disposal	48.13	48.13	*
	Ever Ecove Corporation	Waste treatment, disposal and cogeneration	50.06	50.06	-
	Ming Yu Investment Corporation	General investment activities	100.00	100.00	-

\* The Company holds a 48.13% interest in Super Max Engineering Enterprise Co., Ltd. The Company occupies more than half of the board's seats and has the practical ability to direct the relevant activities of Super Max Engineering Enterprise Co., Ltd. Therefore, the Company deems it a subsidiary.

### b. Subsidiaries excluded from the consolidated financial statements: None.

## 12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2023	2022
Associates that are not individually material		
Kun Lin Engineering Co., Ltd.	<u>\$ 167,910</u>	<u>\$ 175,944</u>
	Proportion of Ownership and Voting Rights	
	December 31	
	2023	2022
Kun Lin Engineering Co., Ltd.	50%	50%
<u>Aggregate information of associates that are not individually material</u>		
	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Net income for the year	<u>\$ 32,951</u>	<u>\$ 46,084</u>

The Group holds 50% of the issued share capital of Kun Lin Engineering Co., Ltd. and controls 50% of the voting power in general meetings. According to the agreement made by the shareholders, the other shareholders control the composition of the board of directors of Kun Lin Engineering Co., Ltd. and, therefore, the Group does not have control over them. The directors of the Company, however, consider that the Group does exercise significant influence over Kun Lin Engineering Co., Ltd.; therefore, the Group accounts them as associates.

### 13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress and Equipment to Be Inspected	Total
<u>Cost</u>								
Balance at January 1, 2023	\$ 1,797,045	\$ 164,600	\$ 2,519,610	\$ 5,019,816	\$ 141,566	\$ 136,883	\$ 259,956	\$ 10,039,476
Additions	-	-	48,866	149,871	9,660	24,523	360,910	593,830
Disposals	-	-	-	(28,057)	(10,177)	(4,432)	-	(42,666)
Reclassification	-	-	-	56,071	-	94,061	-	150,132
Balance at December 31, 2023	<u>\$ 1,797,045</u>	<u>\$ 164,600</u>	<u>\$ 2,568,476</u>	<u>\$ 5,197,701</u>	<u>\$ 141,049</u>	<u>\$ 251,035</u>	<u>\$ 620,866</u>	<u>\$ 10,740,772</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ -	\$ 140,174	\$ 1,917,840	\$ 4,427,672	\$ 96,386	\$ 68,026	\$ -	\$ 6,650,098
Disposals	-	-	-	(28,057)	(9,364)	(4,354)	-	(41,775)
Depreciation expense	-	4,230	57,630	120,275	13,265	13,274	-	208,674
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 144,404</u>	<u>\$ 1,975,470</u>	<u>\$ 4,519,890</u>	<u>\$ 100,287</u>	<u>\$ 76,946</u>	<u>\$ -</u>	<u>\$ 6,816,997</u>
Carrying amount at December 31, 2023	<u>\$ 1,797,045</u>	<u>\$ 20,196</u>	<u>\$ 593,006</u>	<u>\$ 677,811</u>	<u>\$ 40,762</u>	<u>\$ 174,089</u>	<u>\$ 620,866</u>	<u>\$ 3,923,775</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ 1,797,045	\$ 164,600	\$ 2,492,516	\$ 4,848,987	\$ 126,433	\$ 114,277	\$ 15,797	\$ 9,559,655
Additions	-	-	10,811	200,437	17,634	29,000	252,506	510,388
Disposals	-	-	-	(30,958)	(2,501)	(2,839)	-	(36,298)
Reclassification	-	-	16,283	1,350	-	(3,555)	(8,347)	5,731
Balance at December 31, 2022	<u>\$ 1,797,045</u>	<u>\$ 164,600</u>	<u>\$ 2,519,610</u>	<u>\$ 5,019,816</u>	<u>\$ 141,566</u>	<u>\$ 136,883</u>	<u>\$ 259,956</u>	<u>\$ 10,039,476</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ -	\$ 134,875	\$ 1,827,124	\$ 4,231,755	\$ 85,459	\$ 60,255	\$ -	\$ 6,339,468
Disposals	-	-	-	(30,958)	(2,501)	(2,839)	-	(36,298)
Depreciation expense	-	5,299	90,716	226,875	13,428	10,610	-	346,928
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 140,174</u>	<u>\$ 1,917,840</u>	<u>\$ 4,427,672</u>	<u>\$ 96,386</u>	<u>\$ 68,026</u>	<u>\$ -</u>	<u>\$ 6,650,098</u>
Carrying amount at December 31, 2022	<u>\$ 1,797,045</u>	<u>\$ 24,426</u>	<u>\$ 601,770</u>	<u>\$ 592,144</u>	<u>\$ 45,180</u>	<u>\$ 68,857</u>	<u>\$ 259,956</u>	<u>\$ 3,389,378</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Land improvements	7-10 years
Buildings	2-55 years
Machinery and equipment	2-20 years
Transportation equipment	5 years
Other equipment	3-8 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 32.

### 14. LEASE ARRANGEMENTS

#### a. Right-of-use assets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amount</u>		
Land	\$ 30,011	\$ 47,911
Other equipment	<u>293</u>	<u>1,072</u>
	<u>\$ 30,304</u>	<u>\$ 48,983</u>

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 6,905</u>	<u>\$ 48,977</u>
Depreciation charge for right-of-use assets		
Land	\$ 24,024	\$ 22,747
Other equipment	<u>871</u>	<u>803</u>
	<u>\$ 24,895</u>	<u>\$ 23,550</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amount</u>		
Current	<u>\$ 16,980</u>	<u>\$ 24,903</u>
Non-current	<u>\$ 9,462</u>	<u>\$ 20,798</u>

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
	0.878%-1.837%	0.878%-1.47%

c. Material leasing activities and terms

The Group leases land and equipment for the use of storage area and manufacturing with lease term of 2 to 5 years. The Group does not have bargain purchase options to acquire the leasehold land at the end of the lease term. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 15,602</u>	<u>\$ 14,233</u>
Total cash outflow for leases	<u>\$ 41,481</u>	<u>\$ 39,318</u>

## 15. INVESTMENT PROPERTIES

	<b>Amount</b>
<u>Cost</u>	
Balance at January 1, 2023	\$ 292,655
Additions	<u>-</u>
Balance at December 31, 2023	<u>\$ 292,655</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2023	\$ (191,850)
Depreciation expense	<u>(2,001)</u>
Balance at December 31, 2023	<u>\$ (193,851)</u>
Carrying amount at December 31, 2023	<u>\$ 98,804</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 302,004
Additions	-
Disposals	<u>(9,349)</u>
Balance at December 31, 2022	<u>\$ 292,655</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ (198,476)
Disposals	8,628
Depreciation expense	<u>(2,002)</u>
Balance at December 31, 2022	<u>\$ (191,850)</u>
Carrying amount at December 31, 2022	<u>\$ 100,805</u>

The investment properties are depreciated using the straight-line method in 50 years.

The fair value of the investment real estate was evaluated by the management of the Group with reference to the transaction prices of market evidence for similar properties, it is fair value is as followed:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Fair value	<u>\$ 174,572</u>	<u>\$ 182,268</u>

The Group sold part of the investment properties, which resulted in gain on disposal of \$6,517 thousand stated as other gain (loss) in 2022.

All of the Group's investment properties were held under freehold interests. The investment properties pledged as collateral for bank borrowings were set out in Note 32.

## 16. INTANGIBLE ASSETS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Service concession arrangements*	\$ 5,553,202	\$ 4,952,881
Computer software	<u>5,830</u>	<u>6,906</u>
	<u>\$ 5,559,032</u>	<u>\$ 4,959,787</u>

- \* The subsidiary - Ever Ecove Corporation signed a construction contract of “Building, Operation and Transfer of Taoyuan City Biomass Energy Center” with Taoyuan City Government, and the price of the right to charge public service users which was built by Ever Ecove Corporation, is classified as intangible assets - service concession arrangements. The construction period was from October 2018 to October 2021. Ever Ecove Corporation was able to apply to Taoyuan City Government for a one-time extension. Upon completion of construction, Ever Ecove Corporation shall provide operational services until October 2043. Due to the impact of the epidemic, Ever Ecove Corporation did not complete the construction and the operations test before the end of March 2023. According to the Taoyuan City Government Correspondence Section, liquidated damages have been imposed, and relevant Provisions have been made. Upon expiration of the service concession arrangement, Ever Ecove Corporation shall return the right of management according to the contract and transfer the ownership of the built biomass energy center and related auxiliary facilities to Taoyuan City Government free of charge. Ever Ecove Corporation has obtained a letter of permission from the Taoyuan City Government to operate the Taoyuan City Biomass Energy Center (except for the anaerobic digestion system) on December 29, 2023.

## 17. OTHER ASSETS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Prepayments	\$ 63,345	\$ 24,386
Prepaid expenses	22,835	12,441
Tax credit	<u>8,933</u>	<u>893</u>
	<u>\$ 95,113</u>	<u>\$ 37,720</u>
<u>Non-current</u>		
Prepayments for equipment	<u>\$ 453,116</u>	<u>\$ 219,610</u>



## 18. LONG-TERM BORROWINGS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Secured borrowings</u>		
Bank loans	\$ 2,830,000	\$ 3,330,000
Less: Current portion of long-term borrowing	-	(150,000)
Unamortized discount	-	(14,176)
	<u>\$ 2,830,000</u>	<u>\$ 3,165,824</u>
Expiry date	These borrowings are gradually expiring before the end of October 2034.	These borrowings are gradually expiring before the end of October 2034.
Interest rate range	1.90%	1.60%-2.05%

Refer to Note 32 for details of the collaterals pledged for the above long-term borrowings.

## 19. TRADE PAYABLES

The average credit period on purchases of certain goods is 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Retentions payable on construction contracts which are included in trade payables and are not bearing interest and are expected to be paid at the end of retention periods, which are within the normal operating cycle of the Group, usually more than twelve months after the reporting period. Refer to Note 23 for maturity analysis of retentions payable.

## 20. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Other payables		
Payables for equipment	\$ 785,987	\$ 446,708
Payables for compensation of employees and remuneration of directors	51,365	43,111
Payables for annual leave	41,886	39,673
Payables for transportation fees	19,703	18,345

(Continued)

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Payables for taxes	\$ 15,556	\$ 18,798
Payables for insurance expenses	15,198	13,408
Others	<u>118,108</u>	<u>150,817</u>
	<u>\$ 1,047,803</u>	<u>\$ 730,860</u>
 <u>Non-Current</u>		
Other non-current liabilities		
Long-term payables*	\$ 52,005	\$ -
Others	<u>27,508</u>	<u>26,008</u>
	<u>\$ 79,513</u>	<u>\$ 26,008</u>

(Concluded)

- \* The Group made an accrual for future anticipated payment to Taoyuan City Government for land according to service concession arrangements.

## 21. PROVISIONS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Warranties (a)	\$ 65,826	\$ 62,493
Onerous contracts - loss on construction	220	9,244
Others	<u>18,350</u>	<u>-</u>
	<u>\$ 84,396</u>	<u>\$ 71,737</u>
 <u>Non-Current</u>		
Replacement (b)	<u>\$ 113,685</u>	<u>\$ -</u>

- a. The contractual obligation of the warranty expenditure is expected to occur during the warranty period after the completion of the construction contracts.
- b. The Group made a provision for future anticipated replacement of intangible assets - service concession arrangements.

## 22. RETIREMENT BENEFIT PLANS

- a. Defined contribution plan

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Group in accordance with the Labor Standards Act is operated by the government of ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group contribute amounts equal to 3%-15% of total monthly salaries and wages 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. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Group's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligation	<u>\$ 391,169</u>	<u>\$ 403,039</u>
Fair value of plan assets	<u>\$ (449,383)</u>	<u>\$ (458,239)</u>
Net defined benefit asset	<u>\$ (66,220)</u>	<u>\$ (62,444)</u>
Net defined benefit liability	<u>\$ 8,006</u>	<u>\$ 7,244</u>

Movements in net defined benefit liability (asset) were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>	<b>Net Defined Benefit Asset</b>
Balance at January 1, 2023	\$ 403,039	\$ (458,239)	\$ 7,244	\$ (62,444)
Service cost				
Current service cost	5,890	-	998	4,892
Net interest expense (income)	<u>5,277</u>	<u>(6,197)</u>	<u>88</u>	<u>(1,008)</u>
Recognized in profit or loss	<u>11,167</u>	<u>(6,197)</u>	<u>1,086</u>	<u>3,884</u>
Remeasurement				
Return on plan assets (excluding amounts included in net interest)	-	(3,206)	(233)	(2,973)
Actuarial loss - changes in financial assumptions	3,594	-	1,098	2,496
Actuarial loss - experience adjustments	<u>3,837</u>	<u>-</u>	<u>25</u>	<u>3,812</u>
Recognized in other comprehensive income	<u>7,431</u>	<u>(3,206)</u>	<u>890</u>	<u>3,335</u>
Contributions from the employer	-	(8,031)	(1,214)	(6,817)
Benefits paid	(26,290)	26,290	-	-
Company paid	<u>(4,178)</u>	<u>-</u>	<u>-</u>	<u>(4,178)</u>
Balance at December 31, 2023	<u>\$ 391,169</u>	<u>\$ (449,383)</u>	<u>\$ 8,006</u>	<u>\$ (66,220)</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>	<b>Net Defined Benefit Asset</b>
Balance at January 1, 2022	\$ 425,921	\$ (420,864)	\$ 8,579	\$ (3,522)
Service cost				
Current service cost	6,290	-	1,072	5,218
Net interest expense (income)	<u>2,613</u>	<u>(2,668)</u>	<u>46</u>	<u>(101)</u>
Recognized in profit or loss	<u>8,903</u>	<u>(2,668)</u>	<u>1,118</u>	<u>5,117</u>
Remeasurement				
Return on plan assets (excluding amounts included in net interest)	-	(32,653)	(2,422)	(30,231)
Actuarial income - changes in financial assumptions	(9,314)	-	(1,275)	(8,039)
Actuarial loss - experience adjustments	<u>11,783</u>	<u>-</u>	<u>2,556</u>	<u>9,227</u>
Recognized in other comprehensive income	<u>2,469</u>	<u>(32,653)</u>	<u>(1,141)</u>	<u>(29,043)</u>
Contributions from the employer	-	(28,580)	(1,312)	(27,268)
Benefits paid	(26,526)	26,526	-	-
Company paid	<u>(7,728)</u>	<u>-</u>	<u>-</u>	<u>(7,728)</u>
Balance at December 31, 2022	<u>\$ 403,039</u>	<u>\$ (458,239)</u>	<u>\$ 7,244</u>	<u>\$ (62,444)</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Operating cost	\$ 2,252	\$ 3,019
Operating expenses	<u>2,718</u>	<u>3,216</u>
	<u>\$ 4,970</u>	<u>\$ 6,235</u>

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)	1%-1.25%	1.06%-1.375%
Expected rate(s) of salary increase	2.25%-3%	2.25%-3%
Turnover rate	0.1%-7.5%	0.1%-7.5%

If possible reasonable change in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)		
0.25% increase	<u>\$ (6,627)</u>	<u>\$ (7,233)</u>
0.25% decrease	<u>\$ 6,819</u>	<u>\$ 7,453</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 6,618</u>	<u>\$ 7,244</u>
0.25% decrease	<u>\$ (6,466)</u>	<u>\$ (7,067)</u>

The sensitivity analysis previously presented may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that change in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Expected contributions to the plan for the next year	<u>\$ 2,138</u>	<u>\$ 27,688</u>
Average duration of the defined benefit obligation	3.7-7.3 years	4-7.7 years

## 23. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The current/non-current classification of the Group's assets and liabilities relating to the steel structure business was based on its operating cycle. The amount expected to be recovered or settled within one year after the reporting period and more than one year after the reporting period for related assets and liabilities were as follows:

	Within 1 Year	More Than 1 Year	Total
<u>December 31, 2023</u>			
Assets			
Notes receivable	\$ 40,755	\$ -	\$ 40,755
Trade receivables	588,989	-	588,989
Inventories	3,899,751	-	3,899,751
Contract assets - current	<u>1,575,459</u>	<u>1,154,139</u>	<u>2,729,598</u>
	<u>\$ 6,104,954</u>	<u>\$ 1,154,139</u>	<u>\$ 7,259,093</u>
Liabilities			
Notes payable	\$ 252,638	\$ -	\$ 252,638
Trade payables	913,864	115,880	1,029,744
Contract liabilities - current	<u>1,819,757</u>	<u>-</u>	<u>1,819,757</u>
	<u>\$ 2,986,259</u>	<u>\$ 115,880</u>	<u>\$ 3,102,139</u>
<u>December 31, 2022</u>			
Assets			
Notes receivable	\$ 97,624	\$ -	\$ 97,624
Trade receivables	985,508	-	985,508
Inventories	3,073,889	-	3,073,889
Contract assets - current	<u>1,738,743</u>	<u>1,256,599</u>	<u>2,995,342</u>
	<u>\$ 5,895,764</u>	<u>\$ 1,256,599</u>	<u>\$ 7,152,363</u>
Liabilities			
Notes payable	\$ 260,508	\$ -	\$ 260,508
Trade payables	947,474	83,260	1,030,734
Contract liabilities - current	<u>1,038,140</u>	<u>-</u>	<u>1,038,140</u>
	<u>\$ 2,246,122</u>	<u>\$ 83,260</u>	<u>\$ 2,329,382</u>

## 24. EQUITY

### a. Share capital

#### Ordinary shares

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Number of shares authorized (in thousands)	440,000	440,000
Shares authorized	<u>\$ 4,400,000</u>	<u>\$ 4,400,000</u>
Number of shares issued and fully paid (in thousands)	417,091	417,091
Shares issued	<u>\$ 4,170,915</u>	<u>\$ 4,170,915</u>

On August 10, 2022, the board of directors resolved to cancel 2,891 thousand treasury shares. Furthermore, registration change was completed on September 27, 2022.

### b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
May be used to offset a deficit, distributed as <u>cash dividends, or transferred to share capital (1)</u>		
Additional paid-in capital		
Issuance of ordinary shares	\$ 834,085	\$ 834,085
From business combinations	51,598	51,598
Treasury share transactions	424,933	424,933
<u>May only be used to offset a deficit</u>		
Changes in ownership interests in subsidiaries (2)	8,510	8,510
Unclaimed dividends	<u>548</u>	<u>328</u>
	<u>\$ 1,319,674</u>	<u>\$ 1,319,454</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using equity method.

### c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors before and after amendment, please refer to f. employee benefits expense in Note 26.

On June 10, 2022, the Company held a shareholders' meeting and amended the Company's Articles of Incorporation, which stipulates that the special surplus reserve set aside in the preceding paragraph belongs to a part that has not been fully accumulated in the prior years, the same amount thereof shall be set aside for the special surplus reserve from the retained earnings accrued from prior years. If the special surplus reserve is still insufficient, the amount from the net income after taxes for the current period plus the items other than the net income after taxes for the current period shall be included in the amount of the retained earnings for the current period to be set aside for such a purpose. Before the amendment of the Articles of Incorporation, the Company has set aside the special surplus reserve from the retained earnings accrued from prior years in accordance with the regulations.

The Company's dividend policy also stipulates to meet present and future development projects and takes into consideration the investment environment, funding requirements, international or domestic competitive conditions while simultaneously meeting shareholders' interests. When there is no cumulative loss, the parent company shall distribute dividends at no less than 50% of the net profit. The dividends may be distributed by either cash or shares, and cash dividends shall not be less than 50% of the total dividends.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021, which were approved in shareholders' meetings on June 20, 2023 and June 10, 2022, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 266,477	\$ 146,908		
Cash dividends	2,085,457	1,251,274	\$ 5	\$ 3

The appropriation of earnings for 2023, which were proposed by the Company's board of directors on March 13, 2024, were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 384,297	
Cash dividends	2,711,095	\$ 6.5

The appropriation of earnings for 2023 is subject to resolution in the shareholders' meeting to be held on May 27, 2024.



d. Treasury shares

	<b>Shares Transferred to Employees (In Thousands of Shares)</b>
Number of shares at January 1, 2023	-
Additions	-
Less	<u>-</u>
Number of shares at December 31, 2023	<u>-</u>
Carrying amount at December 31, 2023	<u>\$ -</u>
Number of shares at January 1, 2022	2,891
Additions	-
Less	<u>(2,891)</u>
Number of shares at December 31, 2022	<u>-</u>
Carrying amount at December 31, 2022	<u>\$ -</u>

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

**25. REVENUE**

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Construction contract revenue	\$ 8,011,402	\$ 8,857,305
Revenue from waste treatment	1,958,481	1,883,119
Energy revenue	939,512	516,173
Revenue from containers repair	<u>181,138</u>	<u>182,555</u>
	<u>\$ 11,090,533</u>	<u>\$ 11,439,152</u>

a. Contract balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Contract assets			
Properties construction	\$ 788,509	\$ 931,051	\$ 1,471,732
Retention receivable	1,985,238	2,129,618	1,878,608
Energy	-	139,189	-
Less: Allowance for impairment loss	<u>(44,149)</u>	<u>(65,327)</u>	<u>(77,948)</u>
	<u>\$ 2,729,598</u>	<u>\$ 3,134,531</u>	<u>\$ 3,272,392</u>

(Continued)

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities			
Properties construction	\$ 1,819,757	\$ 1,038,140	\$ 1,380,717
Waste treatment	<u>14,220</u>	<u>11,982</u>	<u>8,199</u>
	<u>\$ 1,833,977</u>	<u>\$ 1,050,122</u>	<u>\$ 1,388,916</u> (Concluded)

The movements of the loss allowance of contract assets were as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 65,327	\$ 77,948
Add: Net remeasurement of loss allowance reversed	<u>(21,178)</u>	<u>(12,621)</u>
Balance at December 31	<u>\$ 44,149</u>	<u>\$ 65,327</u>

b. Partially completed contracts

As of December 31, 2023 and 2022, the transaction price allocated to contract performance obligations that have not been completed totaled \$20,497,839 thousand and \$16,255,276 thousand respectively. The Group shall gradually recognize revenues based on the completion status of the projects. The revenues from the contracts are expected to be recognized before the end of 2027.

## 26. NET PROFIT FROM CONTINUING OPERATIONS

a. Other income

	<u>For the Year Ended December 31</u>	
	2023	2022
Dividend income	\$ 1,469,709	\$ 960,613
Rental income	8,702	9,281
Others (Note 31)	<u>11,042</u>	<u>4,905</u>
	<u>\$ 1,489,453</u>	<u>\$ 974,799</u>

b. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2023	2022
Gain on disposal of investment property	\$ -	\$ 6,517
Gain on disposal of property, plant and equipment	1,078	910
Net foreign exchange losses	(3,596)	(659)
Others	<u>(20,672)</u>	<u>(1,281)</u>
	<u>\$ (23,190)</u>	<u>\$ 5,487</u>

c. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 81,215	\$ 60,453
Interest on commercial paper	91	557
Interest on lease liabilities	408	420
Interest on replacement provision	923	-
Less: Amounts included in the cost of qualifying assets	<u>(31,637)</u>	<u>(53,155)</u>
	<u>\$ 51,000</u>	<u>\$ 8,275</u>

Information about capitalized interest is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Capitalized interest amount	<u>\$ 31,637</u>	<u>\$ 53,155</u>
Capitalization rate	1.95%-2.32%	1.92%-2.05%

d. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Property, plant and equipment	\$ 208,674	\$ 346,928
Right-of-use assets	24,895	23,550
Investment property	2,001	2,002
Intangible assets	<u>161,827</u>	<u>4,246</u>
	<u>\$ 397,397</u>	<u>\$ 376,726</u>
 An analysis of deprecation by function		
Operating costs	\$ 222,790	\$ 357,287
Operating expenses	<u>12,780</u>	<u>15,193</u>
	<u>\$ 235,570</u>	<u>\$ 372,480</u>
 An analysis of amortization by function		
Operating costs	\$ 157,529	\$ 735
Operating expenses	<u>4,298</u>	<u>3,511</u>
	<u>\$ 161,827</u>	<u>\$ 4,246</u>

e. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Post-employment benefits		
Defined contribution plans	\$ 22,055	\$ 21,304
Defined benefit plans (Note 22)	4,970	6,235
Other employee benefits	<u>879,632</u>	<u>817,359</u>
Total employee benefits expense	<u>\$ 906,657</u>	<u>\$ 844,898</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 453,874	\$ 417,204
Operating expenses	<u>452,783</u>	<u>427,694</u>
	<u>\$ 906,657</u>	<u>\$ 844,898</u>

f. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued compensation of employees and remuneration of directors at rates of no less than 0.5% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 13, 2024 and March 10, 2023, respectively, were as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	0.50%	0.50%
Remuneration of directors	0.16%	0.26%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 20,450	\$ 13,600
Remuneration of directors	6,495	7,000

If there is a change in the amounts after the consolidated annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in the following year.

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

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 27. INCOME TAXES

### a. Income tax recognized in profit or loss

Major components of tax expense recognized in profit or loss are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 668,450	\$ 472,238
Income tax on unappropriated earnings	17,131	7,998
Shareholders' investment tax credits	(50,526)	(115,399)
Equipment's investment tax credits	(47,373)	-
Land value increment tax	-	550
Adjustment for prior year	<u>(115)</u>	<u>(4,367)</u>
	<u>587,567</u>	<u>361,020</u>
Deferred tax		
In respect of the current year	3,786	23,220
Shareholders' investment tax credits	24,601	(24,601)
Equipment's investment tax credits	<u>(71,797)</u>	<u>-</u>
	<u>(43,410)</u>	<u>(1,381)</u>
Income tax expense recognized in profit or loss	<u>\$ 544,157</u>	<u>\$ 359,639</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before tax	<u>\$ 4,857,962</u>	<u>\$ 3,448,800</u>
Income tax expense calculated at the statutory rate	\$ 971,592	\$ 689,760
Nondeductible expenses in determining taxable income	(1,008)	8,419
Tax-exempt income	(300,551)	(202,636)
Additional income tax under the Alternative Minimum Tax Act	2,203	-
Income tax on unappropriated earnings	17,131	7,998
Shareholders' investment tax credits	(25,925)	(140,000)
Equipment's investment tax credits	(119,170)	-
Land value increment tax	-	550
Adjustments for prior years' tax	(115)	(4,367)
Others	<u>-</u>	<u>(85)</u>
Income tax expense recognized in profit or loss	<u>\$ 544,157</u>	<u>\$ 359,639</u>

b. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Compre- hensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit plans	\$ 1,449	\$ (156)	\$ 165	\$ 1,458
Payables for annual leave	7,523	309	-	7,832
Unrealized exchange losses	1,226	(724)	-	502
Unrealized provisions	12,499	666	-	13,165
Unrealized expenses	238	1,491	-	1,729
Unrealized loss on inventories	6,553	(409)	-	6,144
Bad debts in excess of the limit	8,114	(3,259)	-	4,855
Government grants	428	4	-	432
Exchange differences on translation of the financial statements of foreign operations	326	-	272	598
Shareholders' investment tax credits	24,601	(24,601)	-	-
Equipment's investment tax credits	-	71,797	-	71,797
Others	<u>5,440</u>	<u>(286)</u>	<u>-</u>	<u>5,154</u>
	<u>\$ 68,397</u>	<u>\$ 44,832</u>	<u>\$ 437</u>	<u>\$ 113,666</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Land value increment tax	\$ 65,995	\$ -	\$ -	\$ 65,995
Defined benefit plans	<u>17,051</u>	<u>1,422</u>	<u>(667)</u>	<u>17,806</u>
	<u>\$ 83,046</u>	<u>\$ 1,422</u>	<u>\$ (667)</u>	<u>\$ 83,801</u>

For the year ended December 31, 2022

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Compre- hensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit plans	\$ 1,694	\$ (16)	\$ (229)	\$ 1,449
Payables for annual leave	7,295	228	-	7,523
Amortization of repairs and maintenance expenses	3,617	(3,617)	-	-
Unrealized exchange losses	1,327	(101)	-	1,226
Unrealized provisions	12,214	285	-	12,499
Unrealized expenses	6,418	(6,180)	-	238
Unrealized loss on inventories	4,455	2,098	-	6,553
Bad debts in excess of the limit	9,285	(1,171)	-	8,114
Government grants	553	(125)	-	428
Exchange differences on translation of the financial statements of foreign operations	423	-	(97)	326
Loss carryforwards	14,085	(14,085)	-	-
Shareholders' investment tax credits	-	24,601	-	24,601
Others	<u>-</u>	<u>5,440</u>	<u>-</u>	<u>5,440</u>
	<u>\$ 61,366</u>	<u>\$ 7,357</u>	<u>\$ (326)</u>	<u>\$ 68,397</u>

Deferred tax liabilities

Temporary differences				
Land value increment tax	\$ 65,995	\$ -	\$ -	\$ 65,995
Defined benefit plans	<u>5,267</u>	<u>5,976</u>	<u>5,808</u>	<u>17,051</u>
	<u>\$ 71,262</u>	<u>\$ 5,976</u>	<u>\$ 5,808</u>	<u>\$ 83,046</u>

- c. Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Deductible temporary differences		
Impairment loss on financial assets	<u>\$ 122,669</u>	<u>\$ 122,669</u>

- d. Income tax assessments

The income tax of the Group through 2021 have been assessed by the Tax Authorities.

## 28. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Basic earnings per share	\$ <u>8.80</u>	\$ <u>6.22</u>
Diluted earnings per share	\$ <u>8.79</u>	\$ <u>6.22</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

### Net profit for the year

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Profit for the year attributable to owners of the Company	\$ <u>3,669,814</u>	\$ <u>2,594,677</u>

### Shares

Unit: In Thousand Shares

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	417,091	417,091
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>245</u>	<u>290</u>
Weighted average number of ordinary shares outstanding in the computation of diluted earnings per share	<u>417,336</u>	<u>417,381</u>

The Group may settle the compensation paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.



### 30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Management believes that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 9,345,408	\$ -	\$ -	\$ 9,345,408
Unlisted shares-ROC	-	-	1,570,068	1,570,068
Unlisted shares in other country	-	-	175,116	175,116
	<u>\$ 9,345,408</u>	<u>\$ -</u>	<u>\$ 1,745,184</u>	<u>\$ 11,090,592</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 9,258,913	\$ -	\$ -	\$ 9,258,913
Unlisted shares-ROC	-	-	869,705	869,705
Unlisted shares in other country	-	-	158,820	158,820
	<u>\$ 9,258,913</u>	<u>\$ -</u>	<u>\$ 1,028,525</u>	<u>\$ 10,287,438</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

- 2) Reconciliation of Level 3 fair value measurements of financial instruments: None
- 3) Valuation techniques and inputs applied for Level 2 fair value measurement: None
- 4) Valuation techniques and inputs applied for Level 3 fair value measurement: The fair values of unlisted equity securities - ROC were determined using market approach. The market approach is used to arrive at their par values for which the recent financing activities of investees, the market transaction prices of the similar companies and market conditions are considered.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 7,657,584	\$ 6,208,946
Financial assets at FVTOCI		
Equity instruments	11,090,592	10,287,438
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	5,289,432	5,412,316
Lease liabilities	26,442	45,701

- 1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables and other receivables, financial assets at amortized cost and refundable deposits.
- 2) The balances included financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable and trade payables, other payables, guarantee deposits received, current portion of long-term borrowings and long-term borrowings.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivables, trade payables, borrowings and lease liabilities. The Group's Corporate Treasury function coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There have been no changes to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to the Currency USD, Currency EUR, Currency JPY and Currency RMB.

The following table details the Group's sensitivity to an increase and a decrease in New Taiwan Dollars (i.e., the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 5% change in foreign currency rates. The positive numbers in the following table indicate the amount of increase in net profit before tax when the New Taiwan Dollars depreciates by 5% relative to the relevant currencies; when the New Taiwan Dollars appreciates by 5% relative to the relevant foreign currencies, its impact on the net profit before tax will be the negative number of the same amount.

	<b>USD Impact</b>		<b>EUR Impact</b>	
	<b>For the Year Ended December 31</b> <b>2023</b>	<b>2022</b>	<b>For the Year Ended December 31</b> <b>2023</b>	<b>2022</b>
Profit or loss	\$ <u>1,630</u> *	\$ <u>433</u> *	\$ <u>(1,946)</u> *	\$ <u>60</u> *

  

	<b>JPY Impact</b>		<b>RMB Impact</b>	
	<b>For the Year Ended December 31</b> <b>2023</b>	<b>2022</b>	<b>For the Year Ended December 31</b> <b>2023</b>	<b>2022</b>
Profit or loss	\$ <u>(4,041)</u> *	\$ <u>215</u> *	\$ <u>(274)</u> *	\$ <u>(175)</u> *

\* This was mainly attributable to the exposure on outstanding demand deposits and payables in USD, EUR, JPY and RMB in cash flow hedges at the end of the year.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value interest rate risk		
Financial assets	\$ 3,751,990	\$ 1,658,930
Financial liabilities	26,442	45,701
Cash flow interest rate risk		
Financial assets	2,695,399	3,157,831
Financial liabilities	2,830,000	3,315,824

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating-rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 50-basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$673 thousand and \$790 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings, time deposits, and demand deposits.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. The Group's equity price risk was mainly concentrated on equity instruments operating in Taiwan industry sector quoted in the Taiwan Stock Exchange.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 3% higher/lower, pre-tax profit for years ended December 31, 2023 and 2022 would have increased/decreased by \$332,718 thousand and \$308,623 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to equity prices increased due to the impact of equity price fluctuations.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk which may cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

In order to minimize credit risk, management of the Group is responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

The Group's concentration of credit risk of 31% and 10% of total trade receivables as of December 31, 2023 and 2022, respectively, were related to the Group's five largest customers. The credit concentration risk of the remaining trade receivables is relatively insignificant.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group had available unutilized bank loan facilities as set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed upon repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2023

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 2,346,862	\$ 193,797	\$ -
Lease liabilities	17,214	9,569	-
Variable interest rate liabilities	<u>53,770</u>	<u>958,012</u>	<u>2,181,166</u>
	<u>\$ 2,417,846</u>	<u>\$ 1,161,378</u>	<u>\$ 2,181,166</u>

December 31, 2022

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 1,988,840	\$ 107,652	\$ -
Lease liabilities	25,275	21,013	-
Variable interest rate liabilities	<u>208,185</u>	<u>1,244,967</u>	<u>2,326,808</u>
	<u>\$ 2,222,300</u>	<u>\$ 1,373,632</u>	<u>\$ 2,326,808</u>

b) Financing facilities

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Unsecured bank facilities		
Amount used	\$ 269,015	\$ 366,317
Amount unused	<u>6,744,985</u>	<u>6,597,683</u>
	<u>\$ 7,014,000</u>	<u>\$ 6,964,000</u>

(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Secured bank facilities		
Amount used	\$ 3,830,000	\$ 4,380,000
Amount unused	<u>1,758,400</u>	<u>1,418,400</u>
	<u>\$ 5,588,400</u>	<u>\$ 5,798,400</u> (Concluded)

### 31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related parties and their relationships

<u>Related Party</u>	<u>Relationship with the Group</u>
Evergreen Marine Corporation (Taiwan) Ltd.	Investor that has significant influence over the Group (related party in substance prior to October 2022)
Chang Yung-Fa Foundation	Became related party in substance in November 2022
Evergreen International Storage & Transport Corporation	Became related party in substance in November 2022
Evergreen International Corporation	Related party in substance (investor that has significant influence over the Group prior to October 2022)
Evergreen Security Corporation	Related party in substance
Ever Accord Construction Corporation	Related party in substance
EVA Airways Corporation	Related party in substance
Kun Lin Engineering Corporation	Associate

b. Operating revenue

<b>Related Party</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Investor that has significant influence over the Group	\$ 171,122	\$ 29,584
Related party in substance	<u>6,404</u>	<u>145,248</u>
	<u>\$ 177,526</u>	<u>\$ 174,832</u>

The sales conditions for related parties in substance were not significantly different from those sales made to the Group's usual prices list. There was no comparable sales price between non-related parties and related party in substance for repairing containers.

c. Other income

<b>Related Party</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Associate	<u>\$ 330</u>	<u>\$ 230</u>

d. Purchases of goods and expenses

<b>Related Party</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Investor that has significant influence over the Group	\$ 1,772	\$ 4,192
Related party in substance	31,759	23,720
Associate	<u>340</u>	<u>310</u>
	<u>\$ 33,871</u>	<u>\$ 28,222</u>

The purchases to related parties had no significant differences with other non-related parties.

e. Contract assets

<b>Related Party</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Related party in substance	<u>\$ 23,696</u>	<u>\$ 66,126</u>

For the years ended December 31, 2023 and 2022, impairment loss both of \$894 thousand, were recognized for contract assets from related parties.

f. Receivables from related parties

Trade receivables

<b>Related Party</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Investor that has significant influence over the Group	\$ 31,698	\$ 31,092
Related party in substance	<u>74</u>	<u>428</u>
	<u>\$ 31,772</u>	<u>\$ 31,520</u>

For the years ended December 31, 2023 and 2022, impairment loss of \$0 thousand and \$19 thousand, respectively, were recognized for trade receivables from related parties.

The outstanding trade receivables from related parties are unsecured.

g. Payables to related parties

Trade payables

<b>Related Party</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Related party in substance	<u>\$ 267</u>	<u>\$ 319</u>

## Other payables

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Related Party</b>		
Investor that has significant influence over the Group	\$ 2	\$ 1
Related party in substance	<u>3,185</u>	<u>3,243</u>
	<u>\$ 3,187</u>	<u>\$ 3,244</u>

The outstanding trade payables to related parties are unsecured.

### h. Acquisition of property, plant and equipment

	<b>Purchase Price</b>	
	<b>For the Year Ended December 31</b>	
<b>Related Party</b>	<b>2023</b>	<b>2022</b>
Related party in substance	<u>\$ 600</u>	<u>\$ -</u>

### i. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 53,286	\$ 51,568
Post-employment benefits	<u>274</u>	<u>587</u>
	<u>\$ 53,560</u>	<u>\$ 52,155</u>

## **32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY**

The following assets were provided as collateral for bank borrowings, provisional attachment and performance guarantees, etc.:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Property, plant, and equipment, net	\$ 1,559,062	\$ 2,229,484
Investment properties	91,702	93,703
Financial assets at amortized cost	<u>413,479</u>	<u>73,414</u>
	<u>\$ 2,064,243</u>	<u>\$ 2,396,601</u>



### 33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2023 and 2022 were as follows:

- a. As of December 31, 2023 and 2022, unused letters of credit for purchasing of materials were as follows:

**Unit: In Thousands of Foreign Currency/New Taiwan Dollars**

Currency	December 31	
	2023	2022
NTD	\$ 288,254	\$ 198,364
USD	268	-

- b. The Group's unrecognized contractual commitments for the construction of intangible assets service concession arrangements were as follows:

**Unit: In Thousands of Foreign Currency/New Taiwan Dollars**

Currency	December 31	
	2023	2022
JPY	\$ -	\$ 380,000
NTD	-	356,595
EUR	-	1,183
USD	-	500

- c. For acquisition of property, plant and equipment, unrecognized commitments were as follows:

**Unit: In Thousands of Foreign Currency/New Taiwan Dollars**

Currency	December 31	
	2023	2022
NTD	\$ 617,046	\$ 715,275
EUR	231	663

### 34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2023

**Unit: In Thousands of Foreign Currency/New Taiwan Dollars**

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,599	30.705 (USD:NTD)	\$ 49,101
EUR	132	33.98 (EUR:NTD)	4,477
JPY	59,068	0.2172 (JPY:NTD)	12,830
<u>Financial liabilities</u>			
Monetary items			
USD	538	30.705 (USD:NTD)	16,509
EUR	1,277	33.98 (EUR:NTD)	43,399
JPY	431,186	0.2172 (JPY:NTD)	93,654
RMB	1,265	4.327 (RMB:NTD)	5,474

December 31, 2022

**Unit: In Thousands of Foreign Currency/New Taiwan Dollars**

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 332	30.71 (USD:NTD)	\$ 10,204
EUR	184	32.72 (EUR:NTD)	6,020
JPY	214,344	0.2324 (JPY:NTD)	49,814
<u>Financial liabilities</u>			
Monetary items			
USD	50	30.71 (USD:NTD)	1,547
EUR	147	32.72 (EUR:NTD)	4,815
JPY	195,833	0.2324 (JPY:NTD)	45,512
RMB	793	4.408 (RMB:NTD)	3,495

### 35. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. information on investees:

- 1) Financing provided: None.
- 2) Endorsements/guarantees provided: (Table 1).
- 3) Marketable securities held (excluding investment in subsidiaries, associates and jointly controlled entities): (Table 2).
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisitions of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: (Table 3).
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (Table 4).
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- 9) Trading in derivative instruments: None.
- 10) Intercompany relationships and significant intercompany transactions: (Table 5).
- 11) Names, locations, and related information of investees accounted for: (Table 6).

c. Information on investments in mainland China:

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7).
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purpose.

- e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds.
- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Information on major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: (Table 8).

### 36. SEGMENT INFORMATION

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

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Steel Structures	Hsin Yung Enterprise Corporation	Super Max Engineering Enterprise Co., Ltd.	Ever Ecove Corporation	Others	Eliminations	Total
<u>For the year ended December 31, 2023</u>							
Revenue from external customers	\$ 8,011,402	\$ 995,670	\$ 677,212	\$ 1,225,111	\$ 181,138	\$ -	\$ 11,090,533
Inter-segment revenue	-	-	342	-	-	(342)	-
Segment revenue	<u>\$ 8,011,402</u>	<u>\$ 995,670</u>	<u>\$ 677,554</u>	<u>\$ 1,225,111</u>	<u>\$ 181,138</u>	<u>\$ (342)</u>	<u>\$ 11,090,533</u>
Segment income	<u>\$ 1,807,029</u>	<u>\$ 647,133</u>	<u>\$ 218,008</u>	<u>\$ 632,898</u>	<u>\$ 28,905</u>	<u>\$ 1,181</u>	\$ 3,335,154
Interest income							74,594
Other income							1,489,453
Other gains and losses							(23,190)
Finance costs							(51,000)
Share of profit of associates and joint ventures accounted for using equity method							32,951
Profit before tax							<u>\$ 4,857,962</u>
<u>For the year ended December 31, 2022</u>							
Revenue from external customers	\$ 8,857,305	\$ 1,190,346	\$ 705,269	\$ 503,677	\$ 182,555	\$ -	\$ 11,439,152
Inter-segment revenue	-	-	585	-	-	(585)	-
Segment revenue	<u>\$ 8,857,305</u>	<u>\$ 1,190,346</u>	<u>\$ 705,854</u>	<u>\$ 503,677</u>	<u>\$ 182,555</u>	<u>\$ (585)</u>	<u>\$ 11,439,152</u>
Segment income	<u>\$ 1,123,000</u>	<u>\$ 668,219</u>	<u>\$ 266,865</u>	<u>\$ 350,970</u>	<u>\$ 28,866</u>	<u>\$ 5,796</u>	\$ 2,443,716
Administration cost							(53,836)
Interest income							40,825
Other income							974,799
Other gains and losses							5,487
Finance costs							(8,275)
Share of profit of associates and joint ventures accounted for using equity method							46,084
Profit before tax							<u>\$ 3,448,800</u>

Segment profit represented the profit before tax earned by each segment without interest income, other income, other gains and losses, finance costs, the share of profit of associates or income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Revenue from major products: Refer to Note 25.

c. Geographical information

The Group has no revenue-generating unit that operates outside the ROC; therefore, it is not necessary to disclose information that distinguishes revenue from external customers and non-current assets by location of assets.

d. Information on major customers

The customer accounted for at least 10% of the Group’s total operating revenue:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Customer A	\$ <u>          -</u>	\$ <u>1,548,337</u>

## EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Amount Provided To Each Guarantee Party	Maximum Amount Endorsed/ Guaranteed During the Period	Ending Balance	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Evergreen Steel Corporation	Ever Ecove Corporation	Subsidiary	\$ 12,155,021	\$ 4,769,310	\$ 1,927,310	\$ 1,416,698	\$ -	7.93	\$ 12,155,021	Y	-	-	Note 2
		Evergreen Heavy Industrial Corp. (Malaysia) Berhad	All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages	12,155,021	251,818	238,460	127,761	-	0.98	12,155,021	-	-	-	Note 2
1	Ming Yu Investment Corporation	Evergreen Steel Corporation	Parent company	5,046,060	1,201,220	1,201,220	1,201,220	-	476.10	5,046,060	-	Y	-	Note 3

Note 1: The Company and its subsidiaries are numbered as follows:

- a. "0" for the Company.
- b. Subsidiaries are numbered from "1".

Note 2: The limit on endorsements or guarantees provided to each guaranteed party is up to 50% of the net worth value of the latest financial statements of the Company. However, the amount of the Company's endorsements or guarantees for subsidiaries holding more than 50% of the shares is not limited by the above ratio, but the maximum shall not exceed 50% of the net value of the most recent financial statements of the Company.

Note 3: According to endorsement or guarantee provided regulation formulated by subsidiaries, the total amount of endorsement or guarantee that the Company is allowed to provide is up to 2,000% of the net worth value of the latest financial statements of the Company.

Note 4: The limit on endorsements or guarantees provided to each guaranteed party is up to 50% of the net worth value of the latest financial statements of the Company. However, the amount of endorsements or guarantees for subsidiaries is not limited by the above ratio, but the maximum shall not exceed 200% of the net value of the most recent financial statements of the Company.

## EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			Fair Value	Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)		
Evergreen Steel Corporation	<u>Ordinary shares</u> EVA Airways Corporation	Related party in substance	Financial assets at FVTOCI - non-current	196,202,763	\$ 6,170,577	3.63	\$ 6,170,577	
	Shin Kong Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - non-current	7,931,339	70,192	0.05	70,192	
	Evergreen Marine Corporation (Taiwan) Ltd.	Investor that has significant influence over the Group	Financial assets at FVTOCI - non-current	15,304,681	2,196,222	0.72	2,196,222	
	Taiwan High Speed Rail Corporation	-	Financial assets at FVTOCI - non-current	16,000,000	491,200	0.28	491,200	
	Taiwan Terminal Services Corporation	Related party in substance	Financial assets at FVTOCI - non-current	100,000	1,377	1.00	1,377	
	Taiwan Aerospace Corporation	-	Financial assets at FVTOCI - non-current	5,502,847	66,144	4.06	66,144	
	Pacific Resources Corporation	-	Financial assets at FVTOCI - non-current	19,195	994	2.56	994	
	Taiwan Incubator SME Development Corporation	-	Financial assets at FVTOCI - non-current	7,689,240	74,278	10.90	74,278	
	Evergreen Heavy Industrial Corp. (Malaysia) Berhad	Related party in substance	Financial assets at FVTOCI - non-current	6,678,735	175,116	13.39	175,116	
	Dongwei Transportation Co., Ltd.	-	Financial assets at FVTOCI - non-current	660,000	6,019	18.86	6,019	
	Ever Accord Construction Corporation	Related party in substance	Financial assets at FVTOCI - non-current	8,249,969	147,015	12.50	147,015	
	UNI Airways Corporation	Related party in substance	Financial assets at FVTOCI - non-current	56,474,992	1,274,076	14.99	1,274,076	
	Evergreen Security Corporation	Related party in substance	Financial assets at FVTOCI - non-current	10,000	165	0.05	165	
	Hsin Yung Enterprise Corporation	Evergreen Marine Corporation (Taiwan) Ltd.	Investor that has significant influence over the Group	Financial assets at FVTOCI - non-current	2,885,519	414,072	0.14	414,072
Super Max Engineering Enterprise Co., Ltd.	P.T. Super Max Indonesia	-	Financial assets at FVTOCI - non-current	-	-	11.00	-	
Ming Yu Investment Corporation	EVA Airways Corporation	Related party in substance	Financial assets at FVTOCI - non-current	100,000	3,145	-	3,145	

**EVERGREEN STEEL CORPORATION AND SUBSIDIARIES**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Property	Event Date (Note 3)	Transaction Amount (Note 3)	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Hsin Yung Enterprise Corporation	Equipment system maintenance, update and improvement	March 3, 2023	\$ 1,266,204	\$ 623,436	ESAN Welding Corporation, Siemens Energy	-	-	-	-	\$ -	Price comparison and bargaining	Construction for own use	None

Note 1: The appraisal result should be presented in the “Basis or reference used in setting the price” column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: The paid-in capital referred to herein is the paid-in capital of the parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: The date of the event referred to herein is date of board resolution.



**EVERGREEN STEEL CORPORATION AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO 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)**

Purchaser/seller	Related Party	Relationship	Transaction Details				Differences in Transaction Terms Compared to Third Party Transaction		Notes/Accounts (Payable) or Receivable		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Evergreen Steel Corporation	Evergreen Marine Corporation (Taiwan) Ltd.	Investor that has significant influence over the Group	Sale	\$ 170,741	2.08	15-45 days	Note	No significant difference	\$ 31,697	4.78	

Note: No similar prices on revenue from containers repair to compare with investor that has significant influence over the Company.

## EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Evergreen Steel Corporation	Hsin Yung Enterprise Corporation Ever Ecove Corporation	a	Other income	\$ 576	According to mutual agreements	0.01
			a	Other income	569	According to mutual agreements	0.01
1	Super Max Engineering Enterprise Co., Ltd.	Evergreen Steel Corporation	b	Operating revenue	342	According to mutual agreements	-

Note 1: The parent company and its subsidiaries are coded as follows:

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

Note 2: Nature of relationships are coded as follows:

- a. From the parent company to its subsidiary.
- b. From a subsidiary to its parent company.
- c. Between subsidiaries.

Note 3: The percentage calculation is based on the consolidated total operating revenue or total assets. For balance sheet items, each item's end-of-period balance is shown as a percentage to the consolidated total assets as of December 31, 2023. For profit or loss items, cumulative amounts are shown as percentages to the consolidated total operating revenue for the year ended December 31, 2023.

Note 4: The table above only discloses related party transactions which are material.

**EVERGREEN STEEL CORPORATION AND SUBSIDIARIES**

**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ACCOUNTED FOR 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	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
Evergreen Steel Corporation	Hsin Yung Enterprise Corporation	Taiwan	Waste treatment, disposal and cogeneration	\$ 992,666	\$ 992,666	99,266,577	68.46	\$ 1,967,083	\$ 744,836	\$ 509,913	Subsidiary
	Super Max Engineering Enterprise Co., Ltd.	Taiwan	Waste collection, treatment and disposal	594,441	594,441	24,147,144	48.13	1,008,568	218,252	105,036	Subsidiary
	Ever Ecove Corporation	Taiwan	Waste treatment, disposal and cogeneration	801,000	801,000	80,100,000	50.06	1,202,316	592,443	296,591	Subsidiary
	Ming Yu Investment Corporation	Taiwan	General investment activities	239,487	239,487	10,350,000	100.00	252,303	2,966	2,966	Subsidiary
Super Max Engineering Enterprise Co., Ltd.	Kun Lin Engineering Co., Ltd.	Taiwan	Planning of wastewater, air and noise prevention; design, construction, sale, operation and maintenance of related equipment	18,000	18,000	4,999,999	50.00	167,910	65,902	32,951	Accounted for using equity method

Note: Refer to Table 7 for information on investments in mainland China.

## EVERGREEN STEEL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars/Foreign Currency, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment of Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership (%)	Share of Profit (Loss) (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note
					Outflow	Inflow							
Kunshan Weisheng Environmental Equipment Engineering Co., Ltd.	Design, manufacture and installation of waste water, waste gas equipment and various piping	\$ 12,282 (US\$ 400)	c	\$ 12,282 (US\$ 400)	\$ -	\$ -	\$ 12,282 (US\$ 400)	\$ 33,419 (RMB 7,602)	24.07	\$ 8,042	\$ 30,072	\$ 62,114 (US\$ 2,023)	

Accumulated Investments in Mainland China as of December 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment
\$ 12,282 (US\$ 400)	\$ 12,282 (US\$ 400)	\$ 16,692,620

Note 1: Investment methods are classified into the following three categories:

- a. Directly invest in a company in Mainland China.
- b. Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- c. Others.

Note 2: The amount was recognized based on the audited financial statements.

**TABLE 8****EVERGREEN STEEL CORPORATION AND SUBSIDIARIES****INFORMATION ON MAJOR SHAREHOLDERS  
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Evergreen Marine Corporation (Taiwan) Ltd.	79,248,000	19.00
Chang, Kuo-Hua	25,756,820	6.17
Continental Engineering Corporation	25,645,907	6.14
Chang Yung-Fa Foundation	25,008,820	5.99
Chang, Kuo-Cheng	25,008,820	5.99

Note 1: The information on the major shareholder listed in the table above is based on the total number of ordinary and preference shares (including treasury shares) owned by the shareholder at a minimum shareholding percentage of 5%, and which have been delivered as non-physical securities to the Taiwan Depository & Clearing Corporation on the last business day at the end of the quarter. The actual number of shares delivered as non-physical securities and the number of shares recorded in the Company's consolidated financial statements may be different due to differences in the basis of preparation and calculation.

Note 2: According the above information, the delivery of shares to the trust by shareholders is disclosed by the individual trustee who opened the trust account. In accordance with the Securities Exchange Act, shareholders who acquire more than 10% of shareholding have to disclose their insider ownerships, including their own shares held and those shares delivered to the trust over which shareholders have the right to make decisions on trust property, etc. Information on insider ownership declaration is available at the Market Observation Post System website of the Taiwan Stock Exchange.