

Triocean Industrial Corporation
Co., Ltd.
and subsidiaries

Consolidated Financial Statements
and Independent Auditor's Report
2024 and 2023

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REPRESENTATION LETTER

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, 2025, 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 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, the Company and Subsidiaries do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TRIOCEAN INDUSTRIAL CORPORATION CO., LTD.

By

Chiang Yu-Lien
Chairman

March 11, 2025

Auditors' Review Report

To: Triocean Industrial Corporation Co., Ltd.:

Audit Opinions

We have audited the accompanying consolidated balance sheets of Triocean Industrial Corporation Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as at December 31, 2024 and 2023 and the relevant consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes to the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, 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, the 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 (FSC) of the Republic of China.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. 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, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the consolidated financial statements for the year ended December 31,

2024 are stated as follows:

Accuracy of revenue recognition of construction projects

For the accounting policy of recognition of construction revenue of Triocean, please refer to Note 4. The degree of completion of the performance obligation is measured using the cost-based input method to measure the construction revenue recognized. The degree of completion of the performance obligation is the ratio of the actual input cost to the expected total cost.

Since the accounting treatment of construction engineering contracts involves significant accounting estimates and judgments made by management, the correctness of the construction engineering revenue recognized is a key audit matter.

The main audit procedures that we have performed are as follows:

1. Assess the completeness and accuracy of management's estimate of the total cost of the construction contract.
2. Check the outsourced contracts and costs, and check the degree of completion of the performance obligation and whether the revenue recognition of the construction project is correct.

Other Matters

We have audited and issued an unqualified opinion on the parent company only financial statements of the Company as at and for the years ended December 31, 2024 and 2023.

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 the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by FSC of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements they 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. The misstatements might be due to fraud or error. If an individual or total amount misstated was reasonably expected to have an impact on the economic decision-making of users of the consolidated financial statements, the misstatement was deemed as material.

As part of an audit in accordance with the auditing standards, 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, and 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 auditor's 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 disclosure, 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 the

entities 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 communicated 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 identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicated 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 determined those matters that were of most significance in the audit of consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulations 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.

Deloitte Taiwan

CPA Chen Chen-Li

CPA Chen Hsiu-Wen

Financial Supervisory Commission's
approval number

Jin-Guan-Zheng-Shen-Zi No.
1010028123

Financial Supervisory Commission's approval
number

Jin-Guan-Zheng-Shen-Zi No. 1120349008

March 11, 2025

Triocean Industrial Corporation Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	Current assets				
1100	Cash (Notes 4 and 6)	\$ 790,965	17	\$ 793,406	30
1120	Financial assets at fair value through other comprehensive income – current (Note 7)	91,839	2	-	-
1140	Contract assets – current (Notes 4, 21, and 23)	482,509	11	289,214	11
1170	Accounts receivable (Notes 4, 9, 21, and 23)	321,115	7	72,595	3
1200	Other receivables	886	-	42,636	2
1220	Current income tax assets (Notes 4 and 25)	152	-	332	-
1410	Prepayments (Note 16)	177,454	4	138,516	5
1476	Other financial assets – current (Notes 4, 8, 21, and 32)	1,703,983	38	705,121	26
1479	Other current assets	18,860	-	8,774	-
11XX	Total current assets	<u>3,587,763</u>	<u>79</u>	<u>2,050,594</u>	<u>77</u>
	Non-current assets				
1600	Property, plant and equipment (Notes 4 and 11)	18,743	-	99,701	4
1755	Right-of-use assets (Notes 4 and 12)	153,271	3	40,957	1
1760	Investment property, net (Notes 4 and 13)	284,478	6	-	-
1805	Goodwill (Notes 4 and 14)	428,702	10	428,702	16
1821	Other intangible assets (Notes 4 and 15)	11,160	-	11,475	-
1840	Deferred income tax assets (Note 4)	26,095	1	17,940	1
1980	Other financial assets – non-current (Notes 4, 8, 31, and 32)	30,935	1	16,440	1
1995	Other non-current assets	14	-	14	-
15XX	Total non-current assets	<u>953,398</u>	<u>21</u>	<u>615,229</u>	<u>23</u>
1XXX	Total assets	<u>\$ 4,541,161</u>	<u>100</u>	<u>\$ 2,665,823</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Notes 17 and 32)	\$ 30,000	1	\$ 70,000	3
2110	Short-term notes payable (Notes 17 and 32)	29,971	1	298,612	11
2130	Contract liabilities – current (Notes 4, 21, and 23)	1,415,252	31	214,208	8
2150	Notes payable (Notes 18, 21, and 31)	112,610	2	101,729	4
2170	Accounts payable (Notes 18 and 21)	139,230	3	100,479	4
2200	Other payables (Note 19)	134,378	3	69,779	3
2230	Current income tax liabilities (Note 4 and 25)	43,703	1	21,323	1
2250	Provision – current (Notes 4 and 20)	4,183	-	7,192	-
2280	Lease liabilities – current (Notes 4, 12, and 31)	13,008	-	11,000	-
2322	Long-term borrowings due within one operating cycle (Notes 17, 21, and 32)	294,945	7	240,565	9
2399	Other current liabilities	3,843	-	2,736	-
21XX	Total current liabilities	<u>2,221,123</u>	<u>49</u>	<u>1,137,623</u>	<u>43</u>
	Non-current liabilities				
2540	Long-term borrowings (Notes 17 and 32)	22,613	-	-	-
2550	Provision – non-current (Notes 4 and 20)	121,917	3	73,167	3
2580	Lease liabilities – non-current (Notes 4, 12, and 31)	142,782	3	30,037	1
2670	Guarantee deposits received	3,007	-	1,484	-
25XX	Total non-current liabilities	<u>290,319</u>	<u>6</u>	<u>104,688</u>	<u>4</u>
2XXX	Total liabilities	<u>2,511,442</u>	<u>55</u>	<u>1,242,311</u>	<u>47</u>
	Equity attributable to owners of the Company (Note 22)				
3100	Ordinary share capital	524,881	12	424,881	16
3200	Capital surplus	763,780	17	338,440	12
	Retained earnings				
3310	Legal reserve	66,711	1	-	-
3320	Special reserves	6,916	-	-	-
3350	Unappropriated retained earnings	663,127	15	667,107	25
3300	Total retained earnings	<u>736,754</u>	<u>16</u>	<u>667,107</u>	<u>25</u>
3400	Other equity	4,304	-	(6,916)	-
3XXX	Total equity	<u>2,029,719</u>	<u>45</u>	<u>1,423,512</u>	<u>53</u>
	Total liabilities and equity	<u>\$ 4,541,161</u>	<u>100</u>	<u>\$ 2,665,823</u>	<u>100</u>

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

Triocean Industrial Corporation Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2024 and 2023

Unit: Thousand NTD, Except Earnings Per Share

Code		2024		2023	
		Amount	%	Amount	%
4000	Operating revenues (Notes 4, 23, and 31)	\$2,335,467	100	\$1,947,532	100
5000	Operating costs (Notes 4, 24, and 31)	<u>2,048,232</u>	<u>87</u>	<u>1,694,708</u>	<u>87</u>
5900	Gross profit	287,235	13	252,824	13
6200	Administrative expenses (Note 24)	<u>134,637</u>	<u>6</u>	<u>123,470</u>	<u>6</u>
6900	Net operating profit	<u>152,598</u>	<u>7</u>	<u>129,354</u>	<u>7</u>
	Non-operating income and expenses (Note 24)				
7100	Interest income	12,946	-	5,155	-
7010	Other income	3,055	-	16,028	1
7020	Other gains and losses	36,662	2	19,291	1
7510	Financial costs (Note 31)	(<u>9,171</u>)	<u>-</u>	(<u>17,960</u>)	(<u>1</u>)
7000	Total non-operating income and expenses	<u>43,492</u>	<u>2</u>	<u>22,514</u>	<u>1</u>
7900	Profit before income tax	196,090	9	151,868	8
7950	Income tax expense (Note 4 and 25)	<u>41,467</u>	<u>2</u>	<u>9,888</u>	<u>1</u>
8200	Net income	<u>154,623</u>	<u>7</u>	<u>141,980</u>	<u>7</u>
	Other comprehensive income				

(To be continued)

(Continued)

Code		2024		2023	
		Amount	%	Amount	%
8310	Items that will not be reclassified subsequently to profit or loss				
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	<u>\$ 5,628</u>	<u>-</u>	<u>(\$ 1,478)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising on translation of foreign operations	6,990	-	182	-
8399	Income tax related to other comprehensive income components	<u>(1,398)</u>	<u>-</u>	<u>(36)</u>	<u>-</u>
		<u>5,592</u>	<u>-</u>	<u>146</u>	<u>-</u>
8300	Other comprehensive income (loss), net of income tax	<u>11,220</u>	<u>-</u>	<u>(1,332)</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 165,843</u>	<u>7</u>	<u>\$ 140,648</u>	<u>7</u>
8600	Net income attributable to:				
8610	Shareholders of the parent	<u>\$ 154,623</u>	<u>7</u>	<u>\$ 141,980</u>	<u>7</u>
8700	Total comprehensive income attributable to:				
8710	Shareholders of the parent	<u>\$ 165,843</u>	<u>7</u>	<u>\$ 140,648</u>	<u>7</u>
	Earnings per share (Note 26)				
9750	Basic	<u>\$ 3.31</u>		<u>\$ 4.27</u>	
9850	Dilution	<u>\$ 3.30</u>		<u>\$ 4.26</u>	

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

Triocean Industrial Corporation Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

		Equity attributable to owners of the Company						Other equity				
		Retained earnings						Exchange differences arising on translation of foreign operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Revaluation increment of property	Total	Total equity
Code		Ordinary share capital	Capital surplus	Legal reserve	Special reserves	Unappropriated retained earnings (accumulated deficit)	Total					
A1	Balance on January 1, 2023	\$ 249,881	\$ 7,340	\$ -	\$ -	(\$ 23,774)	(\$ 23,774)	(\$ 7,062)	(\$ 6,018)	\$ 556,397	\$ 543,317	\$ 776,764
D1	2023 net income	-	-	-	-	141,980	141,980	-	-	-	-	141,980
D3	Other comprehensive income (loss), net of income tax	-	-	-	-	-	-	146	(1,478)	-	(1,332)	(1,332)
D5	Total comprehensive income (loss)	-	-	-	-	141,980	141,980	146	(1,478)	-	(1,332)	140,648
E1	Capital increase in cash (Note 22)	175,000	331,100	-	-	-	-	-	-	-	-	506,100
M3	Disposal of investment property (Notes 13 and 22)	-	-	-	-	556,397	556,397	-	-	(556,397)	(556,397)	-
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(7,496)	(7,496)	-	7,496	-	7,496	-
Z1	Balance, December 31, 2023	424,881	338,440	-	-	667,107	667,107	(6,916)	-	-	(6,916)	1,423,512
	2023 earnings distribution											
B1	Legal reserve	-	-	66,711	-	(66,711)	-	-	-	-	-	-
B3	Special reserves	-	-	-	6,916	(6,916)	-	-	-	-	-	-
B5	Cash dividends to the Company's shareholders	-	-	-	-	(84,976)	(84,976)	-	-	-	-	(84,976)
		-	-	66,711	6,916	(158,603)	(84,976)	-	-	-	-	(84,976)
D1	2024 net income	-	-	-	-	154,623	154,623	-	-	-	-	154,623
D3	2024 other comprehensive income after tax	-	-	-	-	-	-	5,592	5,628	-	11,220	11,220
D5	2024 total comprehensive income	-	-	-	-	154,623	154,623	5,592	5,628	-	11,220	165,843
E1	Capital increase in cash (Note 22)	100,000	408,500	-	-	-	-	-	-	-	-	508,500
N1	Cost of share-based employee stock option (Note 27)	-	16,840	-	-	-	-	-	-	-	-	16,840
Z1	Balance as at December 31, 2024	\$ 524,881	\$ 763,780	\$ 66,711	\$ 6,916	\$ 663,127	\$ 736,754	(\$ 1,324)	\$ 5,628	\$ -	\$ 4,304	\$ 2,029,719

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

Triocean Industrial Corporation Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2024 and 2023

Code	(In Thousands of New Taiwan Dollars)	2024	2023
Cash flow from operating activities			
A10000	Net income before tax for the year	\$ 196,090	\$ 151,868
A20010	Income and expenses		
A20100	Depreciation expense	20,021	26,153
A20200	Amortization expense	315	104
A20900	Financial costs	9,171	17,960
A21200	Interest income	(12,946)	(5,155)
A21900	Cost of share-based employee stock option	16,840	-
A22500	Loss (gain) from the disposal of property, plant and equipment	(39,098)	186
A22700	Gain on disposal of investment property	-	(17,976)
A23200	Gain on disposal of investment accounted for using the equity method	-	(1,416)
A24500	Provision	45,810	40,492
A24600	Loss on fair value adjustment of investment property	2,721	-
A29900	Others	(138)	(241)
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	(193,295)	8,492
A31150	Accounts receivable	(248,520)	(72,595)
A31180	Other receivables	41,750	(41,551)
A31230	Prepayments	(38,938)	(38,593)
A31240	Other current assets	(10,086)	(4,571)
A31250	Other financial assets	(794,024)	29,122
A32125	Contract liabilities	1,201,044	81,758
A32130	Notes payable	10,881	44,999
A32150	Accounts payable	38,751	1,732
A32180	Other payables	65,506	42,251
A32200	Provision	(69)	-
A32230	Other current liabilities	<u>1,107</u>	<u>587</u>
A33000	Cash generated from operations	312,893	263,606
A33100	Interest received	12,946	5,155
A33300	Interest paid	(8,978)	(18,504)
A33500	Income tax paid	<u>(28,460)</u>	<u>(46,348)</u>
AAAA	Net cash generated by operating activities	<u>288,401</u>	<u>203,909</u>

Cash flow from investing activities
(To be continued)

(Continued)

Code		2024	2023
B00010	Acquisition of financial assets at fair value through other comprehensive income	(\$ 86,211)	\$ -
B00020	Disposal of financial assets at fair value through other comprehensive income	-	30,022
B02200	Other payables – Related parties	-	(445,750)
B02300	Net cash inflow from disposal of subsidiary	-	23,551
B02700	Purchase of property, plant and equipment	(5,286)	(11,960)
B02800	Proceeds from the disposal of property, plant and equipment	121,304	-
B04500	Purchase of intangible assets	-	(384)
B05400	Acquisition of investment property	(287,199)	-
B05500	Disposal of investment property	-	738,986
B06500	Increase in other financial assets	<u>(219,333)</u>	<u>(18,301)</u>
BBBB	Net cash generated by (used in) investing activities	<u>(476,725)</u>	<u>316,164</u>
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	60,000	70,000
C00200	Decrease in short-term borrowings	(100,000)	(456,340)
C00500	Increase in short-term notes payable	931,388	298,612
C00600	Decrease in short-term notes payable	(1,200,029)	-
C01600	Borrowing of long-term loans	338,416	440,255
C01700	Repayment of long-term borrowings	(261,423)	(828,320)
C03000	Increase (decrease) in guarantee deposits received	1,523	(4,038)
C04020	Lease principal repayment	(12,665)	(11,490)
C04500	Distribution of cash dividends	(84,976)	-
C04600	Capital increase in cash	<u>508,500</u>	<u>506,100</u>
CCCC	Net cash generated by operating activities	<u>180,734</u>	<u>14,779</u>
DDDD	Effect of exchange rate changes on cash	<u>5,149</u>	<u>(21)</u>
EEEE	Net increase (decrease) in cash	(2,441)	534,831
E00100	Cash balance at the beginning of the year	793,406	253,649
E00212	Cash included in the disposal group to be sold	<u>-</u>	<u>4,926</u>
E00200	Cash balance at the end of the year	<u>\$ 790,965</u>	<u>\$ 793,406</u>

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

(Refer to the review report of Deloitte Taiwan as at March 11, 2025)

Triocean Industrial Corporation Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Thousand NTD, Unless Stated Otherwise)

I. Organization and Operations

Triocean Industrial Corporation Co., Ltd. (hereinafter referred to as the “Company,” the entities controlled by the Company are hereinafter referred to as the “Group”) was established in Taipei City in October 1968. Its original business was in the weaving, printing and dyeing, and processing of various fibrous fabrics, trading, etc. The Company’s Board of Directors resolved in November 2020 to stop the production and textile business and change the registered address to Kaohsiung City. Currently, the Company is primarily engaged in the construction business.

The Company’s shares have been listed on the Taipei Exchange (TPEX) since January 1999. The Company has been listed on the Taiwan Stock Exchange (TWSE) since September 2000.

The consolidated financial statements are presented in NTD, which is the Company’s functional currency.

II. Date and Procedures for Approval of the Financial Report

The consolidated financial statements were released after being approved by the Board of Directors on March 11, 2025.

III. Application of Newly Issued and Amended Standards and Interpretations

(I) 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 “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The application of the amendments to the IFRSs endorsed and issued into effect by the FSC will not have a material impact on the Group’s accounting policies.

(II) The IFRSs endorsed by the FSC for application starting from 2025

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

Note 1: Applicable to annual reporting periods beginning on or after January 1, 2025. When the amendments are first applied, the comparison period shall not be rewritten, and the effect shall be recognized in the exchange difference of the foreign operation under the retained earnings or equity on the date of initial application (as appropriate) and the related assets and liabilities affected.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

(III) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note)</u>
Annual Improvements to IFRS – Book 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026
Contract with Natural Dependents” amendment to IFRS 9 and IFRS 7	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note: Unless stated otherwise, the new/revised/amended standards and interpretations above are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”.

The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and

communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

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

(II) Basis of preparation

Except for financial instruments and investment properties measured at fair value, the consolidated financial statements have been prepared on the historical cost basis.

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.

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

Current liabilities include:

1. Assets held primarily for the purpose of trading;

2. Assets expected to be realized within 12 months after the reporting date; and
3. Cash (excluding those 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. At the balance sheet date, the Company has no substantive right to defer settlement of liabilities for at least 12 months after the balance sheet date.

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

The Group is engaged in construction projects, and its operating cycle is longer than one year. Therefore, the assets and liabilities related to the construction business are classified as current or non-current based on the normal operating cycle.

(IV) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective dates of acquisition up to the effective dates of disposal. The financial statements of subsidiaries have been adjusted to ensure consistency between their accounting policies and the Group's. 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 Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

For details of subsidiaries, shareholding ratio and business items, please refer to Note 10 and Table 9.

(V) Foreign currency

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e.

foreign currencies) are recognized at the rates of exchange prevailing on the transaction dates.

At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing on 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 historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not retranslated.

When the consolidated financial statements are prepared, the assets and liabilities of the Company's foreign operations (including subsidiaries or associates that operate in countries or adopt the functional currencies different from the Company) are translated into New Taiwan dollar at the rates of exchange prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency exchange differences are recognized in other comprehensive income.

(VI) Property, plant and equipment

Property, plant and equipment are initially recognized at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Each significant component of the remaining property, plant and equipment is depreciated separately on a straight-line basis within their useful lives. The Group conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods, and applies the effect of changes in applicable accounting estimates prospectively.

When derecognizing an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in loss or profit.

(VII) Investment property

Investment properties refers to properties held for the purpose of earning rents or capital appreciation or both. Investment properties also include land held for a currently undetermined future use.

Self-owned investment properties are initially measured at cost (including transaction cost).

Investment property is subsequently measured using the fair value model, Changes in fair value are recognized in profit or loss in the period in which they occur.

When investment properties are derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss.

(VIII) Goodwill

The cost of goodwill from business combination is the amount of goodwill recognized at the acquisition date, and is subsequently measured at cost less accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated among each cash-generating unit or a group of cash-generating units (referred to as “CGUs”), which is expected to benefit from the synergies of the combination.

The carrying amount and recoverable amount of the CGUs to which goodwill is allocated will be compared every year (and whenever there is an indication that the unit may be impaired) as impairment testing on the units. If the goodwill allocated to the CGUs is acquired in a business combination during the year, the CGUs shall be tested for impairment before the end of the year. If the recoverable amount of CGUs to which goodwill is allocated is lower than its carrying amount, the impairment loss is first deducted from the carrying amount of the goodwill of said CGUs. Next, the carrying amount of other assets within said CGUs is deducted from the carrying amount of the goodwill of said CGUs in proportion to the carrying amount of each asset. Any impairment loss is recognized in loss in the current year. Impairment loss of goodwill shall not be reversed subsequently.

When disposing of a certain operation within the CGUs to which goodwill is allocated, the amount of goodwill related to the operation disposed of is included in the carrying amount of the operation to determine the gain or loss on the disposal.

(IX) Intangible assets

1. 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. Intangible assets are amortized on a

straight-line basis or based on the expected consumption pattern of future economic benefits within the useful lives. At the end of each year, the estimated useful life, residual value, and amortization method are reviewed, and the application of accounting estimates is deferred the impact of changes in accounting estimates prospectively. Intangible assets with indefinite useful lives are recognized at cost less accumulated impairment loss.

2. Acquired by business combination

The intangible assets acquired in a business combination are recognized at the fair value on the acquisition date and are recognized separately from goodwill, and the subsequent measurement is the same as the intangible assets acquired separately.

3. Derecognition

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 for the year.

(X) Impairment of assets related to property, plant and equipment, right-of-use assets, investment properties, and intangible assets (excluding goodwill)

The Group assesses if there are any signs of possible impairment in property, plant, and equipment as well as right-of-use, investment properties, and intangible assets (excluding goodwill) at the end of each reporting period. If there is any sign of impairment, an estimate is made of its recoverable amount. If it is not possible to determine the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Intangible assets with indefinite useful lives and not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the fair value less cost of sales or its value in use, whichever is higher. If the recoverable amount of an individual asset or a CGU is lower than its carrying amount, the carrying amount is reduced to the recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset, the CGU, or the asset related to contract cost is increased to the

revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset, CGU, or the asset related to contract cost which was not recognized in impairment loss in prior years. The reversal of the impairment loss is recognized in profit or loss.

(XI) Financial instruments

Financial assets and financial liabilities shall be recognized in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities not at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

(1) Measurement types

Financial assets held by the Group are those measured at fair value through profit or loss (FVTPL) and at amortized cost, as well as investments in equity instruments measured at fair value through other comprehensive income (FVTOCI).

A. Financial assets at amortized cost

When the Group's investments in financial assets meet the following two conditions simultaneously, they are classified as financial assets measured at amortized cost:

- a. Held under a certain business model, of which the objective is to collect contractual cash flows by holding the financial assets; and
- b. The cash flows on specific dates specified in the contractual terms are solely payments of the principal and interest on the principal amount outstanding.

Financial assets measured at cost after amortization (including cash, accounts receivable measured at cost after amortization, other receivables and other financial assets) are the total carrying amount determined by the effective interest method less any impairment loss, and any foreign currency exchange gains or losses are recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial assets:

Financial assets are credit-impaired when the issuer or debtor has experienced major financial difficulty, default, and the debtor is likely to file for bankruptcy or other financial reorganization, or financial difficulties that cause the active market of the financial asset to disappear.

B. Investments in equity instruments at FVTOCI

The Group may, upon initial recognition, make an irrevocable election to designate as at FVTOCI the investments in equity instruments that are not held for trading and the ones that are not recognized by an acquirer in a business combination or with the contingent consideration.

Investments in an equity instrument measured at FVTOCI are measured at fair value, and any subsequent fair value changes are recognized in other comprehensive income and accumulated in other equity. Upon disposal of investments, cumulative gain or loss is directly transferred to retained earnings and are not reclassified to profit or loss.

Dividends of investments in equity instruments measured at FVTOCI are recognized in profit or loss when the Group's right to receive dividends is established unless such dividends clearly represent the recovery of a part of the investment cost.

(2) Impairment of financial assets and contract assets

The Group assesses the impairment loss of financial assets measured at amortized cost (including trade receivables), finance lease receivables, and contract assets based on the expected credit loss at the end of each reporting period.

Trade receivables, finance lease receivables, and contract assets are recognized in loss allowance based on the lifetime expected credit losses (ECLs). Other financial assets are first assessed based on whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in the risk, a loss allowance is recognized at an amount equal to 12-month ECLs.

If the risks have increased significantly, a loss allowance is recognized at an amount equal to lifetime ECLs. The ECLs refer to the weighted average credit loss with the risk of default as the weight. The 12-month ECLs represent the ECLs from possible defaults of a financial instrument within 12 months after the reporting date. The lifetime ECLs represent the ECLs from all possible defaults in a financial instrument over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Group, without considering the collateral held, determines that the following situations represent defaults in the financial assets:

- A. Internal or external information indicates that it is impossible for the debtor to settle the debt.
- B. It is overdue for more than 90 days, unless there is reasonable and corroborative information showing that a default date postponed is more appropriate.

The Company recognizes an impairment loss for all financial assets with a corresponding downward adjustment to their carrying amount through a loss allowance account.

(3) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash inflow from the financial asset expire or when it transfers the financial assets 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 consideration received is recognized in profit or loss. When

derecognizing an investment in equity instrument at FVTOC in its entirety, the cumulative profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instruments

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

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

3. Financial liabilities

(1) Subsequent measurement

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

(2) 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.

(XII) Provision

The amount recognized in provisions is the best estimate of the expenditure required to settle the obligation at the end of the reporting period based on the consideration for the risks and uncertainties of the obligation. The provisions are measured at the discounted value of the cash flow estimated to settle the obligation.

The warranty obligation to ensure that products conform to the agreed specifications is based on management's best estimate of the expenditure required to settle the Group's obligation, and is recognized when relevant products are recognized in revenue.

(XIII) Revenue recognition

After the Group identifies its performance obligations in contracts with customers, it allocates the transaction price to each performance obligation in the contracts and recognizes revenue when performance obligations are satisfied.

1. Service revenue

The labor service revenue comes from the procurement service of construction materials, and the related revenue is recognized when the labor service is provided.

2. Construction revenue

During the construction process, the property is a property construction contract controlled by the customer, and the Group recognizes it in income over time. As the cost of construction is directly related to the progress of completion of the performance obligation, the Group measures the progress of completion based on the actual investment cost as a percentage of the expected total cost. The Group gradually recognizes contract assets during the construction process, and reclassifies them to trade receivables upon billing. If the construction payment received exceed the amount of revenue recognized, the difference is recognized in contract liability. The retention of a construction project withheld by the customer in accordance with the contract terms aims to ensure that the Group completes all contractual obligations and is recognized in contract asset before the Group's performance is completed.

If the result of the performance obligation cannot be measured reliably, the engineering service revenue is recognized only within the expected recoverable amount of the cost incurred when the performance obligation is met.

(XIV) Leases

The Group assesses whether a contract belongs to a lease on the date of establishment of the contract.

For contracts that include lease and non-lease components, the Group allocates the consideration in the contracts based on the relative stand-alone prices and treats them separately.

With the Group as the lessor, when the lease terms do not transfer the risks and rewards attached to the ownership of assets to the lessee, the leases are classified as operating leases.

Under operating leases, lease payments are recognized as income on a straight-line basis over the lease terms. The initial direct cost incurred in

obtaining an operating lease is added to the carrying amount of the underlying asset and recognized as expenses on a straight-line basis over the lease term.

With the Group as the lessee, except for low-value asset leases and short-term leases to which a recognition exemption applies, where lease payments are recognized as expenses on a straight-line basis over the lease terms, all leases are recognized with a right-of-use asset and a lease liability on the lease commencement date.

Right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated on a straight-line basis over the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. If the lease implied interest rate can be easily determined, the lease payment is discounted at the said interest rate. If such interest rate cannot be easily determined, the lessee's incremental borrowing interest rate shall apply.

Subsequently, the lease liability is measured at the amortized cost using the effective interest method, and the interest expense is amortized over the lease term. If there are changes in future lease payments during the lease period or in the index or rate used to determine lease payments, the Group will remeasure the lease liabilities and adjust the right-of-use assets accordingly. The remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(XV) Borrowing costs

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

For specific borrowings, if the investment income earned by making a temporary investment before the capital expenditure that meets the requirements is incurred, it is deducted from the borrowing costs that meet the capitalization conditions.

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

(XVI) Employee benefits

1. Short-term employee benefits

Relevant liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

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

(XVII) Share-based payment – employee stock options

Employee stock options granted to employees

Employee stock options are recognized as expenses on a straight-line basis over the vested period based on the fair value of the equity instrument on the grant date and the best estimate of the number of shares expected to be vested, and the capital reserve – employee stock option is adjusted at the same time. If employee stock options are vested immediately on the grant date, the full amount of the expense is recognized on the grant date. For the Company's capital increase in cash reserved for employee subscription, the grant date is when the employees are notified

The Group revises the estimated number of expected vested employee stock options on each balance sheet date. If there is a revision to the original estimate, the effect is recognized as profit or loss, so that the accumulated expenses reflect the revised estimate, and the capital reserve – employee stock option is adjusted accordingly.

(XVIII) Income tax

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

1. Tax currently payable

The Group determines the current revenue (loss) in accordance with the laws and regulations of the jurisdiction where the income tax returns are filed and, with this as a basis, calculates the income tax payable (receivable).

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 income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for the extent that it is probable that taxable profits will be available against which to deduct the temporary differences and losses.

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 income 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 its carrying amount will be increased as it has become probable that future taxable income will allow all or part of the asset to be recovered.

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

3. Current and deferred tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income.

V. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the relevant information that is not readily accessible from other sources based on historical experience and other relevant factors. Actual results may differ from these estimates.

When the Group develops significant accounting estimates, it will be included in the consideration of cash flow estimates, growth rates, discount rates, profitability, and other relevant major estimates. Management will continue to review the estimates and basic assumptions.

(I) Estimation of impairment of goodwill

When determining whether goodwill is impaired, the value in use of the cash-generating unit to which the goodwill is allocated shall be estimated. To calculate the value in use, management shall estimate the future cash flow expected to be generated from the CGU and determine an appropriate discount rate to be used in calculating the present value. If the actual cash flow is less than expected, or the facts and circumstances change resulting in a downward revision of the future cash flow or an upward revision of the discount rate, a significant impairment loss may be incurred.

(II) Construction contract

The profit or loss of a construction contract project is recognized as revenue and cost with reference to the degree of completion of the contract activities, and the degree of completion is measured based on the proportion of contract costs incurred for the completion of construction to date to the estimated total contract costs. Since the estimated total cost and contract items are based on the evaluation and judgment of the management based on the nature, expected contract amount, construction duration, engineering implementation and construction methods of different projects, they may affect the calculation of the percentage of completion and project profit and loss.

VI. Cash

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash	\$ 3,937	\$ 3,089
Checks and demand deposits	<u>787,028</u>	<u>790,317</u>
	<u>\$ 790,965</u>	<u>\$ 793,406</u>

The credit quality of the financial institutions with which the Group has business dealings is good. The Group has a number of financial institutions to diversify credit risks, so there is no expected credit loss.

VII. Financial assets measured at fair value through other comprehensive income – only as at December 31, 2024

<u>Current</u>	<u>December 31, 2024</u>
Investment in equity instruments	
TWSE/TPEX-listed common shares	<u>\$ 91,839</u>

The Group invests in the above-mentioned stocks for medium and long-term strategic purposes, and expects to make profits through long-term investment. Management of the Group believed that the fluctuating short-term fair value of the investment in profit or loss did not conform to the aforementioned long-term investment plan, so the Group elected to designate the investment as measured at fair value through other comprehensive income.

VIII. Other financial assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Repurchase agreements	\$ 6,000	\$ 300,000
Restricted bank deposits	1,612,964	323,421
Refundable deposits	<u>115,954</u>	<u>98,140</u>
	1,734,918	721,561
Less: Other financial assets – current	(<u>1,703,983</u>)	(<u>705,121</u>)
Other financial assets – non-current	<u>\$ 30,935</u>	<u>\$ 16,440</u>

For the years ended December 31, 2024 and 2023, interest rates for repurchase agreements and restricted bank deposits were 0.64% to 1.70% and 0.51% to 1.57% per annum, respectively, including dedicated deposits for projects of NTD 835,974 thousand and NTD 41,950 thousand, respectively.

The counterparties of the Group and the counterparties in contract performance are financial institutions with good credit ratings, and there is no major concern about performance of the contract. Therefore, it is expected that there is no significant credit risk.

For information on the pledge of other financial assets of the Group, please refer to Note 32.

IX. Accounts receivable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable – arising from operations		
Measurement of total carrying amount at amortized cost	\$ 321,115	\$ 72,595
Less: Loss allowance	<u>-</u>	<u>-</u>
	<u>\$ 321,115</u>	<u>\$ 72,595</u>

To mitigate credit risk, management of the Group has assigned a dedicated team to be responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions are taken in the recovery of overdue receivables. In addition, the Group reviews the recoverable amounts of accounts receivable on a case-by-case basis on the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible accounts receivable. Accordingly, the Group’s management believes that the Group’s credit risk has been significantly reduced.

The Group adopts individual evaluation and a simplified approach as in IFRS 9 to recognize loss allowance for trade receivables based on the lifetime ECLs. The lifetime ECLs are calculated using a provision matrix that takes into account customers’ past default history and current financial position, as well as GDP forecasts. The Group’s receivables are mainly from construction projects of government agencies, and there is no possibility of expected credit impairment. As the Group’s historical credit loss experience shows that there is no significant difference in the loss patterns of different customer groups, the provision matrix does not further differentiate between customer segments, and only uses the number of days past due for receivables to set the expected credit loss rate.

If there is evidence that a counterparty is facing serious financial difficulties and the Group cannot reasonably expect to recover the amount, the Group will directly write off the relevant trade receivables, but will continue to try to collect the receivable. The recovered amount is recognized in profit or loss.

The Group’s allowance for expected credit losses is 100% for accounts receivable that are overdue for more than 90 days based on the allowance matrix. For the years ended December 31, 2024, and 2023, the amortized cost of accounts receivable was NTD 321,115 thousand and NTD 72,595 thousand, respectively; neither were overdue nor had expected credit losses.

X. Subsidiaries

The entities in the consolidated financial statements are as follows:

Name of investment company	Name of subsidiary	Nature of business	Percentage of equity held (%)		Description
			December 31, 2024	December 31, 2023	
The Company	Tri Ocean Textile (Thailand) Co., Ltd.	Manufacturing, processing and trading of fibrous fabrics	100	100	
	Zhao-Ting Property Co., Ltd. ("Zhao-Ting" formerly known as Triocean Meng-Gong-Chang Co., Ltd.)	Wholesale and trading of building materials	-	-	Note 1
	Shanghai Laishida Furnishings Co., Ltd. (Shanghai Laishida)	Furniture trading	-	-	Note 2
	Shang-Ting Construction Co., Ltd. (Shang-Ting Construction)	Trading of integrated construction and building materials	100	100	Note 3

Note 1: In order to improve the management efficiency of the Group and reduce the operating costs of the Group, on December 26, 2022, the Company's Board of Directors resolved to sell 100% of the equity of the subsidiary, Zhao-Ting Property Co., Ltd., to the related party, Hong-Ting Co., Ltd. The disposal price was determined with reference to the net equity value of the subsidiary, and the transaction was completed in February of 2023 and a gain of NTD 274 thousand was generated from the disposal. For information on the disposal of the subsidiary, please refer to Note 28.

Note 2: In order to improve the management efficiency of the Group and reduce the operating costs of the Group, on December 26, 2022, the Company's Board of Directors resolved to sell 100% of the equity of the subsidiary, Shanghai Laishida, to a non-related party. The transaction was completed in February of 2023 and a gain of NTD 1,142 thousand was generated from the disposal. For information on the disposal of the subsidiary, please refer to Note 28.

Note 3: In December 2010, the Company acquired 100% of the shares of Shang-Ting Construction from Hung Hung-Chang and Chiang Yu-Lian for a total price of NTD 775,750 thousand. The remaining balance of NTD 445,750 thousand was paid off in July 2023. The Company increased its cash capital by NTD 300,000 thousand and NTD 700,000 thousand in 2024 and 2023, respectively, and the change of company registration has been completed.

XI. Property, plant and equipment

To revitalize assets, improve financial structure, and replenish working capital, Tri Ocean Textile (Thailand) Co., Ltd., the Board of Directors, in January 2024, adopted a

resolution to sign a sale and purchase agreement with a non-related party to sell property, plant and equipment in Thailand for 165,000 thousand baht. The transfer was completed in November 2024 with full amount collected. The total transaction price, net of necessary costs and expenses, amounted to NT\$121,304 thousand, resulting in a gain on disposal of property, plant and equipment of NT\$39,098 thousand.

(I) Property, plant, and equipment are listed as follows:

2024

	Self-own ed land	Buildings	Machinery and equipment	Transporta tion equipment	Office equipment	Other equipment	Unfinished constructio n	Total
<u>Cost</u>								
Balance as at								
January 1, 2024	\$ 32,561	\$191,851	\$452,014	\$ 1,017	\$ 8,840	\$ 28,105	\$ -	\$714,388
Addition	-	-	-	2,370	748	1,067	2,137	6,322
Disposal	(33,544)	(203,790)	(449,329)	(660)	(5,005)	(14,600)	-	(706,928)
Exchange difference, net	<u>983</u>	<u>11,939</u>	<u>(2,585)</u>	<u>10</u>	<u>291</u>	<u>812</u>	<u>-</u>	<u>11,450</u>
Balance as at December 31, 2024	<u>-</u>	<u>-</u>	<u>100</u>	<u>2,737</u>	<u>4,874</u>	<u>15,384</u>	<u>2,137</u>	<u>25,232</u>
<u>Accumulated depreciation and impairment</u>								
Balance as at								
January 1, 2024	7,001	179,428	406,937	720	6,508	14,093	-	614,687
Disposal	(6,454)	(192,561)	(402,525)	(660)	(5,006)	(14,391)	-	(621,597)
Depreciation expense	-	1,822	1,026	285	1,405	2,377	-	6,915
Exchange difference, net	<u>(547)</u>	<u>11,311</u>	<u>(5,385)</u>	<u>10</u>	<u>293</u>	<u>802</u>	<u>-</u>	<u>6,484</u>
Balance as at December 31, 2024	<u>-</u>	<u>-</u>	<u>53</u>	<u>355</u>	<u>3,200</u>	<u>2,881</u>	<u>-</u>	<u>6,489</u>
Net as at December 31, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47</u>	<u>\$ 2,382</u>	<u>\$ 1,674</u>	<u>\$ 12,503</u>	<u>\$ 2,137</u>	<u>\$ 18,743</u>

2023

	Self-owned land	Buildings	Machinery and equipment	Transportati on equipment	Office equipment	Other equipment	Total
<u>Cost</u>							
Balance on January 1, 2023	\$ 32,295	\$190,234	\$448,638	\$ 4,607	\$ 8,492	\$15,381	\$699,647
Addition	-	-	-	-	447	12,613	13,060
Disposal	-	-	(189)	(3,591)	(139)	-	(3,919)
Exchange difference, net	<u>266</u>	<u>1,617</u>	<u>3,565</u>	<u>1</u>	<u>40</u>	<u>111</u>	<u>5,600</u>
Balance, December 31, 2023	<u>32,561</u>	<u>191,851</u>	<u>452,014</u>	<u>1,017</u>	<u>8,840</u>	<u>28,105</u>	<u>714,388</u>
<u>Accumulated depreciation and impairment</u>							
Balance on January 1, 2023	6,942	170,550	399,774	4,114	5,373	12,382	599,135
Disposal	-	-	(3)	(3,591)	(139)	-	(3,733)
Depreciation expense	-	7,418	4,020	196	1,234	1,608	14,476
Exchange difference, net	<u>59</u>	<u>1,460</u>	<u>3,146</u>	<u>1</u>	<u>40</u>	<u>103</u>	<u>4,809</u>
Balance, December 31, 2023	<u>7,001</u>	<u>179,428</u>	<u>406,937</u>	<u>720</u>	<u>6,508</u>	<u>14,093</u>	<u>614,687</u>
Net as at December 31, 2023	<u>\$ 25,560</u>	<u>\$ 12,423</u>	<u>\$ 45,077</u>	<u>\$ 297</u>	<u>\$ 2,332</u>	<u>\$ 14,012</u>	<u>\$ 99,701</u>

(II) The Group's property, plant and equipment is depreciated on a straight-line basis over the following useful lives:

Machinery and equipment	5 years
Transportation equipment	2 to 6 years
Office equipment	3 to 6 years
Other equipment	2 to 10 years

(III) The information on the cash flow of the significant investment activities affecting cash and non-cash items is as follows:

	<u>2024</u>	<u>2023</u>
Property, plant and equipment	\$ 6,322	\$ 13,060
Capitalized interest	(819)	-
Capitalized depreciation expenses for right-of-use assets	(1,317)	-
(Increase) decrease in payables equipment	<u>1,100</u>	<u>(1,100)</u>
Cash paid for purchase of property, plant and equipment	<u>\$ 5,286</u>	<u>\$ 11,960</u>

XII. Lease agreement

(I) Right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of right-of-use assets		
Land and buildings	\$ 143,698	\$ 33,088
Transportation equipment	<u>9,573</u>	<u>7,869</u>
	<u>\$ 153,271</u>	<u>\$ 40,957</u>
	<u>2024</u>	<u>2023</u>
Addition of right-of-use assets	<u>\$ 127,346</u>	<u>\$ 15,469</u>
Disposal of right-of-use assets	<u>\$ 609</u>	<u>\$ 250</u>
Depreciation expense of right-of-use assets		
Land and buildings	\$ 7,421	\$ 7,249
Transportation equipment	<u>5,685</u>	<u>4,428</u>
	<u>\$ 13,106</u>	<u>\$ 11,677</u>

There were no significant subleases or impairments of the Group's right-of-use assets in 2024 and 2023.

(II) Lease liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of lease liabilities		
Current	<u>\$ 13,008</u>	<u>\$ 11,000</u>
Non-current	<u>\$ 142,782</u>	<u>\$ 30,037</u>

Discount rate interval (%) of lease liabilities is as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Land and buildings	1.75~2.89	1.75~2.24
Transportation equipment	1.68~2.61	0.87~2.56

(III) Important leasing activities and terms and conditions

The Group leases land, buildings and transportation equipment for offices and business vehicles, and the lease terms are 2 to 22 years. Upon termination of the lease term, the Group has no preferential rights to acquire the land, buildings and transportation equipment leased, and leases an office building with a substantive related party for office use. Please refer to Note 31.

In September 2024, the Group obtained the tender “Leasing of commercial space facilities and surrounding space in Jinlongtou Bay Area” from Taiwan International Ports Corporation. The commercial space in Jinlongtou Bay Area in Pinghu will be constructed, and its facilities and water management operated. According to the lease contract, the rent of the facilities is free within 2 years from the date of delivery. The lease payment will be adjusted on January 1 of each year based on the construction project price index. In addition to fixed lease payments, the Company calculates variable payments based on the specific percentage of changes in the net operating revenue of the aforementioned business projects from the date of operation.

(IV) Other lease information

	<u>2024</u>	<u>2023</u>
Total cash outflow for leases		
Short-term lease expense	<u>\$ 5,557</u>	<u>\$ 2,946</u>
Low-value asset lease expense	<u>\$ 3,052</u>	<u>\$ 1,253</u>
Total cash outflow for leases	<u>(\$ 22,953)</u>	<u>(\$ 16,307)</u>

XIII. Investment property, net

In order to revitalize assets, improve financial structure, and enrich working capital, the Company entered into a business agreement with a non-related party by resolution of the Board of Directors in May 2023 for NTD 755,000 thousand (before tax). The

transaction was completed in July 2023. The necessary costs after expenses amounted to NTD 738,986 thousand, and the gain on disposal of the investment property amounted to NTD 17,976 thousand.

Investment property measured at fair value

	<u>Land</u>
Balance as at January 1, 2024	\$ -
Addition	287,199
Losses on changes in fair value	(2,721)
Balance as at December 31, 2024	<u>\$ 284,478</u>

The Group signed a contract with a non-related party in August 2024 to purchase the land at the second section of Yuanzhong Section, Nanzhi District, Kaohsiung City, for a total price of NTD 287,199 thousand (including transaction costs). The land is expected to be used for investment and has been transferred in December 2024.

The investment property is measured at fair value on a recurring basis. The fair value of the investment property was appraised in August 2024 by qualified appraiser Yang Che-Hao of Zhan-Mao Real Estate Appraisers Firm. The fair value of the land was NTD 284,478 thousand. Based on the evaluation by the Group's management, compared to August 2024, there was no significant change in the fair value of the investment property as at December 31, 2024.

The Group is located on the land at Zhongzong Section, Nanzhi District, Kaohsiung City. As the land was not yet developed, the fair value was measured by the comparative method and the land development analysis method. The key assumptions used are as follows. When the estimated total sales amount increases, the profit rate increases or the capital interest rate decreases, the fair value will increase.

	<u>December 31, 2024</u>
Estimate total sales	<u>\$ 267,690</u>
Profit rate (%)	16
Capital annual interest rate (%)	4.74

After taking into account the relevant laws and regulations, the overall domestic economic prospects, the local land use situation and market conditions, the land or building area that can be sold after development is estimated in the most effective way, and the total sales amount is estimated accordingly.

XIV. Goodwill

As of December 31, 2024 and 2023, the goodwill balance of the consolidated company amounted to NT\$428,702 thousand. An impairment assessment of the

recoverable amount of goodwill was conducted at the end of each financial reporting period, with value in use adopted as the basis for determining the recoverable amount. For both 2024 and 2023, the calculation of value in use was based on the estimated cash flows from financial forecasts for the next five years of the cash-generating unit, discounted at an annual rate of 14% to reflect specific risks associated with the respective cash-generating unit. The recoverable amount exceeded the carrying amount in both years; therefore, no impairment loss was recognized.

XV. Other intangible assets

2024

	Construction permit	Computer software	Trademark rights	Total
<u>Cost</u>				
Balance as at January 1 and December 31, 2024	<u>\$ 11,000</u>	<u>\$ 639</u>	<u>\$ 11,750</u>	<u>\$ 23,389</u>
<u>Accumulated amortization and impairment</u>				
Balance as at January 1, 2024	\$ -	\$ 164	\$ 11,750	\$ 11,914
Amortization expense	-	315	-	315
Balance as at December 31, 2024	<u>\$ -</u>	<u>\$ 479</u>	<u>\$ 11,750</u>	<u>\$ 12,229</u>
Net as at January 1, 2024	<u>\$ 11,000</u>	<u>\$ 475</u>	<u>\$ -</u>	<u>\$ 11,475</u>
Net as at December 31, 2024	<u>\$ 11,000</u>	<u>\$ 160</u>	<u>\$ -</u>	<u>\$ 11,160</u>

2023

	Contract value	Constructio n permit	Computer software	Trademark rights	Total
<u>Cost</u>					
Balance on January 1, 2023	\$ 63,000	\$ 11,000	\$ 3,840	\$ 50,460	\$ 128,300
Addition	-	-	384	-	384
Disposal	(63,000)	-	(3,585)	(38,710)	(105,295)
Balance, December 31, 2023	<u>\$ -</u>	<u>\$ 11,000</u>	<u>\$ 639</u>	<u>\$ 11,750</u>	<u>\$ 23,389</u>
<u>Accumulated amortization and impairment</u>					
Balance on January 1, 2023	\$ 63,000	\$ -	\$ 3,645	\$ 50,460	\$ 117,105
Disposition	(63,000)	-	(3,585)	(38,710)	(105,295)
Amortization expense	-	-	104	-	104
Balance, December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164</u>	<u>\$ 11,750</u>	<u>\$ 11,914</u>
Net as at December 31, 2023	<u>\$ -</u>	<u>\$ 11,000</u>	<u>\$ 475</u>	<u>\$ -</u>	<u>\$ 11,475</u>

The contract value of the Group's acquisition of Shang-Ting is amortized and derecognized upon completion of the contract in accordance with the expected benefits, and the construction permit is not amortized with indefinite useful life.

Other intangible assets are amortized on a straight-line basis over the following useful lives:

Computer software 1 to 5 years

XVI. Prepayments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Prepayment for construction	\$ 81,884	\$ 100,585
Prepayment	92,645	36,111
Residual tax credit	1,608	1,719
Others	<u>1,317</u>	<u>101</u>
	<u>\$ 177,454</u>	<u>\$ 138,516</u>

XVII. Loans

(I) Short-term loans

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Secured bank loans		
Bank loans (Note 32)	<u>\$ 30,000</u>	<u>\$ 70,000</u>

As at December 31, 2024 and 2023, the annual interest rate was 2.425% and 2.18%, respectively.

In December 2023, the Group applied to the bank for a short-term financing loan amount of NTD 297,500 thousand, and the substantive related party Hung Hung-Chang provided TWSE/TPEX listed stocks as collateral. If the value of the shares fell to 125% of the guarantee amount, the Group must use pledged deposits to make up the difference. As at December 31, 2023, the Group had not provided pledged deposits to make up for the difference. The borrowing was repaid in August 2024. Please refer to Notes 32 for the information on the collateral at December 31, 2024.

(II) Short-term notes payable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Commercial paper payable	\$ 30,000	\$ 300,000
Less: Discounts on short-term notes payable	(<u>29</u>)	(<u>1,388</u>)
	<u>\$ 29,971</u>	<u>\$ 298,612</u>
Interest rate per annum (%)	2.538	1.40

The short-term notes payable as at December 31, 2023, were provided by the subsidiary and guaranteed by the bonds under the repurchase agreement. The loan was repaid in August 2024. Please refer to Notes 8 and 32 for the information on the collateral at December 31, 2024.

(III) Long-term loans

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Credit guarantee fund guarantees bank loans	\$ 74,390	\$ 76,294
Guaranteed borrowings (Note 32)	243,168	164,271
Less: Long-term borrowings due within one operating cycle	(<u>294,945</u>)	(<u>240,565</u>)
Long-term borrowings	<u>\$ 22,613</u>	<u>\$ -</u>
Credit guarantee fund guaranteed loans		
Interest rate per annum (%)	2.22~2.75	2.00~2.75
Maturity period	January 2025–February 2029	August 2024–July 2026
Guaranteed loans		
Interest rate per annum (%)	2.48~3.37	2.48~2.95
Maturity period	June 2025–April 2029	July 2024–April 2028

XVIII. Notes payable and accounts payable

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Notes payable (including related parties, Note 31)		
From operations	\$ 112,610	\$ 101,729
Accounts payable		
From operations	139,230	100,479

In the accounts payable, the amounts of construction retention payable under construction contracts as at December 31, 2024 and 2023 were NTD 130,886 thousand and NTD 89,325 thousand, respectively. Construction retentions are non-interest bearing and will be paid at the end of the retention period of each construction contract. The retention period is the normal operating cycle of the Group, which is usually more than one year. For the description of the construction contract, please refer to Note 23.

XIX. Other payables

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Payables for salaries, bonuses and unused leave of absence	\$ 69,921	\$ 46,080
Business tax payable	43,496	10,641

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Remuneration payable to directors and employees	11,528	3,728
Payables for equipment	-	1,100
Others	<u>9,433</u>	<u>8,230</u>
	<u>\$ 134,378</u>	<u>\$ 69,779</u>

XX. Provision for liabilities

	<u>2024</u>	<u>2023</u>
Opening balance	\$ 80,359	\$ 39,867
New additions in the current year	45,810	40,492
Used in the current year	(69)	-
Closing balance	126,100	80,359
Less: Provision – current	(4,183)	(7,192)
Provision – non-current	<u>\$ 121,917</u>	<u>\$ 73,167</u>

XXI. Maturity analysis of assets and liabilities

The Group's assets and liabilities related to the construction business are classified as current or non-current according to the operating cycle, and the relevant amounts recognized are based on the amounts expected to be recovered or settled over one year and more than one year after the balance sheet date as listed below:

	<u>Within 1 year</u>	<u>After 1 year</u>	<u>Total</u>
<u>December 31, 2024</u>			
Assets			
Contract assets – current	\$ 482,509	\$ -	\$ 482,509
Accounts receivable	321,115	-	321,115
Other financial assets – current	<u>1,629,352</u>	<u>21,986</u>	<u>1,651,338</u>
	<u>\$ 2,432,976</u>	<u>\$ 21,986</u>	<u>\$ 2,454,962</u>
Liabilities			
Contract liabilities – current	\$ 1,415,252	\$ -	\$ 1,415,252
Notes payable and accounts payable	224,251	27,589	251,840
Long-term borrowings due within one operating cycle	<u>74,044</u>	<u>220,901</u>	<u>294,945</u>
	<u>\$ 1,713,547</u>	<u>\$ 248,490</u>	<u>\$ 1,962,037</u>
<u>December 31, 2023</u>			
Assets			
Contract assets – current	\$ 289,214	\$ -	\$ 289,214
Accounts receivable	72,595	-	72,595
Other financial assets – current	<u>374,185</u>	<u>30,880</u>	<u>405,065</u>
	<u>\$ 735,994</u>	<u>\$ 30,880</u>	<u>\$ 766,874</u>
Liabilities			
Contract liabilities – current	\$ 214,208	\$ -	\$ 214,208
Notes payable and accounts payable	188,048	14,160	202,208
Long-term borrowings due within one operating cycle	<u>60,723</u>	<u>179,842</u>	<u>240,565</u>
	<u>\$ 462,979</u>	<u>\$ 194,002</u>	<u>\$ 656,981</u>

XXII. Equity

(I) Share capital

Common shares

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Rated number of shares (thousand shares)	<u>99,000</u>	<u>99,000</u>
Authorized share capital	<u>\$ 990,000</u>	<u>\$ 990,000</u>
	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Number of shares issued and fully paid (thousand shares)	<u>52,488</u>	<u>42,488</u>
Share capital issued	<u>\$ 524,881</u>	<u>\$ 424,881</u>

Common shares issued have a par value of NTD 10 and each share is entitled to one voting right and the right to receive dividends.

As at December 31, 2024 and 2023, the above-mentioned number of issued shares, including the number of common stocks privately placed, was both 31,853 thousand shares, and the public offering procedures have not yet been processed. Information on previous private placements of common shares is as follows:

<u>Date of private placement</u>	<u>Number of private placement (capital reduction) shares (thousand shares)</u>	<u>Amount of private placement</u>
July 20, 2012	5,000	\$ 40,000
December 5, 2012	2,150	28,595
September 30, 2013	5,000	75,500
December 28, 2015	2,500	29,750
March 31, 2017	2,223	20,007
September 1, 2017	(7,445)	-
December 4, 2020	40,000	226,400
August 25, 2021	(35,075)	-
July 13, 2023	<u>17,500</u>	<u>506,100</u>
Total	<u>31,853</u>	<u>\$ 926,352</u>

On June 28, 2023, the Board of Directors of the Company resolved to increase capital by NTD 175,000 thousand through private placement of 17,500 thousand common shares at a premium price of NTD 28.92 per share with July 13, 2023 as the base date, obtaining NTD 506,100 thousand of additional paid-in capital, and capital surplus was increased by NTD 331,100 thousand. The paid-in capital was NTD 424,881 thousand after the capital increase, and the registration of change was completed on July 31, 2023.

On March 12, 2024, the Company's Board of Directors resolved to issue 10,000 thousand new shares for a cash capital increase at a par value of NTD 10 per share and set the capital increase record date on July 30, 2024. The premium of NTD 51 per share was issued, and the change of registration has been completed. The related share issuance cost is NTD 1,500 thousand, and it is booked as a decrease in the capital reserve stock issuance premium.

On March 11, 2025, the Board of Directors resolved to issue the Company's second secured domestic convertible bonds and third unsecured domestic convertible bonds, with a planned issuance of 3,000 units and 4,000 units, respectively. Each unit will have a par value of NT\$100,000, with a total issuance amount of NT\$700,000,000. Both bond issuances will have a maturity period of three years and a zero coupon rate. The issuance is subject to the approval and effective registration with the Financial Supervisory Commission's Securities and Futures Bureau, after which the Company will proceed with related follow-up matters.

(II) Capital surplus

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
May be used to make up for losses, release		
<u>Cash or capital stock (Note)</u>		
Stock options for expired convertible corporate bonds	\$ 7,340	\$ 7,340
Premium from stock issuance	<u>756,440</u>	<u>331,100</u>
	<u>\$ 763,780</u>	<u>\$ 338,440</u>

Note: Such Capital surplus may be used to make up for losses, and may be used to distribute cash or capitalize on share capital when the Company has no losses. However, the Capital surplus shall be limited to a certain percentage of the Company's paid-in capital each year.

(III) Retained earnings and dividend policy

If there are earnings in the annual final accounting, the Company shall pay tax and make up for the accumulated losses, and then set aside 10% as the legal reserve, and the rest shall be set aside or reversed as special reserve in accordance with the laws and regulations. For the remaining earnings, the Board of Directors shall prepare a proposal for the distribution of earnings to be submitted to the shareholders' meeting for resolution on the distribution of dividends to shareholders. In addition, the amendment to the remuneration to

employees and directors in the Articles of Incorporation was resolved by the shareholders' meeting on May 27, 2024. Please refer to remuneration for employees and directors in Note 24(6).

In addition, in accordance with the Company's Articles of Incorporation, earnings may be distributed in the form of cash dividends or stock dividends. Cash dividends are preferred for the distribution of earnings, or may be distributed in the form of stock dividends. However, the percentage of stock dividends may not be distributed at a rate of no more than 50% of the total dividends as a principle. Where the Company has no earnings to distribute for the year, or the Company has earnings but the amount of earnings is far less than the actual earnings distributed by the Company in the previous year, or based on the Company's finance, business, and operating conditions, all or a portion of the Company's reserves may be distributed in accordance with the laws and regulations of the competent authorities.

The legal reserve shall be appropriated until it reaches the total amount of the Company's paid-in capital. The legal reserve may be used to offset losses. When there is no accumulated deficit, any portion of the legal reserve exceeding 25% of the paid-in capital may be capitalized or distributed in cash.

In accordance with the Financial Supervisory Commission's ruling No. 1090150022 and the 'Q&A on the Appropriation of Special Reserve under IFRSs,' the Company appropriates and reverses special reserves accordingly.

The loss appropriation proposal for 2022 was approved by the Company's general shareholders' meetings held on June 19, 2023.

The 2023 earnings distribution was resolved by the shareholders' meeting on May 27, 2024 as follows:

	<u>2023</u>
Legal reserve	<u>\$ 66,711</u>
Provision for special reserves	<u>\$ 6,916</u>
Cash dividends	<u>\$ 84,976</u>
Cash dividend per share (NTD)	\$ 2

The 2024 earnings distribution was proposed by the Board of Directors on March 11, 2025 as follows:

	<u>2024</u>
Legal reserve	<u>\$ 15,462</u>
Reversal of special reserves	<u>(\$ 6,916)</u>
Cash dividends	<u>\$ 157,464</u>
Cash dividend per share (NTD)	<u>\$ 3</u>

The 2024 earnings distribution is pending resolution by the shareholders' meeting in May 2025.

(IV) Other equity items

1. Exchange differences on translating foreign operations

	<u>2024</u>	<u>2023</u>
Opening balance	(\$ 6,916)	(\$ 7,062)
Occurred in the current year		
Exchange differences on translating foreign operations	6,990	770
Income tax on translation of foreign operations	(1,398)	(154)
Disposal of foreign operations (Note 28)	-	(588)
Income tax on disposal of foreign operations	<u>-</u>	<u>118</u>
Closing balance	<u>(\$ 1,324)</u>	<u>(\$ 6,916)</u>

2. Unrealized gain or loss on financial assets at fair value through other comprehensive income

	<u>2024</u>	<u>2023</u>
Opening balance	\$ -	(\$ 6,018)
Occurred in the current year		
Unrealized gain or loss	5,628	(1,478)
Accumulated gains and losses on disposal of equity instruments transferred to retained earnings	<u>-</u>	<u>7,496</u>
Closing balance	<u>\$ 5,628</u>	<u>\$ -</u>

3. Revaluation increment of property – 2023 only

	<u>2023</u>
Opening balance	\$ 556,397
Reclassified to retained earnings	<u>(556,397)</u>
Closing balance	<u>\$ -</u>

XXIII. Revenue

	<u>2024</u>	<u>2023</u>	
Revenue from contracts with customers			
Construction revenue	<u>\$ 2,335,467</u>	<u>\$ 1,947,532</u>	
(I) Contract balance			
	December 31, 2024	December 31, 2023	January 1, 2023
Accounts receivable (Note 9)	<u>\$ 321,115</u>	<u>\$ 72,595</u>	<u>\$ -</u>
Contract assets			
Engineering construction	\$ 457,891	\$ 289,214	\$ 277,250
Construction retention receivable	<u>24,618</u>	<u>-</u>	<u>20,456</u>
	<u>\$ 482,509</u>	<u>\$ 289,214</u>	<u>\$ 297,706</u>
Contract liabilities			
Engineering construction	<u>\$ 1,415,252</u>	<u>\$ 214,208</u>	<u>\$ 132,450</u>

The change in contract assets and liabilities is mainly due to the difference between the point of meeting the performance obligation and the time of payment by the customer.

The credit risk management of contract assets adopted by the Company is the same as that of accounts receivable. Please refer to Note 9 for details.

(II) Breakdown of revenue from contracts with customers

Please refer to Note 35 for the breakdown of revenue.

(III) Contracts with customers not yet completed

As at December 31, 2023 and 2022, the transaction prices for the amortization of the Group's performance obligations that have not yet been fully satisfied were NTD 15,521,560 thousand and NTD 6,306,832 thousand, respectively, and are expected to be completed by the end of 2028 and 2027 and recognized in revenue gradually.

XXIV. Net profit before tax

(I) Other income

	<u>2024</u>	<u>2023</u>
Rental income	\$ 28	\$ 14,225
Others	<u>3,027</u>	<u>1,803</u>
	<u>\$ 3,055</u>	<u>\$ 16,028</u>

(II)	Other gains and losses		
		<u>2024</u>	<u>2023</u>
	Disposal of property, plant and equipment gains (losses)	\$ 39,098	(\$ 186)
	Adjusted income on investment property at fair value (Note 13)	(2,721)	-
	Gain on disposal of investment property	-	17,976
	Gain on disposal of equity-method subsidiaries (Note 28)	-	1,416
	Other gains	<u>285</u>	<u>85</u>
		<u>\$ 36,662</u>	<u>\$ 19,291</u>
(III)	Financial costs		
		<u>2024</u>	<u>2023</u>
	Borrowing interest	\$ 8,311	\$ 17,312
	Interest on lease liabilities	1,679	618
	Less: Amounts included in the cost of qualifying assets	(819)	30
		<u>\$ 9,171</u>	<u>\$ 17,960</u>
(IV)	Depreciation and amortization		
		<u>2024</u>	<u>2023</u>
	Property, plant and equipment	\$ 6,915	\$ 14,476
	Right-of-use assets	13,106	11,677
	Intangible assets	<u>315</u>	<u>104</u>
		<u>\$ 20,336</u>	<u>\$ 26,257</u>
	Depreciation expenses by function		
	Operating cost	\$ 4,463	\$ 2,932
	Operating expenses	<u>15,558</u>	<u>23,221</u>
		<u>\$ 20,021</u>	<u>\$ 26,153</u>
	Amortization expenses by function		
	Operating expenses	<u>\$ 315</u>	<u>\$ 104</u>
(V)	Employee benefits expense		
		<u>2024</u>	<u>2023</u>
	Short-term employee benefits	\$ 209,198	\$ 181,556
	Post-employment benefits		
	Defined contribution plan	<u>7,150</u>	<u>5,755</u>
		<u>\$ 216,348</u>	<u>\$ 187,311</u>

	<u>2024</u>	<u>2023</u>
Summary by function		
Operating cost	\$ 125,354	\$ 109,866
Operating expenses	<u>90,994</u>	<u>77,445</u>
	<u>\$ 216,348</u>	<u>\$ 187,311</u>

(VI) Remuneration to employees and directors

In accordance with the amended Articles of Incorporation, the Company appropriates no less than 1% and no more than 1% of the Company's earnings before income tax for the year as remuneration to employees and directors, respectively. However, where the Company has accumulated losses, an amount to offset the losses shall be retained in advance, and then remuneration to employees and directors shall be appropriated in accordance with the aforementioned percentages.

The remuneration to employees and directors for 2024 and 2023 approved by the Board of Directors on March 11, 2025 and March 12, 2024 was estimated as follows

	<u>2024</u>	<u>2023</u>
<u>Estimated percentage (%)</u>		
Remuneration to employees	2.00	1.68
Remuneration to directors	4.00	0.84
<u>Amount</u>		
Remuneration to employees	\$ 3,815	\$ 2,485
Remuneration to directors	7,631	1,243

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

The Board of Directors resolved not to distribute remuneration to employees and directors for 2022. There was no difference between the actual amount of remuneration to employees and directors paid and the amount recognized in the 2022 financial statements.

For information on the remuneration of employees and directors resolved by the Board of Directors in 2024 and 2023, please visit the Market Observation Post System of the Taiwan Stock Exchange.

XXV. Income tax

(I) Income tax recognized in profit or loss

Major components of income tax expenses are as follows:

	<u>2024</u>	<u>2023</u>
Current income tax		
Incurred in the current year	\$ 25,224	\$ 15,381
Additional tax on undistributed earning	25,424	-
Adjusted in prior years	372	58
Deferred income tax		
Incurred in the current year	(9,553)	(5,145)
Adjusted in prior years	<u>-</u>	<u>(406)</u>
Income tax expense recognized in profit or loss	<u>\$ 41,467</u>	<u>\$ 9,888</u>

Reconciliation of accounting income and income tax expense is as follows:

	<u>2024</u>	<u>2023</u>
Profit before income tax	<u>\$ 196,090</u>	<u>\$ 151,868</u>
Income tax with net profit before tax calculated at statutory tax rate	\$ 39,218	\$ 30,374
Non-deductible loss and deductible income	2,776	(2,060)
Unrecognized deductible temporary differences	-	3,011
Available loss carryforwards	(26,323)	(21,089)
Additional tax on undistributed earning	25,424	-
Adjustments in prior years	<u>372</u>	<u>(348)</u>
Income tax expense recognized in profit or loss	<u>\$ 41,467</u>	<u>\$ 9,888</u>

(II) Income tax recognized in other comprehensive income

	<u>2024</u>	<u>2023</u>
Deferred income tax		
Incurred in the current period		
Translation of the financial statements of foreign operations	(\$ 1,398)	(\$ 36)

(III) Current income tax assets and liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Current income tax assets		
Tax refund receivable	\$ <u>152</u>	\$ <u>332</u>
Current income tax liabilities		
Income tax payable	\$ <u>43,703</u>	\$ <u>21,323</u>

(IV) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2024

	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Closing balance</u>
<u>Deferred income tax assets</u>				
Temporary difference				
Unrealized gains of subsidiaries	\$ 138	(\$ 138)	\$ -	\$ -
Warranty liabilities	16,072	9,147	-	25,219
Translation of the financial statements of foreign operations	1,730	-	(1,398)	332
Unrealized valuation loss of investment property	-	544	-	544
	<u>\$17,940</u>	<u>\$ 9,553</u>	<u>(\$ 1,398)</u>	<u>\$26,095</u>

2023

	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Closing balance</u>
<u>Deferred income tax assets</u>				
Temporary difference				
Unrealized gains of subsidiaries	\$ 157	(\$ 19)	\$ -	\$ 138
Warranty liabilities	7,974	8,098	-	16,072
Translation of the financial statements of foreign operations	1,766	-	(36)	1,730
Unrealized valuation loss of investment property	2,934	(2,934)	-	-
	<u>\$12,831</u>	<u>\$ 5,145</u>	<u>(\$ 36)</u>	<u>\$17,940</u>

	<u>Opening balance</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensi ve income</u>	<u>Closing balance</u>
Deferred income tax liabilities				
Temporary difference				
Reserve for land increment tax	<u>\$ 33,899</u>	<u>\$ 406</u>	<u>(\$ 34,305)</u>	<u>\$ -</u>

(V) Deductible temporary differences of deferred income tax assets not recognized in the consolidated balance sheet and tax credits of unused loss carryforwards

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Loss carryforwards	<u>\$ 94,961</u>	<u>\$ 123,717</u>

(VI) Information on tax credits of unused loss carryforwards

As at December 31, 2024, information on loss carryforwards is as follows:

<u>Outstanding tax credits</u>	<u>Last year of credit</u>
\$ 22,059	2025
7,936	2027
9,083	2028
14,115	2029
30,816	2030
<u>10,952</u>	2031
<u>\$ 94,961</u>	

(VII) Assessment of income tax

The profit-seeking enterprise income tax returns of the Company and its domestic subsidiaries have been assessed by the tax authorities up to 2022. There was no significant difference between the audit results and the declared amount.

XXVI. Earnings per share

The net profit and the weighted average number of common shares used to calculate the earnings per share are as follows:

Net income

	<u>2024</u>	<u>2023</u>
Net income attributable to owners of the Company for the year	<u>\$ 154,623</u>	<u>\$ 141,980</u>

Number of shares

	2024	Unit: Thousand shares 2023
Weighted average number of common shares used to calculate basic earnings per share	46,735	33,235
Employee remuneration due to dilutive effect of potential ordinary shares	<u>66</u>	<u>60</u>
Weighted average number of common shares used to calculate diluted earnings per share	<u>46,801</u>	<u>33,295</u>

If the Group can settle the compensation to employees in cash or shares, the Group assumes the entire amount of the compensation would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share if the effect is dilutive. Such a dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

XXVII. Share-based payment – employee stock options

Capital increase in cash reserved for employee share options

On March 12, 2024, the Company's Board of Directors resolved to issue new shares for cash, and reserved 1,000 thousand shares for employee subscription in accordance with the Company Act.

The Company's capital increase in cash on the grant date of July 2, 2024 was calculated using the Black-Scholes option model, and the parameters used in the evaluation model are as follows:

	<u>Employee share options</u>
Stock price on the grant date	NTD 67.8 per share
Exercise price	NTD 51 per share
Expected volatility (%)	34.77
Duration (days)	22
Expected dividend yield (%)	-
Risk-free interest rate (%)	1.22

The remuneration cost recognized due to the employee share subscription reserved from the capital increase in cash in 2024 was NTD 16,840 thousand.

XXVIII. Disposal of subsidiaries

The Group completed the disposal of Zhao-Ting Property and Shanghai Laishida in February 2023.

(I) Consideration received

	<u>Zhao-Ting Property</u>	<u>Shanghai Laishida</u>
Cash	\$ 26,414	\$ 2,063
Other receivables	<u>-</u>	<u>883</u>
Total consideration received	<u>\$ 26,414</u>	<u>\$ 2,946</u>

(II) Analysis of assets and liabilities over which control is lost

	<u>Zhao-Ting Property</u>	<u>Shanghai Laishida</u>
Current assets		
Cash	\$ 1,765	\$ 3,161
Financial assets measured at fair value through profit or loss	24,495	-
Other current assets	-	220
Non-current assets		
Property, plant and equipment	-	5
Current liabilities		
Other current liabilities	(120)	(994)
Net assets disposed of	<u>\$ 26,140</u>	<u>\$ 2,392</u>

(III) Gains from disposal of subsidiary

	<u>Zhao-Ting Property</u>	<u>Shanghai Laishida</u>
Consideration received	\$ 26,414	\$ 2,946
Net assets of disposal subsidiary	(26,140)	(2,392)
Accumulated exchange differences on the subsidiary's net assets reclassified from equity to profit or loss due to loss of control over the subsidiary	<u>-</u>	<u>588</u>
Gain on disposal	<u>\$ 274</u>	<u>\$ 1,142</u>

(IV) Net cash inflow (outflow) from disposal of subsidiary

	<u>Zhao-Ting Property</u>	<u>Shanghai Laishida</u>
Consideration received in cash	\$ 26,414	\$ 2,063
Less: Cash balance from disposals	(1,765)	(3,161)
	<u>\$ 24,649</u>	<u>\$ 1,098</u>

XXIX. Capital risk management

The Group performs capital management to ensure that each enterprise within the Group can maximize shareholders' equity by optimizing the amount of debt and equity under the premise of continuing to operate.

The Group's key management reviews the Group's capital structure from time to time in accordance with the economic environment and business considerations. Based on the recommendations of the key management personnel and in accordance with the laws and regulations, the Group will balance its overall capital structure through fund-raising in the capital market and bank financing.

XXX. Financial instruments

(I) Fair value information – financial instruments measured at fair value on a recurring basis

Fair value hierarchy

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at fair value through other comprehensive income				
Investment in equity instruments				
Domestic listed stocks	<u>\$ 91,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,839</u>

There were no transfers between Level 1 and Level 2 fair value measurements in 2024 and 2023.

(II) Types of financial instruments

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Financial assets</u>		
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments	\$ 91,839	\$ -
Financial assets measured at amortized cost (Note 1)	2,847,884	1,630,198
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	688,426	832,884

Note 1: The balances include financial assets measured at amortized cost, including cash, accounts receivable, other receivables, and other financial assets.

Note 2: The balance includes short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables, long-term borrowings, long-term liabilities (including maturity within one business cycle) and refundable deposits (including current recognized in other current liabilities) and other financial liabilities measured at amortized cost, but excluding the amount of short-term employee benefits payable.

(III) Financial risk management objectives and policies

The Group's major financial instruments investments in equity instruments, cash, accounts receivable, accounts payable, lease liabilities and borrowings. The Group's financial management department monitors and manages the financial risks related to the Group's operations through the internal risk report that analyzes exposures based on the level and breadth of risks. Such risks include market risk (including interest rate risk and other price risk), credit risk and liquidity risk.

1. Market risk

The main market risk assumed by the Group's operating activities is the risk of changes in foreign currency exchange rates and the risk of changes in interest rates.

There has been no change to the Group's exposure to market risks and the management and measurement of such exposures.

(1) Exchange rate risk

The Group's exposure to fluctuations from foreign currency exchange rates in 2024 and 2023 was not material.

(2) Interest rate risk

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fair value interest rate risk		
Financial assets	\$ 6,000	\$ 300,000
Financial liabilities	197,900	369,475

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Cash flow interest rate risk		
Financial assets	2,394,431	1,113,735
Financial liabilities	335,419	280,740
<u>Sensitivity analysis</u>		

For assets and liabilities with floating interest rates, the change rate used in the Group's internal reporting of interest rate risk to key management personnel is 100 basis points. If the interest rate increased by 100 basis points (1%) on the balance sheet date, all other variables remaining unchanged under such circumstances, the Group's net profit before tax for 2024 and 2023 would have increased (decreased) by NTD 20,590 and NTD 8,330 thousand, respectively. Mainly due to the Group's bank borrowings and deposits at variable interest rates.

(3) Other price risks

The Group is exposed to the equity price risk due to its investment in the listed equity securities. The Group's management manages risks by holding different risk portfolios.

Sensitivity analysis

The following sensitivity analysis is based on the equity price exposure on the balance sheet date.

If the equity price had increased/decreased by 5%, other comprehensive income would have increased/decreased by NTD 4,592 thousand in 2024 due to the increase/decrease in the fair value of financial assets measured at fair value through other comprehensive income.

2. Credit risk

The financial assets are potentially affected by the Group's counterparty or other party's failure to fulfill a contract. The impact includes the credit risk concentration, components and contract value of the Group's financial instruments. The credit risk of each financial asset of the Group is based on the contract with a positive fair value on the balance sheet date. The credit risk amount of the financial assets held by the Group is approximately equivalent to the book value.

The credit risk of the public construction projects undertaken by the Group is mainly concentrated in the government agencies, and the credit risk is expected to be insignificant.

3. Liquidity risk

The Group manages and maintains sufficient cash to cover its operating expenses and mitigate the impact of cash flow fluctuations. The Group's management monitors the use of the bank's financing facilities and ensures that they are sufficient. Therefore, there is no liquidity risk due to the inability to raise funds to fulfill contractual obligations.

The following table shows the Group's agreed repayment period of the remaining contractual maturity of its non-derivative financial liabilities. The table was based on the earliest date on which the Group may be required to make repayments, and prepared using the undiscounted cash flows of the financial liabilities, consisting of cash flows of interest and principal.

December 31, 2024

	Pay on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	<u>\$206,611</u>	<u>\$44,730</u>	<u>\$110,409</u>	<u>\$30,596</u>	<u>\$ -</u>
Fixed interest rate liabilities	<u>\$42,128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities at floating interest rates	<u>\$ 1,366</u>	<u>\$ 2,733</u>	<u>\$96,271</u>	<u>\$259,796</u>	<u>\$ -</u>
Lease liabilities	<u>\$ 1,240</u>	<u>\$ 2,440</u>	<u>\$10,046</u>	<u>\$32,792</u>	<u>\$161,081</u>

Further information on the analysis of the maturity of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	Over 15 years
Lease liabilities	<u>\$13,726</u>	<u>\$32,792</u>	<u>\$48,567</u>	<u>\$48,567</u>	<u>\$63,947</u>

December 31, 2023

<u>Non-derivative financial liabilities</u>	Pay on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Non-interest-bearing liabilities	\$ 144,760	\$ 31,344	\$ 81,767	\$ 15,644
Fixed interest rate liabilities	\$ 58	\$ 300,053	\$ 13,223	\$ 17,124
Liabilities at floating interest rates	\$ 70,641	\$ 460	\$ 60,189	\$ 170,481
Lease liabilities	\$ 1,037	\$ 2,442	\$ 9,016	\$ 30,955

XXXI. Transactions with related parties

Intercompany transactions, account balances, income, and expenses have been eliminated upon consolidation and are not disclosed in this note. Except as stated in other notes, the transactions between the Group and other related parties are as follows:

(I) Names of related parties and their relationships

<u>Name of related party</u>	<u>Relationship with the Group</u>
Hung Hung-Chang	Substantive related party
Chiang Yu-Lien	Chairman of the Company (since June 2023)
Hsu Cheng-Che	General Manager of the Company (from June 2023)
Lian-Chuang Enterprise Co., Ltd. (Lian-Chuang)	Substantive related party
Lung-Ting Cement Co., Ltd.	Substantive related party
Hong-Ting Co., Ltd.	Substantive related party

(II) Operating revenue

Construction contracting

2024

<u>Name of related party</u>	<u>Total contract price</u>	<u>Recognized construction revenue for the year</u>	<u>Accumulate d and recognized construction revenue</u>	<u>Collections on construction works</u>
Substantive related party	\$ 684	\$ 684	\$ 684	\$ 684

2023

Name of related party	Total contract price	Recognized construction revenue for the year	Accumulated and recognized construction revenue	Collections on construction works
Lian-Chuang	<u>\$ 85,424</u>	<u>\$ 1,929</u>	<u>\$ 85,424</u>	<u>\$ 85,424</u>

The total price of the construction contract with the related party is based on the negotiation between the two parties, and the payment is collected according to the construction progress, and the payment terms are equivalent to those of non-related parties.

(III) Purchase of goods

Name/category of related party	2024	2023
Substantive related party	<u>\$ 271</u>	<u>\$ 371</u>

The trading terms of the Group's purchase from the related party are equivalent to those of a general manufacturer.

(IV) payables

Presentation item	Name/category of related party	December 31, 2024	December 31, 2023
Notes payable	Substantive related party	<u>\$ 11</u>	<u>\$ 16</u>

(V) Lease agreements

Presentation item	Category/Name of related party	December 31, 2024	December 31, 2023
Lease liabilities – current	Substantive related party Lian-Chuang	\$ 6,484	\$ 6,355
Lease liabilities – non-current	Substantive related party Lian-Chuang	<u>20,249</u>	<u>26,733</u>
		<u>\$ 26,733</u>	<u>\$ 33,088</u>

Presentation item	Category/Name of related party	2024	2023
Interest on lease liabilities	Substantive related party Lian-Chuang	<u>\$ 605</u>	<u>\$ 454</u>

Presentation item	Category/Name of related party	December 31, 2024	December 31, 2023
Refundable deposits (included in other financial assets – non-current)	Substantive related party Lian-Chuang	<u>\$ 1,100</u>	<u>\$ 1,100</u>

The Group leased the working space from its substantive related party for use as offices. The rent was based on the rent level of similar assets, with a fixed monthly payment in accordance with the lease agreement. In December 2023, the Group renegotiated the lease agreement to extend the lease contract period to December 2028. Therefore, the lease liabilities were remeasured and the right-of-use assets were adjusted accordingly.

(VI) Endorsements/guarantees

Chairman Chiang Yu-Lian, General Manager Hsu Cheng-Che, and substantive related party Hung Hung-Chang, provided endorsements and guarantees for the Group's loans.

(VII) Remuneration of key management personnel

	<u>2024</u>	<u>2023</u>
Salaries, bonuses, allowances and bonuses	<u>\$ 23,264</u>	<u>\$ 19,667</u>

The remuneration of directors and other key management personnel is determined by the Remuneration Committee in accordance with individual performance and market trends.

XXXII. Assets pledged as collateral

The following assets of the Group have been provided as performance bonds, warranty deposits and financial guarantees:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other financial assets	<u>\$783,415</u>	<u>\$607,977</u>

XXXIII. Significant Contingent Liability and Unrecognized Contractual Commitment

Except as described in other notes, the significant commitments and contingencies of the Group as of the balance sheet date are as follows:

As at December 31, 2024 and 2023, the amount of the performance guarantee provided by the bank for the contracted projects was NTD 2,947,872 thousand and NTD 1,008,064 thousand.

XXXIV. Additional Disclosures

(I) Major transactions

1. Loaning of funds to others: Table 1.
2. Endorsements/guarantees for others: Table 2.

3. Marketable securities held at the end of the period: Table 3.
 4. Marketable securities acquired or disposed of at costs or prices at least NTD 300 million or 20% of the paid-in capital: Table 4.
 5. Acquisition of individual real estate at costs of at least NTD 300 million or 20% of the paid-in capital: Table 5.
 6. Disposal of individual real estate at costs of at least NTD 300 million or 20% of the paid-in capital: Table 6.
 7. Total purchases from or sales to related parties amounting to at least NTD 100 million or 20% of the paid-in capital: Table 7.
 8. Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital: None.
 9. Trading in derivative instruments: None.
 10. Others: Business relationships and significant transactions between parent company and subsidiaries and among subsidiaries: Table 8.
- (II) Information on investees: Table 9.
- (III) Investment information in China
1. Information on any investee in China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, current income or loss and investment income or loss recognized, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the China area: None.
 2. Any of the following significant transactions with investees in China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
 - (1) Amount and percentage of purchases and related payables at the end of the period.
 - (2) Amount and percentage of sales and related receivables at the end of the period.
 - (3) Amount of property transactions and the amount of gain or loss arising therefrom.
 - (4) Ending balance of negotiable instruments endorsed or provided as collateral and the purpose thereof.

- (5) Maximum balance, ending balance, interest rate range, and total interest for the current period of the financing.
- (6) Other transactions that have a significant impact on the current profit or loss or financial position, such as the provision or receipt of services.
- (IV) Information on major shareholders: Names of shareholders with a shareholding ratio of more than 5%, number of shares held, and percentage: Table 10.

XXXV. Segment Information

- The Company and Shang-Ting Construction – The main source of income is construction works.

(I) Segment revenue and operating results

The following is an analysis of the Group’s revenue and operating results by the reporting segment:

2024

	<u>Triocean</u>	<u>Shang-Ting Construction</u>	<u>Other companies</u>	<u>Adjustments and write-offs</u>	<u>Total</u>
Revenue from external customers	\$ 241,244	\$2,094,223	\$ -	\$ -	\$2,335,467
Inter-segment revenue	<u>189,943</u>	<u>-</u>	<u>-</u>	<u>(189,943)</u>	<u>-</u>
Consolidated revenue	<u>\$ 431,187</u>	<u>\$2,094,223</u>	<u>\$ -</u>	<u>(\$ 189,943)</u>	<u>\$2,335,467</u>
Profit or loss before tax from continuing operations	<u>\$ 80,301</u>	<u>\$ 82,160</u>	<u>\$ 33,629</u>	<u>\$ -</u>	<u>\$ 196,090</u>

2023

	<u>Triocean</u>	<u>Shang-Ting Construction</u>	<u>Other companies</u>	<u>Adjustments and write-offs</u>	<u>Total</u>
Revenue from external customers	\$ 62,424	\$1,885,108	\$ -	\$ -	\$1,947,532
Inter-segment revenue	<u>221,193</u>	<u>-</u>	<u>-</u>	<u>(221,193)</u>	<u>-</u>
Consolidated revenue	<u>\$ 283,617</u>	<u>\$1,885,108</u>	<u>\$ -</u>	<u>(\$ 221,193)</u>	<u>\$1,947,532</u>
Profit or loss before tax from continuing operations	<u>\$ 128,829</u>	<u>\$ 38,095</u>	<u>(\$ 15,056)</u>	<u>\$ -</u>	<u>\$ 151,868</u>

(II) Departmental total assets and liabilities

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
<u>Segment assets</u>		
Triocean	\$ 959,604	\$ 782,404
Shang-Ting Construction	3,457,110	1,799,272
Other companies	<u>124,447</u>	<u>84,147</u>
Consolidated total assets	<u>\$ 4,541,161</u>	<u>\$ 2,665,823</u>
<u>Segment liabilities</u>		
Triocean	\$ 437,927	\$ 611,359
Shang-Ting Construction	2,068,416	630,796
Other companies	<u>5,099</u>	<u>156</u>
Consolidated total liabilities	<u>\$ 2,511,442</u>	<u>\$ 1,242,311</u>

Triocean Industrial Corporation Co., Ltd. and Subsidiaries

Loaning of funds to others

For the year ended December 31, 2024

Table 1

(Unit: Thousand NTD, Unless Stated Otherwise)

No. (Note 1)	Lending company	Borrower	Financial statement account	Related party	Highest balance in the current year (Note 2)	Balance at the end of the year	Actual amount at the end of the year Amount	Interest rate range (%)	Nature of loan	Business transaction amount	Reasons for short-term financing	Allowance for impairment loss	Collateral		Financing limit for each borrower (Note 1)	Aggregate amount of loan (Note 2)	Notes
													Name	Value			
1	Shang-Ting Construction Co., Ltd.	Tri Ocean Textile (Thailand) Co., Ltd	Other receivables – Related parties	Yes	\$ 5,340	\$ -	\$ -	4	Short-term loan	\$ -	Operating turnover	\$ -	-	\$ -	\$ 630,410	\$ 630,410	

Note 1: The amount lent by a subsidiary to an individual shall not exceed 40% of the net worth of the company to which the funds are lent.

Note 2: The total amount of loans to others by the Company and its subsidiaries is limited to 40% of the net worth of the company to which the funds are lent.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries
 Endorsements/Guarantees for Others
 For the year ended December 31, 2024

Table 2

(In Thousands of New Taiwan Dollars)
 (unless otherwise stated)

No.	Name of endorser/guarantor	Endorsee/Guarantee		Limit on endorsement/Guarantee given on behalf of each party (Note 1)	Outstanding endorsement/Guarantee during the year	Outstanding endorsement/Guarantee at the end of the period	Actual amount borrowed	Amount endorsed/guaranteed by collateral	Ratio of accumulated endorsement/Guarantee to net equity in latest financial statements (%)	Aggregate endorsement/guarantee limit (Note 2)	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 China	Notes
		Name of company	Relationship											
1	Shang-Ting Construction Co., Ltd.	Triocean Industrial Corporation Co., Ltd.	母 公 司	\$ 788,013	\$ 300,000	\$ -	\$ -	\$ 300,000		\$ 3,152,050	N	Y	N	

Note 1: The limit of the endorsement/guarantee provided by a subsidiary as a whole to a single enterprise shall not exceed 50% of the net worth of the subsidiary.

Note 2: The total amount of endorsements/guarantees accumulated by the subsidiary as a whole shall not exceed twice the net worth of the subsidiary.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries
 Marketable securities held at the end of the period
 For the year ended December 31, 2024

Table 3

Unit: Thousand NTD, Unless Stated Otherwise

Holding company name	Type and name of marketable securities	Relations with securities issuers	Financial statement account	End of period				Notes
				Number of shares	Carrying amount	Shareholding ratio (%)	Fair value (Note)	
Triocean Industrial Corporation Co., Ltd.	Stocks New Asia Construction & Development Corp.	None	Financial assets measured at fair value through other comprehensive income	4,865,000	\$ 62,515	2.15	\$ 62,515	
Shang-Ting Construction Co., Ltd.	Stocks New Asia Construction & Development Corp.	None	Financial assets measured at fair value through other comprehensive income	2,282,000	29,324	1.01	29,324	

Note: The market price of the listed company is the closing price on December 31, 2024.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries
 Marketable securities acquired or disposed of at costs or prices at least NTD 300 million or 20% of the paid-in capital
 For the year ended December 31, 2024

Table 4

(Unit: Thousand NTD, Unless Stated Otherwise)

Buying/selling company	Type and name of marketable securities	Financial statement account	Counterparty	Relationship	Beginning of the year		Buying in		Selling			End of the year		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Carrying cost	Disposal gains (losses)	Number of shares	Amount
Triocean Industrial Corporation Co., Ltd.	Common stock Shang-Ting Construction Co., Ltd.	Investment under the equity method	Note 2	Subsidiary	120,000,000	\$ 1,695,327	30,000,000	\$ 300,000	-	\$ -	\$ -	\$ -	150,000,000	\$ 2,020,261

Note 1: The amount of investment under the equity method includes investment gains and losses recognized under the equity method and related adjustments of investment under the equity method, which were eliminated upon the preparation of the consolidated financial statements.

Note 2: For cash capital increase.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries
Acquisition of individual real estate at costs of at least NTD 300 million or 20% of the paid-in capital.
For the year ended December 31, 2024

Table 5

Unit: Thousand NTD, Unless Stated Otherwise

Acquisition of real estate	Property name	Date of occurrence	Transaction amount	Price payment	Counterparty	Relationship	If the counterparty is a related party, the previous transfer information shall be disclosed.				References for price determination	Purpose of acquisition and use	Other agreements
							All Parties	Relationship with the issuer	Date of transfer	Amount			
Triocean Industrial Corporation Co., Ltd.	Right-of-use assets (commercial facilities and surrounding spaces in Jinlongtou Bay Area)	2024.09.19	\$ 115,028	The payment is made on a monthly basis starting from the signing of the contract between the two parties.	Taiwan International Ports Corporation	None	Not applicable	Not applicable	Not applicable	Not applicable	Information on public tenders	Purpose of business	Not applicable
Shang-Ting Construction Co., Ltd.	Land at the second section of Yuanzhong Section, Nanzhi District, Kaohsiung City	2024.08.09	284,490	Note 13	Natural person	None	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report	Purpose of investment	Not applicable

Triocean Industrial Corporation Co., Ltd. and Subsidiaries
Disposal of individual real estate at costs of at least NTD 300 million or 20% of the paid-in capital
For the year ended December 31, 2024

Table 6

(Unit: Thousand NTD, Unless Stated Otherwise)

Disposal of property	Property name	Date of occurrence	Original acquisition date	Carrying amount	Transaction amount(Note)	Collection of payment	Disposal gain or loss (Note)	Counterparty	Relationship	Purpose of disposal	References for price determination	Other agreements
Tri Ocean Textile (Thailand) Co., Ltd.	Land, buildings and equipment	2024.01.05	2000.08.25-2019.08.06	\$ 78,541 (THB 89,169)	\$ 121,304 (THB138,320)	Note 11	\$ 39,098	Fongkai New Energy (Thailand) Co., LTD.	None	Revitalize assets, improve financial structure, and replenish working capital	Appraisal report	-

Note: Necessary costs have been deducted.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries

Amount of significant purchases from or sales to related parties amounting to at least NTD 100 million or 20% of the paid-in capital

For the year ended December 31, 2024

Table 7

Unit: Thousand NTD, Unless Stated Otherwise

Purchase (sale) company	Counterparty	Relationship	Transaction status				Circumstances and reasons for the difference between the transaction conditions and general transactions		Notes and accounts receivable (payable)		Notes
			Purchase (sale)	Amount	As a percentage to total purchase (sales) (%)	Credit period	Unit price	Credit period	Balance	As a percentage to total notes and accounts receivable (payable) (%)	
The Company	Shang-Ting Construction	Subsidiary	Operating revenue	(\$189,943)	(8)	Monthly settlement 30–60 days	Note 1	-	\$ 7,065	2.20	Notes 2 and 3

Note 1: The raw materials and subcontracted projects of the Shang-Ting on behalf of others through the Company are measured at cost-plus pricing with elasticity considerations. Since there are no other similar transactions, and the Company's revenue was calculated on the basis of the percentage of completion and recorded on a net basis.

Note 2: Receivables (payable) and contract assets arising from non-sales and purchases have been excluded.

Note 3: Eliminated upon the preparation of the consolidated financial statements.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries
Business relationships and significant transactions between parent company and subsidiaries and among subsidiaries
For the year ended December 31, 2024

Table 8

(In Thousands of New Taiwan Dollars)

No.	Name of counterparty	Counterparty	Relationship with the counterparty	Transactions with each other			As a percentage of consolidated total revenue or total assets (%)
				Item	Amount	Payment terms	
0	The Company	Shang-Ting	Parent company to subsidiary	Operating revenue	\$ 189,943	Note 1	8
0	The Company	Shang-Ting	Parent company to subsidiary	Accounts receivable	7,065	Note 2	-
0	The Company	Shang-Ting	Parent company to subsidiary	Contract assets	13,885	Note 2	-
0	The Company	Shang-Ting	Parent company to subsidiary	Management service income	42,082	Note 3	2
0	The Company	Shang-Ting	Parent company to subsidiary	Other receivables	7,532	Note 3	-
1	Shang-Ting	The Company	Subsidiary to parent company	Prepayment for construction	198,537	Note 2	4

Note 1: The purchases and subcontracted projects of the Shang-Ting on behalf of others through the Company are measured at cost-plus pricing with elasticity considerations. Since there are no other similar transactions, the comparison cannot be made; a portion of the Company's revenues was recorded on a net basis.

Note 2: There is no significant difference between the payment terms and the general customers.

Note 3: Based on a certain percentage of the subsidiary's revenue.

Note 4: Transactions between parent and subsidiary were eliminated upon the preparation of the consolidated financial statements.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries
Information on investees
For the year ended December 31, 2024

Table 9

(In Thousands of New Taiwan Dollars)

Name of investment company	Name of investment company	Location	Main business items	Initial investment amount		Held at the end of the year			Investee profit (loss) for the year	Investment income (loss) recognized in the current year (Note 1 and Note 2)	Notes
				End of the year	End of last year	Number of shares	Percentage (%)	Carrying amount (Note 1)			
Triocean Industrial Corporation Co., Ltd.	Tri Ocean Textile (Thailand) Co., Ltd.	Thailand	Manufacturing, processing and trading of fibrous fabrics	\$ 390,478	\$ 390,478	9,372,500	100	\$ 119,347	\$ 33,629	\$ 33,629	
	Shang-Ting Construction Co., Ltd.	Kaohsiung City	Integrated Construction	2,001,025	1,701,025	150,000,000	100	2,020,261	65,394	51,334	

Note 1: Eliminated upon the preparation of the consolidated financial statements.

Note 2: The investment gains and losses recognized in the current year include the adjustment of unrealized gains and losses.

Triocean Industrial Corporation Co., Ltd. and Subsidiaries
Information of major shareholders
December 31, 2024

Table 10

Name of major shareholder	Shares	
	Number of shares held	Shareholding ratio (%)
Hong-Ting Co., Ltd.	16,238,000	30.93
Shun-Mei Enterprise Co., Ltd.	11,324,859	21.57

Note: The major shareholders in this table are shareholders holding at least 5% of the ordinary and preference shares (including treasury shares) with dematerialized registration and delivery completed on the last business day of the year calculated by the Taiwan Depository & Clearing Corporation. The share capital recorded in the Company's consolidated financial statements and the number of shares actually delivered by the Company with the dematerialized registration completed may differ due to different calculation bases.