

**Hyundai Engineering & Construction Co., Ltd.
and Subsidiaries**
Consolidated Financial Statements
December 31, 2023 and 2022

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
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December 31, 2023 and 2022

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Independent Auditor's Report
(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of
Hyundai Engineering & Construction Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Hyundai Engineering & Construction Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

We also have audited, in accordance with Korean Standards on Auditing, the Group's Internal Control over Financial Reporting for consolidation purposes as at December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*, and our report dated March 11, 2024 expressed an unqualified opinion.

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Revenue recognition based on input method

Why it is determined to be a Key Audit Matter

As explained in Note 3 to the consolidated financial statements, measurement of total contract revenue is affected by the uncertainty of the occurrence of future events relating to additional contract work, claims, incentive payments and penalties, etc. during construction. In addition, construction revenue is recognized according to the percentage of completion, which is measured based on the cost incurred to date. Total contract costs are estimated based on future estimates of material costs, labor costs, outsourcing costs, construction period and others. Therefore, there is uncertainty in the total contract costs to be changed in the future.

We focused on revenue recognition of major contracts because assumptions and judgments of management are involved in assessing the criteria set out in the accounting standards for measurement of completion based on input method and the impacts of the recognition of the revenue over a period of time on financial statements are significant.

How our audit addressed the Key Audit Matter

In respect of the revenue recognition based on input method, we performed the following audit procedures:

- Obtained an understanding of procedures and controls in relation to revenue recognition, and tested the design and operating effectiveness of key controls.
- Procedures for total contract costs
 - Compared the total contract costs on the project management system with the accounting system for consistency.
 - Confirmed whether the total contract costs approved by an appropriate approver and reviewed reasonableness on the major components of the total contract costs.
 - Observed the internal review committee meeting on the appropriateness of the total contract costs.
 - Made inquiries to determine whether key facts have been appropriately reflected in the estimation of total contract costs using customer and site briefing documents and examined related documents.
 - Made inquiries about changes in total contract costs and examined the reason for changes.
 - Made inquiries to determine whether total contract costs changed after the end of the reporting period and examined related documents.
 - Compared the total contract costs with business plan.
 - Reviewed the documents on the components of the total contract costs.
- Procedures for percentage of completion
 - Examined supporting document to test the occurrence, accuracy of amount and the appropriateness of cut-off through audit sampling from detailed listing of material and outsourcing costs for each project.
 - Reconciled the aggregate costs incurred from the system with those from the final account.
 - Examined details of replacement costs among projects.
 - Performed recalculation for accuracy of percentage of completion and calculation of sales based on the percentage of completion.

- Procedures for changes in contracts
 - Reviewed the accounting policies of the Group related to the contract variation.
 - Confirmed whether the customer approved on the contract amount variation.
 - Reviewed the reasonableness of the Group's review on possibilities of liquidated damages.

(b) Collectability of due from customers for contract work with indication of impairment

Why it is determined to be a Key Audit Matter

As explained in Note 2 to the consolidated financial statements, the Group recognizes performance obligations satisfied over time based on percentage of completion by input method. When cumulative contract costs incurred to date plus recognized profit exceed progress billing, exceeding amount is presented as amounts due from customers for contract work, which amounted to 22% of the Group's total assets, as at December 31, 2023.

We focused on collectability of due from customers for contract work, of which indication of impairment have significant impact on the consolidated financial statements, as the amount of due from customers for contract work is material to the Group, and uncertainty may exist in collectability due to customers' risk and others.

How our audit addressed the Key Audit Matter

In respect of the collectability of due from customers for contract work, we performed the following audit procedures:

- Obtained an understanding of procedures and controls in relation to review in collectability of due from customers for contract work and tested the design and operating effectiveness of key controls.
- Procedures for due from customers for contract work
 - Made inquiries of reasons for occurrence of due from customers for contract work, and reviewed plan for billing.
 - Examined review performed by management for the collectability of due from customers for contract work.

Other Matters

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries.

The accompanying consolidated financial statements as at and for the years ended December 31, 2023 and 2022, have been translated into the U.S. dollars solely for the convenience of the reader and have been translated on the basis set forth in Note 2 to the consolidated financial statements.

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 Korean IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

- 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain

solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chihyung Won, Certified Public Accountant.

Seoul, Korea
March 11, 2024

This report is effective as of March 11, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2023 and 2022

(in millions of Korean won
and in thousands of USD (Note 2))

	Notes	2023		2022					
Assets									
Current assets									
Cash and cash equivalents	4,22,36,38,39	₩	4,205,665	₩	3,973,897	\$	3,261,723	\$	3,081,974
Short-term financial instruments	8,22,36,39		375,802		767,359		291,455		595,129
Trade receivables	5,22,39		3,378,696		2,015,829		2,620,363		1,563,385
Other receivables	5,22,28,36,39		2,539,151		2,839,216		1,969,250		2,201,967
Due from customers for contract work	5,28		5,335,234		3,734,704		4,137,765		2,896,467
Financial assets at amortized cost	9,22,39		1,774		20,388		1,376		15,812
Derivative assets	8,22		55,406		389		42,970		302
Inventories	6,13		815,625		855,394		632,562		663,405
Current tax assets	33		6,663		5,789		5,168		4,490
Other current assets	7,13		1,899,414		1,303,779		1,473,099		1,011,152
			<u>18,613,430</u>		<u>15,516,744</u>		<u>14,435,731</u>		<u>12,034,083</u>
Non-current assets									
Long-term financial instruments	21,22,36,39		128,752		231,412		99,854		179,473
Long-term accounts receivables	5,22,39		421,304		496,446		326,744		385,021
Long-term other receivables	5,22,28,39		1,088,354		1,281,847		844,078		994,142
Financial assets at fair value through other comprehensive income	8,22,36		74,579		81,110		57,840		62,905
Financial assets at fair value through profit or loss	8,22,36,39		385,188		437,015		298,734		338,929
Financial assets at amortized cost	9,22,39		35,359		26,269		27,423		20,373
Investments in joint ventures and associates	10		86,608		88,958		67,169		68,992
Derivative assets	8,22		29		-		22		-
Investment property	11		446,367		444,482		346,182		344,720
Property, plant and equipment	12		1,204,520		1,048,810		934,171		813,409
Right-of-use assets	15		104,397		110,714		80,966		85,865
Intangible assets	14		724,427		720,626		561,833		558,885
Deferred tax assets	33		232,146		248,310		180,042		192,578
Other non-current assets	7		169,035		178,965		131,096		138,796
			<u>5,101,065</u>		<u>5,394,964</u>		<u>3,956,154</u>		<u>4,184,088</u>
Total assets		₩	<u>23,714,495</u>	₩	<u>20,911,708</u>	\$	<u>18,391,885</u>	\$	<u>16,218,171</u>

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2023 and 2022

(in millions of Korean won
and in thousands of USD (Note 2))

	Notes	2023		2022					
Liabilities									
Current liabilities									
Trade payables	16,22,39	₩	3,959,030	₩	2,598,796	\$	3,070,444	\$	2,015,508
Other payables	16,22,39		1,715,265		1,410,667		1,330,282		1,094,049
Advances from customers	28		1,506,362		947,725		1,168,266		735,012
Due to customers for contract work	28		1,955,657		2,764,330		1,516,719		2,143,889
Short-term borrowings	17,22,37,39		248,744		83,142		192,915		64,481
Current portion of long-term borrowings and debentures	17,22,37,39		280,997		440,794		217,928		341,860
Derivative liabilities	22		527		-		409		-
Current tax liabilities	33		93,683		116,798		72,656		90,583
Provisions	18		306,189		159,759		237,466		123,902
Other financial liabilities	19,22,36,37,39		40,829		41,815		31,665		32,430
Lease liabilities	15,39		73,368		78,567		56,901		60,933
Other current liabilities	20		175,996		115,004		136,494		89,193
			<u>10,356,647</u>		<u>8,757,397</u>		<u>8,032,145</u>		<u>6,791,840</u>
Non-current liabilities									
Long-term other payables	16,22,39		360,027		277,182		279,221		214,970
Debentures	17,22,37,39		1,207,220		1,017,694		936,265		789,277
Long-term borrowings	17,22,37,39		563,609		193,531		437,110		150,094
Derivative liabilities	22		-		10,555		-		8,186
Net defined benefit liabilities	21		107		126		83		98
Provision for long-term employee benefits	21		50,484		43,921		39,153		34,063
Provisions	18		515,090		500,797		399,480		388,395
Other financial liabilities	19,22,36,37,39		105,427		110,145		81,764		85,423
Lease liabilities	15,39		22,737		20,582		17,634		15,962
Other non-current liabilities	20		57,583		49,682		44,659		38,532
Deferred tax liabilities	33		20,049		5,819		15,549		4,513
			<u>2,902,333</u>		<u>2,230,034</u>		<u>2,250,918</u>		<u>1,729,513</u>
Total liabilities			<u>13,258,980</u>		<u>10,987,431</u>		<u>10,283,063</u>		<u>8,521,353</u>
Equity									
Equity attributable to owners of the Parent Company									
Issued Capital	1,24,39		562,052		562,052		435,902		435,902
Other paid-in capital	24,39		1,089,613		1,089,613		845,054		845,054
Other components of equity	25,39		64,766		25,873		50,230		20,067
Retained earnings	26,39		6,420,220		6,009,139		4,979,231		4,660,415
			<u>8,136,651</u>		<u>7,686,677</u>		<u>6,310,417</u>		<u>5,961,438</u>
Non-controlling interest			<u>2,318,864</u>		<u>2,237,600</u>		<u>1,798,405</u>		<u>1,735,380</u>
Total equity			<u>10,455,515</u>		<u>9,924,277</u>		<u>8,108,822</u>		<u>7,696,818</u>
Total liabilities and equity		₩	<u>23,714,495</u>	₩	<u>20,911,708</u>	\$	<u>18,391,885</u>	\$	<u>16,218,171</u>

The U.S. dollar amounts are provided for information purpose only and do not form part of the audited consolidated financial statements. Refer to Note 2.
The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2023 and 2022

(in millions of Korean won
and in thousands of USD (Note 2))

	Notes	2023		2022	
		₩	₩	\$	\$
Revenue	27,28	₩ 29,651,357	₩ 21,239,082	\$ 22,996,244	\$ 16,472,066
Cost of sales	28,32	₩ 27,948,549	₩ 19,726,334	\$ 21,675,624	\$ 15,298,848
Gross profit		₩ 1,702,808	₩ 1,512,748	\$ 1,320,620	\$ 1,173,218
Selling and administrative expenses	29,32	₩ 917,378	₩ 937,846	\$ 711,477	\$ 727,351
Operating income		₩ 785,430	₩ 574,902	\$ 609,143	\$ 445,867
Share of profit of joint ventures and associates	10	₩ 2,636	₩ 1,150	\$ 2,044	\$ 892
Share of loss of joint ventures and associates	10	₩ 7,916	₩ 13,823	\$ 6,139	\$ 10,720
Finance income	23,30	₩ 294,585	₩ 401,429	\$ 228,467	\$ 311,330
Finance costs	23,30,32	₩ 141,179	₩ 176,777	\$ 109,492	\$ 137,100
Other income	31	₩ 504,788	₩ 435,786	\$ 391,491	\$ 337,976
Other expenses	31,32	₩ 498,799	₩ 468,852	\$ 386,846	\$ 363,620
Profit before income tax		₩ 939,545	₩ 753,815	\$ 728,668	\$ 584,625
Income tax expense	33	₩ 285,264	₩ 282,939	\$ 221,238	\$ 219,435
Profit for the year	26	₩ 654,281	₩ 470,876	\$ 507,430	\$ 365,190
Other comprehensive income, net of tax					
<i>Items that will not be reclassified to profit or loss</i>					
Changes in equity of other comprehensive income of joint ventures and associates	10,25	₩ 235	₩ 65	\$ 182	\$ 50
Remeasurements of defined benefit liabilities	21,26	₩ (71,058)	₩ 33,131	\$ (55,109)	\$ 25,695
Loss on valuation of financial assets at fair value through other comprehensive income	23,25	₩ (2,602)	₩ (4,324)	\$ (2,018)	\$ (3,353)
<i>Items that may be subsequently reclassified to profit or loss</i>					
Gain on foreign operation translation	25	₩ 45,171	₩ 115,280	\$ 35,033	\$ 89,406
		₩ (28,254)	₩ 144,152	\$ (21,912)	\$ 111,798
Total comprehensive income for the year		₩ 626,027	₩ 615,028	\$ 485,518	\$ 476,988
Profit is attributable to:					
Owners of the Parent Company		₩ 535,904	₩ 408,886	\$ 415,623	\$ 317,113
Non-controlling interest		₩ 118,377	₩ 61,990	\$ 91,807	\$ 48,077
Total comprehensive income for the year is attributable to:					
Owners of the Parent Company		₩ 518,202	₩ 537,438	\$ 401,894	\$ 416,812
Non-controlling interests		₩ 107,825	₩ 77,590	\$ 83,624	\$ 60,176
Earnings per share (in Korean won and in U.S. dollars)					
Basic earnings per share of ordinary share	34	₩ 4,767	₩ 3,637	\$ 3.70	\$ 2.82
Basic earnings per share of preferred share	34	₩ 4,817	₩ 3,687	\$ 3.74	\$ 2.86

The U.S. dollar amounts are provided for information purpose only and do not form part of the audited consolidated financial statements. Refer to Note 2.
The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2023 and 2022

(in millions of Korean won)

	Attributable to owners of the Parent Company					
	Issued capital	Other paid-in capital	Other components of equity	Retained earnings	Non-controlling interests	Total
Balance at January 1, 2022	₩ 562,052	₩ 1,092,447	₩ (77,723)	₩ 5,639,961	₩ 2,212,554	₩ 9,429,291
Total comprehensive income						
Profit for the year	-	-	-	408,886	61,990	470,876
Other comprehensive income						
Remeasurements of defined benefit liabilities	-	-	-	24,787	8,344	33,131
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	-	-	(4,353)	32	(3)	(4,324)
Gain on foreign operation translation	-	-	108,068	-	7,212	115,280
Changes in equity of other comprehensive income of joint ventures and associates	-	-	18	-	47	65
Total comprehensive income for the year	-	-	103,733	433,705	77,590	615,028
Transactions with owners						
Dividend Paid	-	-	-	(67,499)	(47,505)	(115,004)
Changes in scope of consolidation	-	(2,834)	(137)	2,972	(5,039)	(5,038)
Total transactions with owners	-	(2,834)	(137)	(64,527)	(52,544)	(120,042)
Balance at December 31, 2022	₩ 562,052	₩ 1,089,613	₩ 25,873	₩ 6,009,139	₩ 2,237,600	₩ 9,924,277
Balance at January 1, 2023	₩ 562,052	₩ 1,089,613	₩ 25,873	₩ 6,009,139	₩ 2,237,600	₩ 9,924,277
Total comprehensive income						
Profit for the year	-	-	-	535,904	118,377	654,281
Other comprehensive income						
Remeasurements of defined benefit liabilities	-	-	-	(56,013)	(15,045)	(71,058)
Loss on valuation of financial assets at fair value through other comprehensive income	-	-	(736)	(567)	(1,299)	(2,602)
Gain on foreign operation translation	-	-	39,379	-	5,792	45,171
Changes in equity of other comprehensive income of joint ventures and associates	-	-	235	-	-	235
Total comprehensive income for the year	-	-	38,878	479,324	107,825	626,027
Transactions with owners						
Dividend Paid	-	-	-	(67,499)	(27,256)	(94,755)
Changes in scope of consolidation	-	-	15	(744)	695	(34)
Total transactions with owners	-	-	15	(68,243)	(26,561)	(94,789)
Balance at December 31, 2023	₩ 562,052	₩ 1,089,613	₩ 64,766	₩ 6,420,220	₩ 2,318,864	₩ 10,455,515

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2023 and 2022

(in thousands of USD (Note 2))

	Attributable to owners of the Parent Company					Total
	Issued capital	Other paid-in capital	Other components of equity	Retained earnings	Non-controlling interests	
Balance at January 1, 2022	\$ 435,902	\$ 847,252	\$ (60,278)	\$ 4,374,097	\$ 1,715,956	\$ 7,312,929
Total comprehensive income						
Profit for the year	-	-	-	317,113	48,077	365,190
Other comprehensive income						
Remeasurements of defined benefit liabilities	-	-	-	19,224	6,471	25,695
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	-	-	(3,376)	25	(2)	(3,353)
Gain on foreign operation translation	-	-	83,812	-	5,594	89,406
Changes in equity of other comprehensive income of joint ventures and associates	-	-	14	-	36	50
Total comprehensive income for the year	-	-	80,450	336,362	60,176	476,988
Transactions with owners						
Dividend Paid	-	-	-	(52,349)	(36,843)	(89,192)
Changes in scope of consolidation	-	(2,198)	(106)	2,305	(3,908)	(3,907)
Total transactions with owners	-	(2,198)	(106)	(50,044)	(40,751)	(93,099)
Balance at December 31, 2022	\$ 435,902	\$ 845,054	\$ 20,066	\$ 4,660,415	\$ 1,735,381	\$ 7,696,818
Balance at January 1, 2023	\$ 435,902	\$ 845,054	\$ 20,066	\$ 4,660,415	\$ 1,735,381	\$ 7,696,818
Total comprehensive income						
Profit for the year	-	-	-	415,623	91,808	507,431
Other comprehensive income						
Remeasurements of defined benefit liabilities	-	-	-	(43,441)	(11,668)	(55,109)
Loss on valuation of financial assets at fair value through other comprehensive income	-	-	(571)	(440)	(1,007)	(2,018)
Gain on foreign operation translation	-	-	30,541	-	4,492	35,033
Changes in equity of other comprehensive income of joint ventures and associates	-	-	182	-	-	182
Total comprehensive income for the year	-	-	30,152	371,742	83,625	485,519
Transactions with owners						
Dividend Paid	-	-	-	(52,349)	(21,139)	(73,488)
Changes in scope of consolidation	-	-	12	(577)	539	(26)
Total transactions with owners	-	-	12	(52,926)	(20,600)	(73,514)
Balance at December 31, 2023	\$ 435,902	\$ 845,054	\$ 50,230	\$ 4,979,231	\$ 1,798,406	\$ 8,108,823

The U.S. dollar amounts are provided for information purpose only and do not form part of the audited consolidated financial statements. Refer to Note 2.

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

(in millions of Korean won
and in thousands of USD (Note 2))

	Notes	2023		2022			
Cash flows used in operating activities							
Net Cash flows from (used) in operating activities	38	₩	(605,477)	₩	113,484	\$ (469,580)	\$ 88,013
Interests received			168,153		151,299	130,412	117,341
Dividends received			25,670		6,119	19,908	4,746
Interests paid			(58,470)		(43,434)	(45,347)	(33,685)
Income taxes paid			(244,592)		(370,942)	(189,694)	(287,686)
Cash flows used in operating activities			(714,716)		(143,474)	(554,301)	(111,271)
Cash flows from investing activities							
Cash inflows from investing activities:							
Decrease in short-term financial instruments			1,759,759		4,154,180	1,364,789	3,221,793
Decrease in other receivables			683,265		804,498	529,909	623,932
Decrease in long-term financial instruments			239		-	185	-
Decrease in long-term other receivables			21,656		79,187	16,795	61,414
Proceeds from sale of financial assets at fair value			7,454		32,787	5,781	25,428
Proceeds from sale of financial assets at amortized cost			35,863		20,418	27,814	15,835
Proceeds from sale of investments in joint ventures and associates			4,200		18,267	3,257	14,167
Proceeds from sale of derivative assets			396		128,212	307	99,435
Proceeds from sale of investment property			-		9,356	-	7,256
Proceeds from sale of property, plant and equipment			37,660		18,164	29,207	14,087
Proceeds from sale of intangible assets			2,152		4,670	1,669	3,622
Increase in cash due to changes in scope of consolidation			221		-	171	-
Cash outflows for investing activities:							
Increase in short-term financial instruments			(1,351,533)		(2,593,026)	(1,048,188)	(2,011,033)
Increase in other receivables			(203,869)		(420,166)	(158,112)	(325,862)
Increase in long-term financial instruments			-		(277)	-	(215)
Increase in long-term other receivables			(136,246)		(109,890)	(105,666)	(85,226)
Acquisition of financial assets at fair value			(30,799)		(66,201)	(23,886)	(51,342)
Acquisition of financial assets at amortized cost			(10,454)		(26,277)	(8,108)	(20,379)
Acquisition of investments in joint ventures and associates			(11,589)		(26,281)	(8,988)	(20,382)
Acquisition of derivative assets			(710)		(482)	(551)	(374)
Acquisition of investment property			(7,143)		(5,149)	(5,540)	(3,993)
Acquisition of property, plant and equipment			(222,144)		(148,404)	(172,285)	(115,095)
Acquisition of right-of-use assets			(916)		-	(710)	-
Acquisition of intangible assets			(14,896)		(18,392)	(11,553)	(14,264)
Decrease in cash due to changes in scope of consolidation			-		(1,936)	-	(1,501)
Cash flows from investing activities			562,566		1,853,258	436,297	1,437,303
Cash flows from (used in) financing activities							
Cash inflows from financing activities:							
Proceeds from short-term borrowings			305,974		68,708	237,300	53,287
Issuance of bonds			410,000		-	317,977	-
Proceeds from long-term borrowings			435,000		67,000	337,366	51,962
Receipt of government grants			1,277		-	990	-
Increase in non-controlling interests			695		-	539	-
Cash outflows for financing activities:							
Repayment of short-term borrowings			(139,862)		(121,621)	(108,471)	(94,324)
Repayment of current portion of long-term borrowings and debentures			(441,041)		(444,994)	(342,051)	(345,117)
Repayment of long-term borrowings			(4,119)		(116)	(3,195)	(90)
Bond issue cost			(1,771)		-	(1,374)	-
Repayment of lease liabilities			(105,409)		(112,201)	(81,750)	(87,018)
Dividends Paid			(94,755)		(114,960)	(73,488)	(89,158)
Cash flows from (used in) financing activities			365,989		(658,184)	283,843	(510,458)
Increase (decrease) in cash and cash equivalents			213,839		1,051,600	165,839	815,574
Cash and cash equivalents at the beginning of the year			3,973,897		2,926,856	3,081,974	2,269,936
Effects of exchange rate changes on cash and cash equivalents			17,929		(4,559)	13,910	(3,536)
Cash and cash equivalents at the end of the year			₩ 4,205,665		₩ 3,973,897	\$ 3,261,723	\$ 3,081,974

The U.S. dollar amounts are provided for information purpose only and do not form part of the audited consolidated financial statements. Refer to Note 2.

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

1. General Information

1.1 Parent Company

Hyundai Engineering & Construction Co., Ltd. (the "Company" or the "Parent Company"), the parent company in accordance with Korean IFRS 1110 *Consolidated Financial Statements*, was incorporated on January 10, 1950, under the laws of the Republic of Korea to engage in civil engineering and construction business. On December 22, 1984, the Company listed its shares on the Korea Stock Exchange. Total ordinary shares and preferred shares as at December 31, 2023, are ₩ 556,779 million (\$ 431,812 thousand) and ₩ 5,273 million (\$ 4,089 thousand), respectively. The details of the Company's shareholders as at December 31, 2023, are as follows:

	Number of shares		Percentage of ownership (%)	
	Ordinary share	Preferred share	Ordinary share	Preferred share
Hyundai Motor Company	23,327,400	-	20.95	-
Hyundai Mobis Co., Ltd.	9,719,750	-	8.73	-
KIA CORPORATION	5,831,850	-	5.24	-
Other shareholders	72,476,765	1,054,693	65.08	100.00
	<u>111,355,765</u>	<u>1,054,693</u>	<u>100.00</u>	<u>100.00</u>

1.2 Consolidated Subsidiaries

There are 39 subsidiaries, including Hyundai Engineering Co., Ltd., and details of subsidiaries as at December 31, 2023 and 2022, is as follows:

Name of subsidiary	Main business	Location	Closing date	Ownership interest held by the Group (%)	
				2023	2022
Hyundai Engineering Co., Ltd. ¹	Construction	Korea	Dec.31	38.62	38.62
Hyundai Engineering & Steel Industries Co., Ltd.	Steel structure manufacturing and installation	Korea	Dec.31	100	100
Hyundai Farm Land & Development Co., Ltd.	Agricultural management and livestock industry	Korea	Dec.31	84.67	84.67
Hyundai City Corporation	Real estate suppliers	Korea	Dec.31	100	100
Hyundai Engineering & Construction (Wuxi) Co., Ltd.	Construction	China	Dec.31	100	100
Hyundai E&C Vina CO., LTD.	Real estate developer	Vietnam	Dec.31	100	100
Middle East Engineering & Development Co., Ltd.	Construction	Saudi Arabia	Dec.31	100	100
Hyundai E&C Vina Song Gia Co., Ltd.	Management of resort condominium	Vietnam	Dec.31	100	100
Songdo Landmark City, LLC	Real estate development and supply	Korea	Dec.31	99.28	99.28

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Name of subsidiary	Main business	Location	Closing date	Ownership interest held by the Group (%)	
				2023	2022
PT. Hyundai Citra	Equipment maintenance	Indonesia	Dec.31	95	95
CONSORCIO PUENTE CHACAO S.A.	Construction	Chile	Dec.31	99	99
Hyundai Eco Energy Co, Ltd.	Electricity production	Korea	Dec.31	81	81
GEC Engineering & Construction Co., Ltd.	Construction	Myanmar	Sept. 30	100	100
HYUNDAI AMERICA INC. ²	Construction	USA	Dec.31	100	100
Hyundai Engineering Pakistan Private Limited	Construction	Pakistan	Dec.31	100	100
GALING POWER & ENERGY CONSTRUCTION CO. INC.	Construction	Philippines	Dec.31	100	100
HYUNDAI ENGINEERING MEXICO, S. DE R.L. DE C.V.	Construction	Mexico	Dec.31	100	100
HYUNDAI ENG AMERICA, INC.	Construction of commercial building	USA	Dec.31	100	100
Hyundai Engineering India Private Limited	Construction and engineering services	India	Mar.31	100	100
HYUNDAI ENGINEERING CHINA (BEIJING) CO., LTD.	Construction of commercial building	China	Dec.31	90	90
HYUNDAI AMCO CHINA (RIZHAO) CO.,LTD. ³	Business facility management service	China	Dec.31	100	100
HYUNDAI ENGINEERING RUS. L.L.C.	Construction of commercial building	Russia	Dec.31	100	100
HYUNDAI ENGINEERING DEUTSCHLAND GmbH	Construction of commercial building	Germany	Dec.31	100	100
HYUNDAI ENGINEERING BRASIL CONSTRUTORA EGESTAO DE PROJETOS LTDA.	Construction of commercial building	Brazil	Dec.31	100	100
HYUNDAI ENGINEERING INSAAT TURIZM SANAYI VETICARET LIMITED SIRKETI	Construction of commercial building	Turkey	Dec.31	100	100
HYUNDAI ENGINEERING CZECH s.r.o.	Construction of commercial building	Czech	Dec.31	100	100
HYUNDAI ENGINEERING SLOVAKIA s.r.o.	Construction of commercial building	Slovakia	Dec.31	100	100
PT.HEIN GLOBAL UTAMA	Construction	Indonesia	Dec.31	67	67
HYUNDAI ENGINEERING MALAYSIA SDN BHD	Construction	Malaysia	Dec.31	100	100
HEC INDIA LLP	Construction	India	Mar.31	100	100
PT. HYUNDAI ENGINEERING INDONESIA FACILITY MANAGEMENT	Business facility management service	Indonesia	Dec.31	100	100
HYUNDAI ENGINEERING POLAND S. Zoo	Construction	Poland	Dec. 31	100	100
HYUNDAI ENGINEERING SINGAPORE PTE. LTD.	Business facility management service	Singapore	Dec. 31	100	100

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Name of subsidiary	Main business	Location	Closing date	Ownership interest held by the Group (%)	
				2023	2022
HYUNEN CANADA LTD.	Construction	Canada	Dec. 31	100	100
HYUNDAI ENGINEERING COMPANY AUSTRALIA PTY LTD	Construction	Australia	Dec. 31	100	100
HYUNDAI ENGINEERING CHENNAI PRIVATE LIMITED	Construction	India	Mar.31	100	-
PT. HYUNDAI ENGINEERING SSA ⁴	Construction	Indonesia	Dec.31	67	-
HESI SINGAPORE PTE. LTD.	Rental of heavy equipment	Singapore	Dec.31	100	100
HESI AMERICA, INC. ⁴	Steel structure manufacturing and installation	USA	Dec.31	100	-

¹ Hyundai Engineering Co., Ltd. is classified as a subsidiary since the entity is substantially controlled by the Parent Company in accordance with the agreement with other investors who are related parties. As at December 31, 2023 and 2022, the effective ownership of the Group is 40.47%.

² It was transferred from an associate to a subsidiary, and the net asset value at the date of transfer was ₩ 2,488 million (\$ 1,930 thousand).

³ It is a subsidiary of HYUNDAI ENGINEERING CHINA (BEIJING) Co., Ltd.

⁴ Newly acquired during the year ended December 31, 2023.

1.3 Changes in Scope of Consolidation

Subsidiaries newly included in and excluded from consolidation for the year ended December 31, 2023, are as follows:

Subsidiary	Reason
HYUNDAI AMERICA INC.	Reclassified into a subsidiary
HYUNDAI ENGINEERING CHENNAI PRIVATE LIMITED	Newly acquired
PT. HYUNDAI ENGINEERING SSA	Newly acquired
HESI AMERICA, INC.	Newly acquired

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

1.4 Information for Non-controlling Interests

As at December 31, 2023 and 2022, summarized financial positions of subsidiaries, of which non-controlling interests are material to the Group's consolidated financial statements, are as follows:

(in millions of Korean won)

	Hyundai Engineering Co., Ltd.			
	2023		2022	
Current assets	₩	6,441,574	₩	5,161,111
Non-current assets		1,630,382		1,659,688
Total assets	₩	8,071,956	₩	6,820,799
Current liabilities	₩	3,948,274	₩	2,882,519
Non-current liabilities		242,586		198,141
Total liabilities		4,190,860		3,080,660
Equity attributable to the owners of the Parent Company		3,902,938		3,752,908
Non-controlling interests		(21,842)		(12,769)
Total equity	₩	3,881,096	₩	3,740,139

(in thousands of USD (Note2))

	Hyundai Engineering Co., Ltd.			
	2023		2022	
Current assets	\$	4,995,792	\$	4,002,723
Non-current assets		1,264,450		1,287,179
Total assets	\$	6,260,242	\$	5,289,902
Current liabilities	\$	3,062,102	\$	2,235,551
Non-current liabilities		188,138		153,669
Total liabilities		3,250,240		2,389,220
Equity attributable to the owners of the Parent Company		3,026,942		2,910,585
Non-controlling interests		(16,940)		(9,903)
Total equity	\$	3,010,002	\$	2,900,682

The above summarized financial position is based on the consolidated financial position of subsidiaries before the elimination of the intercompany transactions.

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

Condensed business performance of subsidiaries, of which non-controlling interests are material to the Group's consolidated financial statements, for the years ended December 31, 2023 and 2022, is summarized as follows:

<i>(in millions of Korean won)</i>	Hyundai Engineering Co., Ltd.			
	2023		2022	
Sales	₩	13,063,327	₩	8,812,466
Operating profit		255,178		116,473
Profit for the year		201,999		103,367
Other comprehensive income		(17,857)		26,285
Total comprehensive income		184,142		129,652

<i>(in thousands of USD (Note2))</i>	Hyundai Engineering Co., Ltd.			
	2023		2022	
Sales	\$	10,131,322	\$	6,834,548
Operating profit		197,904		90,331
Profit for the year		156,661		80,167
Other comprehensive income		(13,849)		20,385
Total comprehensive income		142,812		100,552

The above summarized business performance is based on the consolidated business performance of subsidiaries before the elimination of the intercompany transactions.

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Condensed cash flows of subsidiaries, of which non-controlling interests are material to the Group's consolidated financial statements, for the years ended December 31, 2023 and 2022, are summarized as follows:

<i>(in millions of Korean won)</i>	Hyundai Engineering Co., Ltd.			
	2023		2022	
Cash flows from operating activities	₩	(100,122)	₩	259
Cash flows from investing activities		227,403		728,947
Cash flows from financing activities		(81,821)		(238,107)
Net increase in cash and cash equivalents		45,460		491,099
Cash and cash equivalents at the beginning of the year		1,294,953		809,080
Effects of exchange rate changes on cash and cash equivalents		16,917		(5,226)
Cash and cash equivalents at the end of the year	₩	1,357,330	₩	1,294,953

<i>(in thousands of USD (Note2))</i>	Hyundai Engineering Co., Ltd.			
	2023		2022	
Cash flows from operating activities	\$	(77,650)	\$	201
Cash flows from investing activities		176,363		565,338
Cash flows from financing activities		(63,457)		(184,665)
Net increase in cash and cash equivalents		35,256		380,874
Cash and cash equivalents at the beginning of the year		1,004,307		627,486
Effects of exchange rate changes on cash and cash equivalents		13,120		(4,053)
Cash and cash equivalents at the end of the year	\$	1,052,683	\$	1,004,307

The above summarized cash flows is based on the consolidated cash flows of subsidiaries before the elimination of the intercompany transactions.

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

1.5 Financial Position and Performance of Major Subsidiaries

Condensed financial position and business performance of major subsidiaries as at and for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023			
	Total assets	Total liabilities	Sales	Profit for the year
Hyundai Engineering & Steel Industries Co., Ltd.	₩ 621,230	₩ 138,403	₩ 318,829	₩ 8,995
Hyundai City Corporation	564,780	156,511	14,769	1,024
Songdo Landmark City, LLC	715,716	346,634	757,831	138,736

<i>(in thousands of USD (Note2))</i>	2023			
	Total assets	Total liabilities	Sales	Profit for the year
Hyundai Engineering & Steel Industries Co., Ltd.	\$ 481,798	\$ 107,339	\$ 247,269	\$ 6,976
Hyundai City Corporation	438,018	121,383	11,454	794
Songdo Landmark City, LLC	555,077	268,834	587,739	107,597

<i>(in millions of Korean won)</i>	2022			
	Total assets	Total liabilities	Sales	Profit (loss) for the year
Hyundai Engineering & Steel Industries Co., Ltd.	₩ 555,447	₩ 80,083	₩ 203,574	₩ (1,320)
Hyundai City Corporation	534,977	127,587	14,165	2,207
Songdo Landmark City, LLC	515,120	278,021	413,854	92,882

<i>(in thousands of USD (Note2))</i>	2022			
	Total assets	Total liabilities	Sales	Profit (loss) for the year
Hyundai Engineering & Steel Industries Co., Ltd.	\$ 430,779	\$ 62,109	\$ 157,883	\$ (1,024)
Hyundai City Corporation	414,904	98,951	10,986	1,712
Songdo Landmark City, LLC	399,504	215,620	320,966	72,035

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

2. Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Group operates primarily in Korean won and its accounting records are maintained in Korean won. The U.S. dollar amounts, provided herein, represent supplementary information, solely for the convenience of the reader. All Korean won amounts are expressed in the U.S. dollars at US\$1: ₩ 1,289.40, the exchange rate in effect on December 31, 2023. Such presentation is not in accordance with accounting principles generally accepted in either the Republic of Korea or the United States and should not be construed as a representation that the Korean won amounts shown could be readily converted, realized or settled in the U.S. dollars at this or any other rate.

The December 31, 2022 U.S. dollar amounts, which were previously expressed at US\$ 1: ₩ 1,267.30, the rate in effect on December 31, 2022, have been restated to reflect the exchange rate in effect on December 31, 2023.

2.1 Basis of Preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

The consolidated financial statements of the Group have been prepared in accordance with Korean IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

The significant accounting policies used for the preparation of the consolidated financial statements are summarized below. These accounting policies are consistent with those applied to the consolidated financial statements for the year ended December 31, 2022, except for the adoption effect of the new accounting standards and interpretations described below.

The accompanying consolidated financial statements have been prepared on the historical cost basis, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given.

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

The preparation of financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.1.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2023.

(a) Korean IFRS 1001 Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policy information. The amendments do not have a significant impact on the consolidated financial statements.

(b) Korean IFRS 1001 Presentation of Financial Statements - Disclosure of gain or loss on valuation of financial liabilities subject to adjustment of exercise price

If the entire or a part of financial instrument, whose exercise price is subject to change due to the issuer's share price, is classified as a financial liability, the carrying amount of the financial liability and related gains and losses shall be disclosed. The amendments do not have a significant impact on the consolidated financial statements.

(c) Korean IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. The amendments do not have a significant impact on the consolidated financial statements.

(d) Korean IFRS 1012 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. The amendments do not have a significant impact on the consolidated financial statements.

(e) New Standard: Korean IFRS 1117 Insurance Contract

Korean IFRS 1117 *Insurance Contracts* replaces Korean IFRS 1104 *Insurance Contracts*. This Standard estimates future cash flows of an insurance contract and measures insurance liabilities using discount rates applied with assumptions and risks at the measurement date. The entity recognizes insurance revenue on an accrual basis including services (insurance

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

coverage) provided to the policyholder by each annual period. In addition, investment components (Refunds due to termination/maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and insurance financial income or expense and the investment income or expense are presented separately to enable users of the information to understand the sources of income or expenses. The Group is in review for the impact of this standard on the consolidated financial statements.

(f) Korean IFRS 1012 Income Taxes - International Tax Reform – Pillar Two Model Rules

The amendments provide a temporary relief from the accounting for deferred taxes arising from legislation enacted to implement the Pillar Two model rules, which aim to reform international corporate taxation for multinational enterprises, and require disclosure of related current tax effects, etc. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Since the Pillar Two legislation is scheduled to be effective from January 1, 2024, the Group has no current tax expense related to Pillar Two. The impact of the Pillar Two income taxes is described in Note 33.

2.1.2 New standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Group.

(a) Amendments to Korean IFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. In addition, covenants that an entity is required to comply with after the end of the reporting period would not affect classification of a liability as current or non-current at the reporting date. When an entity classifies a liability that is subject to the covenants which an entity is required to comply with within twelve months of the reporting date as non-current at the end of the reporting period, the entity shall disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months after the reporting period. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

(b) Amendments to Korean IFRS 1007 Statement of Cash Flows, Korean IFRS 1107 Financial Instruments: Disclosures – Supplier finance arrangements

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

When applying supplier finance arrangements, an entity shall disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated financial statements.

(c) Amendments to Korean IFRS 1116 Leases - Lease Liability in a Sale and Leaseback

When subsequently measuring lease liabilities arising from a sale and leaseback, a seller-lessee shall determine lease payments or revised lease payments in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated financial statements.

(d) Amendments to Korean IFRS 1001 Presentation of Financial Statements – Disclosure of Cryptographic Assets

The amendments require for an additional disclosure if an entity holds cryptographic assets, or holds cryptographic assets on behalf of the customer, or issues cryptographic assets. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The amendments do not have a significant impact on the consolidated financial statements.

(e) Amendments to Korean IFRS 1021 The Effects of Changes in Foreign Exchange Rates and 1101 First-time Adoption of International Financial Reporting Standards – Lack of Exchangeability

When an entity estimates a spot exchange rate because exchangeability between two currencies is lacking, the entity shall disclose related information. The amendments should be applied for annual periods beginning on or after January 1, 2025, and earlier application is permitted. The Group is in review for the impact of these amendments on the consolidated financial statements.

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

2.2 Material Accounting Policies

(1) Consolidation

The Group has prepared the consolidated financial statements in accordance with Korean IFRS 1110 *Consolidated Financial Statements*.

1) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. All other non-controlling interests are measured at fair values, unless otherwise required by other standards. Acquisition-related costs are expensed as incurred.

The excess of consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Parent Company.

When the Group ceases to consolidate for a subsidiary because of a loss of control, any retained interest in the subsidiary is remeasured to its fair value with the change in carrying amount recognized in profit or loss.

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2) Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate (including long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If there is an objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its book amount as impairment loss. If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, if necessary, adjustments shall be made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

3) Joint Arrangements

A joint arrangement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

(2) Cash and Cash Equivalents

Cash and cash equivalents include cash, checks issued by others, checking accounts, ordinary deposits, and financial instruments with maturities (or date of redemption) of three months or less from acquisition, which can be easily converted into cash and whose value changes are not material due to changes in interest rates.

(3) Financial Assets

1) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss
- those to be measured at fair value through other comprehensive income, and
- those to be measured at amortized cost

The classification depends on the Group's business model for managing the financial assets

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and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Group reclassifies debt investments only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of the investments in equity instruments that are not accounted for as other comprehensive income are recognized in profit or loss.

2) Measurement

At initial recognition, the Group measures a financial asset, in the case of a financial asset not at fair value through profit or loss, at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset or the issuance of the financial liabilities. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Hybrid (combined) contracts with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

a) Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

① Financial assets measured at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'Finance income' using the effective interest rate method.

② Financial assets measured at fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains

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and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'Other income and expenses' and impairment losses are presented in 'Other expenses'.

③ Financial assets measured at fair value through profit or loss

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of profit or loss within 'Finance income and costs' in the year in which it arises.

b) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments, which held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as 'Finance income' when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'Finance income and costs' in the statement of profit or loss as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

3) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and lease receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

4) Recognition and derecognition

Purchases and sales of financial assets in the ordinary course of business are recognized or derecognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

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If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Group classified the financial liability as 'borrowings' in the statement of financial position.

5) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(4) Derivatives

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Changes in the fair value of any derivative that does not qualify for hedge accounting are recognized immediately in profit or loss within 'Other income and expenses' or 'Finance income and costs' based on the nature of transactions.

(5) Inventories

Inventories are stated at the lower of cost or net realizable value. The cost of inventories is determined using the first-in, first-out method for merchandise, supplies and raw materials; specific identification method for land for construction and materials in transit; and weighted-average method for unfinished constructions and finished housing units. The cost of construction support materials is determined at cost, less accumulated expenses incurred. The amount of any write-down of inventories to net realizable value due to obsolescence or excess inventory and other losses of inventories occurring in the normal course of business is recognized as cost of revenues, and such valuation losses are deducted from the inventories as allowance for valuation losses. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(6) Investment Property

Investment property is a property held to earn rentals or for capital appreciation, or both. Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is reported at cost, less accumulated depreciation and accumulated impairment losses.

Subsequent costs are recognized in the carrying amount of an asset or as a separate asset if

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it is probable that future economic benefits associated with the assets will flow into the Group and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

While land is not depreciated, all other investment property is depreciated based on the respective assets' estimated useful lives using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

(7) Investments in Joint Arrangements

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights for the assets and obligations for the liabilities, relating to the arrangement. A joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing controls.

When operating as a joint operator, the Group recognizes the followings in relation to its interests in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation;
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses that correspond to its interest in a joint operation in accordance with the Korean IFRSs applicable to the specific assets, liabilities, revenues and expenses.

When the Group, as a joint operator, has a transaction, such as a sale or contribution of assets, under a joint operation, it is considered to perform the transactions with other parties of the joint operation, therefore, the Group recognizes gains and losses resulting from such transactions only to the extent of the other parties' interests in the joint operation.

When the Group, as a joint operator, has a transaction such as a purchase of assets with the joint operation, the Group does not recognize proportional share of profit or loss until the asset is sold to a third party.

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(8) Property, Plant and Equipment

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

The cost of an item of property, plant and equipment is directly attributable to its purchase or construction, which includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are recognized at the carrying amount of an asset or as a separate asset if it is probable that future economic benefits associated with the assets will flow into the Group and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

The Group does not depreciate land and construction in progress. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	<u>Estimated useful lives (years)</u>
Buildings	5 - 60
Structures	2 - 48
Machinery	1 - 30
Vehicles	2 - 7
Tools and fixtures	2 - 20
Ship	3 - 15
Other	3 - 50

The Group reviews the depreciation method, the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

(9) Intangible Assets

Intangible assets are initially recognized at acquisition cost (purchase cost, plus expenditure directly related to preparing the assets ready for its use) and subsequently presented at amortized cost. In relation to intangible assets with indefinite useful lives, the estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for as a change in accounting estimates.

An intangible asset is derecognized on disposal, or when no future economic benefits are

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expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

(10) Lease

The Group determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Group should consider a termination penalty in determining the period for which the contract is enforceable.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- adjusts specific factors to the lease, for example term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small value of office furniture.

(11) Impairment of Tangible and Intangible Assets Other than Goodwill

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

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

Recoverable amount is the higher of fair value, less costs to sell, and value in use. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount and the reduced amount is recognized in profit or loss.

Where an impairment loss subsequently is reversed, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

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(12) Financial Liabilities and Equity Instruments

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangement and the definitions of financial liability and an equity instrument.

1) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized as the proceeds are received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

2) Financial liabilities

The Group's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and present as 'trade payables', 'borrowings', or 'other financial liabilities' in the consolidated statement of financial position.

3) Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of debt instruments.

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

- The amount determined in accordance with the expected credit loss model under Korean IFRS 1109 *Financial Instruments*; and
- The amount initially recognized, less cumulative amortization recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*.

4) Derecognition of financial liabilities

The Group derecognizes financial liabilities when the Group's obligations are discharged,

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canceled, they expire or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(13) Employee Benefits

1) Post-employment benefits

The Group operates both defined contribution and defined benefit pension plans.

For defined contribution plans, the Group pays contribution to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Group has no further payment obligation once the contribution has been paid. The contribution is recognized as employee benefit expense when they are due.

A defined benefit plan is a pension plan that is not a defined contribution plan. Generally, post-employment benefits are payable after the completion of employment, and the benefit amount depended on the employee's age, periods of service or salary levels. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

2) Other long-term employee benefits

The Group provide long-term employee benefits that are entitled to employees with service period for ten years and above. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The Group recognizes service cost, net interest on other long-term employee benefits and remeasurements as profit or loss for the year. These liabilities are valued annually by an independent qualified actuary.

3) Termination benefit

A liability for termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit or when the entity recognizes any related

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restructuring costs.

(14) Provisions

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during that period.

(15) Revenue Recognition

1) Identification of performance obligations

The Group identifies the performance obligation in the contract with customers. Different performance obligation shall be identified if customer benefits from goods or service or customer benefits from goods or service with other resources that are readily available and promise to customer to transfer goods or service is separately identified from another promise within a contract.

2) A performance obligation satisfied over time

Revenue is recognized over time by measuring progress only if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For housing contracts meeting conditions under Korea Accounting Institute's Question and Answer, 2017-I-KQA015, revenue of the number of residential units the Group built and sold is recognized using percentage of completion method, and the accounting treatment is allowed only for Korean IFRS in accordance with Section 1, Paragraph 1 of Article 13 of the Act on External Audit of Stock Companies.

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3) Progress measurement using input method

The Group recognizes performance obligations satisfied over time based on percentage of completion by input method after excluding the effects of any inputs that do not depict the performance. In addition, if the Group may not be able to reasonably measure the outcome of a performance obligation, but the Group expects to recover the cost incurred in satisfying the performance obligation, the Group will recognize revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Meanwhile, a faithful depiction of the Group's performance might be to recognize revenue at an amount equal to the cost of goods used to satisfy a performance obligation if the Group expects at contract inception that all of the following conditions would be met: i) the goods are not distinct; ii) the customer is expected to obtain control of the goods significantly before receiving services related to the goods; iii) the cost of the transferred goods is significant relative to the total expected costs to completely satisfy the performance obligation; and iv) the Group procures the goods from a third party and is not significantly involved in designing and manufacturing the goods.

When contract costs incurred to date plus recognized profits exceed progress billing, the exceeding amount is presented as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized profits, the exceeding amount is presented as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the statements of financial position, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the statements of financial position as trade and other receivables.

The Group recognizes other income when the amount of revenue can be reasonably measured and it is probable that any future economic benefit associated with the item of revenue will flow to the entity.

4) Variable consideration

The Group estimates an amount of variable consideration by using the expected value which the Group expects to better predict the amount of consideration. The Group recognizes variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the refund period has lapsed.

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5) Incremental costs of obtaining a contract

The incremental costs of obtaining a contract are those contracts that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The costs to obtain a contract will be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained. The Group reviews the incremental costs of obtaining a contract based on each incurred items and recognizes the capitalized costs as contract cost based on percentage of completion.

6) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, Korean IFRS 1002 *Inventories*, Korean IFRS 1016 *Property, Plant and Equipment* or Korean IFRS 1038 *Intangible Assets*), the Group shall recognize an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract;
- the costs generate or enhance resources of the entity that will be used in satisfying performance obligations in the future; and
- the costs are expected to be recovered.

(16) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

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(17) Foreign Currency Translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in Korean won, which is the Parent Company's functional and presentation currency.

In preparation of the Group's consolidated financial statements, any transaction occurred in currency other than its functional currency will be recorded in translated amount using the exchange rate of the transaction. At the end of the reporting period, all monetary assets and liabilities will be translated using the exchange rate. Meanwhile, non-monetary assets and liabilities measured at fair value will be retranslated using the exchange rate at the date of fair value evaluation, whereas non-monetary assets and liabilities measured at historical cost will not be translated.

Exchange differences are recognized in profit or loss in the period in which they arise, except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- Exchange differences on monetary items receivable from, or payable to, a foreign operation for which settlement is neither planned nor likely to occur (therefore, forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

In case of foreign assets and liabilities of overseas branches and offices for which the operating and financial activities operate independently with the headquarters, the Group translates assets and liabilities using the exchange rate at the end of the reporting period, equity using historical exchange rate and income and expenses using the average exchange rate in the current period.

Gains and losses arising from the translation are offset and recognized in other component equity as gain (loss) on translation of foreign operations. The amount will be offset with gains (losses) on translation of foreign operations arising in future periods and recognized in profit or loss in the period when the branches and offices are disposed, closed or liquidated.

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(18) Non-current Assets Held for Sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value, less costs to sell.

(19) Income Tax Expense and Deferred Income Tax

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

1) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2) Deferred income tax

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Such deferred income tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent it is probable that there will be sufficient taxable profits against which the benefits of the temporary differences can be utilized and they are expected to reverse in the foreseeable future.

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The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Deferred income tax assets and liabilities are offset if, and only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

3) Recognition of current tax and deferred income tax

Current tax and deferred income tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity or items arising from initial accounting treatments of a business combination. The tax effect arising from a business combination is included in the accounting for the business combination.

(20) Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Korean IFRS 1102, leasing transactions that are within the scope of Korean IFRS 1116 *Leases* and measurements that have some similarities to fair value, but are not fair value, such as net realizable value in Korean IFRS 1002 *Inventories* or value in use in Korean IFRS 1036 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

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(21) Approval of Issuance of the Consolidated Financial Statements

The consolidated financial statements 2023 were approved for issue by the Board of Directors on January 23, 2024 and are subject to change with the approval of shareholders at their Annual General Meeting.

3. Critical Accounting Estimates and Assumptions

The preparation of consolidated financial statements requires the Group to make estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Uncertainty of the estimated total contract revenue

Total contract revenue is measured based on contractual amount initially agreed. The contract revenue can be increased by additional contract work, claims and incentive payments in the course of construction, or decreased by the penalty when the completion of contract is delayed due to the Group's fault. Therefore, this measurement of contract revenue is affected by the uncertainty of the occurrence of future events. The change in contract revenue is recognized when it is probable that the customer will approve the increase in revenue due to the changes in contract work, or when it is probable that the Group will be able to satisfy the performance requirements, and all or part of variable consideration up to level that it is highly probable which significant amounts of being estimated reliably will not be reversed, is included in the contract revenue.

(b) Uncertainty of the estimated total contract revenue due to delay

Measurement of construction revenue is affected by the uncertainty of the occurrence of future events. Since the contract revenue can be decreased by the penalty when the completion of contract is delayed due to the Group's fault, the Group estimates the delay compensation from past experiences for contracts expected to delay.

(c) Estimated total contract costs

Construction revenue is recognized according to the percentage of completion, which is measured on the basis of the cost incurred to date. Total contract costs are estimated based on future estimates of material costs, labor costs, construction period and others.

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(d) Income taxes

The Group's taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain.

If certain portion of the taxable income is not used for investments or increase in wages, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income tax is affected by the tax effects from the new tax system. As the Group's income tax is dependent on the investments, increase in wages and other, there is an uncertainty measuring the final tax effects.

(e) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(f) Impairment of financial assets

The provisions for impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(g) Net defined benefit liability

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate.

(h) Provisions

The Group recognizes provision for warranty reserve related to construction contracts at the end of the reporting period. The amounts are estimated based on historical data.

(i) Lease

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(j) Uncertainty of the impact of the situation in Ukraine

The armed conflict in Ukraine, along with the related international sanctions against Russia, can impact not only the companies subject to these sanctions but also those that conduct business, either directly or indirectly, with Ukraine or Russia. Furthermore, companies that are exposed, whether directly or indirectly, to the industries or economies of Ukraine or Russia may also be affected. The Group cannot reasonably estimate the financial impact of the situation in Ukraine at the end of the reporting period.

4. Cash and Cash Equivalents

Cash and cash equivalents as at December 31, 2023 and 2022, consist of the following:

(in millions of Korean won)

	2023	2022
Cash on hand	₩ 2,870	₩ 2,321
Checking deposits	821,713	564,096
Ordinary deposits	3,381,082	3,407,480
	<u>₩ 4,205,665</u>	<u>₩ 3,973,897</u>

(in thousands of USD (Note 2))

	2023	2022
Cash on hand	\$ 2,226	\$ 1,800
Checking deposits	637,283	437,487
Ordinary deposits	2,622,214	2,642,687
	<u>\$ 3,261,723</u>	<u>\$ 3,081,974</u>

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5. Trade, Other Receivables, Due from Customers for Contract Work, Long-term Accounts Receivables and Long-term Other Receivables

Details of trade, other receivables, due from customers for contract work, long-term accounts receivable and long-term other receivables as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>		2023		2022	
Trade receivables	Trade receivables	₩	2,324	₩	4,882
	Provision for impairment		-		-
	Receivables from real estate sales		106,624		133,606
	Provision for impairment		(300)		(300)
	Construction work trade receivables		3,323,273		1,985,474
	Provision for impairment		(53,225)		(107,833)
			₩	<u>3,378,696</u>	₩
Other receivables	Short-term guarantee deposits	₩	1,049,857	₩	1,260,242
	Provision for impairment		(15,987)		(43,219)
	Short-term loans		169,301		136,785
	Provision for impairment		(8,232)		(903)
	Non-trade receivables		985,126		944,728
	Provision for impairment		(89,870)		(82,665)
	Accrued income		16,865		19,817
	Provision for impairment		(608)		(647)
	Current portion of long-term loans		434,611		608,836
	Provision for impairment		(2,172)		(4,018)
	Contract assets		260		260
			₩	<u>2,539,151</u>	₩
Due from customers for contract work	Due from customers for contract work	₩	5,381,112	₩	3,965,626
	Provision for impairment		(45,878)		(230,922)
		₩	<u>5,335,234</u>	₩	<u>3,734,704</u>
Long-term accounts receivable	Long-term accounts receivable	₩	382,609	₩	461,654
	Provision for impairment		(1,913)		(3,047)
	Long-term construction work trade receivables		64,236		64,236
	Provision for impairment		(20,495)		(20,292)
	Present value discount		(3,133)		(6,105)
		₩	<u>421,304</u>	₩	<u>496,446</u>
Long-term other receivables	Long-term non-trade receivables	₩	78,246	₩	70,939
	Provision for impairment		(505)		(4,099)
	Present value discount		(3,224)		(6,080)
	Long-term loans		595,105		800,091
	Provision for impairment		(57,792)		(75,960)
	Present value discount		(30,756)		(31,595)
	Guarantee deposits		534,633		554,704
	Provision for impairment		(6,812)		(7,805)
Present value discount		(20,541)		(18,348)	
		₩	<u>1,088,354</u>	₩	<u>1,281,847</u>

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<i>(in thousands of USD (Note 2))</i>		2023	2022
Trade receivables	Trade receivables	\$ 1,803	\$ 3,786
	Provision for impairment	-	-
	Receivables from real estate sales	82,693	103,619
	Provision for impairment	(233)	(233)
	Construction work trade receivables	2,577,379	1,539,843
	Provision for impairment	(41,279)	(83,630)
		<u>\$ 2,620,363</u>	<u>\$ 1,563,385</u>
Other receivables	Short-term guarantee deposits	\$ 814,221	\$ 977,386
	Provision for impairment	(12,399)	(33,519)
	Short-term loans	131,302	106,084
	Provision for impairment	(6,384)	(700)
	Non-trade receivables	764,019	732,688
	Provision for impairment	(69,699)	(64,111)
	Accrued income	13,080	15,369
	Provision for impairment	(472)	(502)
	Current portion of long-term loans	337,065	472,186
	Provision for impairment	(1,685)	(3,116)
	Others	202	202
		<u>\$ 1,969,250</u>	<u>\$ 2,201,967</u>
Due from customers for contract work	Due from customers for contract work	\$ 4,173,346	\$ 3,075,560
	Provision for impairment	(35,581)	(179,093)
		<u>\$ 4,137,765</u>	<u>\$ 2,896,467</u>
Long-term accounts receivable	Long-term accounts receivable	296,734	358,038
	Provision for impairment	(1,484)	(2,363)
	Long-term construction work trade receivables	49,819	49,819
	Provision for impairment	(15,895)	(15,738)
	Present value discount	(2,430)	(4,735)
		<u>\$ 326,744</u>	<u>\$ 385,021</u>
Long-term other receivables	Long-term non-trade receivables	\$ 60,685	\$ 55,017
	Provision for impairment	(392)	(3,179)
	Present value discount	(2,500)	(4,715)
	Long-term loans	461,536	620,514
	Provision for impairment	(44,821)	(58,911)
	Present value discount	(23,853)	(24,504)
	Guarantee deposits	414,637	430,203
	Provision for impairment	(5,283)	(6,053)
	Present value discount	(15,931)	(14,230)
		<u>\$ 844,078</u>	<u>\$ 994,142</u>

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Changes in provision for impairment on trade, other receivables, due from customers for contract work, long-term accounts receivable and long-term other receivables for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023						
	Beginning balance	Impairment loss	Written off	Reversal	Transfer	Exchange differences and others	Ending balance
Trade receivables	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
Receivables from real estate sales	(300)	-	-	-	-	-	(300)
Construction work trade receivables	(107,833)	(1,906)	47,699	9,444	187	(816)	(53,225)
Due from customers for contract work	(230,922)	(3,531)	189,054	2,802	-	(3,282)	(45,879)
Short-term guarantee deposits	(43,219)	-	-	27,363	-	(131)	(15,987)
Short-term loans	(903)	(7,397)	-	91	-	(23)	(8,232)
Non-trade receivables	(82,665)	(15,288)	27	9,947	-	(1,891)	(89,870)
Accrued income	(647)	-	-	39	-	-	(608)
Current portion of long-term loans	(4,018)	-	-	1,846	-	-	(2,172)
Long-term accounts receivable	(3,047)	-	-	1,134	-	-	(1,913)
Long-term construction work trade receivables	(20,292)	(203)	-	-	-	-	(20,495)
Long-term non-trade receivables	(4,099)	(11)	-	3,606	-	-	(504)
Long-term loans	(75,960)	(5,103)	1,499	21,772	-	-	(57,792)
Guarantee deposits	(7,805)	(4)	-	997	-	-	(6,812)
	<u>₩ (581,710)</u>	<u>₩ (33,443)</u>	<u>₩ 238,279</u>	<u>₩ 79,041</u>	<u>₩ 187</u>	<u>₩ (6,143)</u>	<u>₩ (303,789)</u>

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(Note 2))

	2023						
	Beginning balance	Impairment loss	Written off	Reversal	Transfer	Exchange differences and others	Ending balance
Trade receivables	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables from real estate sales	(233)	-	-	-	-	-	(233)
Construction work trade receivables	(83,630)	(1,478)	36,993	7,324	145	(633)	(41,279)
Due from customers for contract work	(179,093)	(2,738)	146,622	2,173	-	(2,545)	(35,581)
Short-term guarantee deposits	(33,519)	-	-	21,221	-	(101)	(12,399)
Short-term loans	(700)	(5,737)	-	71	-	(18)	(6,384)
Non-trade receivables	(64,111)	(11,857)	20	7,718	-	(1,469)	(69,699)
Accrued income	(502)	-	-	30	-	-	(472)
Current portion of long-term loans	(3,116)	-	-	1,431	-	-	(1,685)
Long-term accounts receivable	(2,363)	-	-	879	-	-	(1,484)
Long-term construction work trade receivables	(15,738)	(157)	-	-	-	-	(15,895)
Long-term non-trade receivables	(3,179)	(9)	-	2,796	-	-	(392)
Long-term loans	(58,911)	(3,958)	1,163	16,885	-	-	(44,821)
Guarantee deposits	(6,053)	(3)	-	773	-	-	(5,283)
	<u>\$ (451,148)</u>	<u>\$ (25,937)</u>	<u>\$ 184,798</u>	<u>\$ 61,301</u>	<u>\$ 145</u>	<u>\$ (4,766)</u>	<u>\$ (235,607)</u>

(in millions of Korean won)

	2022						
	Beginning balance	Impairment loss	Written off	Reversal	Transfer	Exchange differences and others	Ending balance
Trade receivables	₩ (488)	₩ -	₩ -	₩ -	₩ -	₩ 488	₩ -
Receivables from real estate sales	(300)	-	-	-	-	-	(300)
Construction work trade receivables	(118,743)	(54,332)	2,288	36,721	25,378	855	(107,833)
Due from customers for contract work	(215,726)	(6,089)	-	1,051	711	(10,869)	(230,922)
Short-term guarantee deposits	(17,068)	(25,634)	-	34	-	(551)	(43,219)
Short-term loans	(3,825)	-	25	2,897	-	-	(903)
Non-trade receivables	(67,886)	(11,392)	-	3,147	-	(6,534)	(82,665)
Accrued income	(2,676)	-	-	2,029	-	-	(647)
Current portion of long-term loans	(2,695)	(1,323)	-	-	-	-	(4,018)
Long-term accounts receivable	(2,792)	(658)	-	403	-	-	(3,047)
Long-term construction work trade receivables	-	-	-	-	(20,292)	-	(20,292)
Long-term non-trade receivables	(242)	(3,857)	-	-	-	-	(4,099)
Long-term loans	(137,741)	(8,231)	59,880	7,731	-	2,401	(75,960)
Guarantee deposits	(9,092)	-	-	1,287	-	-	(7,805)
	<u>₩ (579,274)</u>	<u>₩ (111,516)</u>	<u>₩ 62,193</u>	<u>₩ 55,300</u>	<u>₩ 5,797</u>	<u>₩ (14,210)</u>	<u>₩ (581,710)</u>

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(in thousands of USD
(Note 2))

	2022						Ending balance
	Beginning balance	Impairment loss	Written off	Reversal	Transfer	Exchange differences and others	
Trade receivables	\$ (378)	\$ -	\$ -	\$ -	\$ -	\$ 378	\$ -
Receivables from real estate sales	(233)	-	-	-	-	-	(233)
Construction work trade receivables	(92,092)	(42,137)	1,774	28,479	19,682	664	(83,630)
Due from customers for contract work	(167,307)	(4,722)	-	815	551	(8,430)	(179,093)
Short-term guarantee deposits	(13,237)	(19,881)	-	26	-	(427)	(33,519)
Short-term loans	(2,966)	-	19	2,247	-	-	(700)
Non-trade receivables	(52,649)	(8,835)	-	2,441	-	(5,068)	(64,111)
Accrued income	(2,075)	-	-	1,573	-	-	(502)
Current portion of long-term loans	(2,090)	(1,026)	-	-	-	-	(3,116)
Long-term accounts receivable	(2,165)	(510)	-	312	-	-	(2,363)
Long-term construction work trade receivables	-	-	-	-	(15,738)	-	(15,738)
Long-term non-trade receivables	(188)	(2,991)	-	-	-	-	(3,179)
Long-term loans	(106,826)	(6,384)	46,440	5,996	-	1,863	(58,911)
Guarantee deposits	(7,051)	-	-	998	-	-	(6,053)
	<u>\$ (449,257)</u>	<u>\$ (86,486)</u>	<u>\$ 48,233</u>	<u>\$ 42,887</u>	<u>\$ 4,495</u>	<u>\$ (11,020)</u>	<u>\$ (451,148)</u>

The aging analysis of trade receivables as at December 31, 2023 and 2022, is as follows:

(in millions of Korean won)	2023		2022	
Receivables not past due	₩	2,522,567	₩	1,620,268
Up to 1 year		681,778		255,380
1 to 3 years		188,821		108,641
Over 3 years		100,158		197,804
Provision for impairment		(74,020)		(128,425)
	₩	<u>3,419,304</u>	₩	<u>2,053,668</u>

(in thousands of USD (Note 2))	2023		2022	
Receivables not past due	\$	1,956,388	\$	1,256,606
Up to 1 year		528,756		198,061
1 to 3 years		146,441		84,257
Over 3 years		77,679		153,408
Provision for impairment		(57,407)		(99,601)
	\$	<u>2,651,857</u>	\$	<u>1,592,731</u>

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6. Inventories

Inventories as at December 31, 2023 and 2022, consist of the following:

*(in millions of
Korean won)*

	2023			2022		
	Acquisition cost	Valuation allowance	Book amount	Acquisition cost	Valuation allowance	Book amount
Land for construction	₩ 347,192	₩ (157)	₩ 347,035	₩ 504,981	₩ (157)	₩ 504,824
Finished housing	10,534	(109)	10,425	2,011	(109)	1,902
Unfinished constructions	339,796	-	339,796	262,202	-	262,202
Merchandise	13,121	-	13,121	11,635	(35)	11,600
Finished goods	828	-	828	631	-	631
Supplies	278	-	278	-	-	-
Raw materials	70,451	(945)	69,506	45,560	(378)	45,182
Materials in transit	19,330	-	19,330	15,503	-	15,503
Korean native cattle	10,742	-	10,742	12,479	-	12,479
Others	4,564	-	4,564	1,071	-	1,071
	<u>₩ 816,836</u>	<u>₩ (1,211)</u>	<u>₩ 815,625</u>	<u>₩ 856,073</u>	<u>₩ (679)</u>	<u>₩ 855,394</u>

*(in thousands of
USD (Note 2))*

	2023			2022		
	Acquisition cost	Valuation allowance	Book amount	Acquisition cost	Valuation allowance	Book amount
Land for construction	\$ 269,266	\$ (121)	\$ 269,145	\$ 391,640	\$ (121)	\$ 391,519
Finished housing	8,170	(85)	8,085	1,560	(85)	1,475
Unfinished constructions	263,530	-	263,530	203,352	-	203,352
Merchandise	10,176	-	10,176	9,024	(27)	8,997
Finished goods	642	-	642	489	-	489
Supplies	216	-	216	-	-	-
Raw materials	54,639	(733)	53,906	35,334	(293)	35,041
Materials in transit	14,991	-	14,991	12,023	-	12,023
Korean native cattle	8,331	-	8,331	9,678	-	9,678
Others	3,540	-	3,540	831	-	831
	<u>\$ 633,501</u>	<u>\$ (939)</u>	<u>\$ 632,562</u>	<u>\$ 663,931</u>	<u>\$ (527)</u>	<u>\$ 663,405</u>

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Changes in allowance for valuation of inventory for the years ended December 31, 2023 and 2022, are as follows:

*(in millions of
Korean won)*

	2023			
	Beginning balance	Written-off	Disposal	Ending balance
Land for construction	₩ (157)	₩ -	₩ -	₩ (157)
Finished housing	(109)	-	-	(109)
Merchandise	(35)	-	35	-
Raw materials	(378)	(567)	-	(945)
	<u>₩ (679)</u>	<u>₩ (567)</u>	<u>₩ 35</u>	<u>₩ (1,211)</u>

*(in thousands of
USD (Note 2))*

	2023			
	Beginning balance	Written-off	Disposal	Ending balance
Land for construction	\$ (121)	\$ -	\$ -	\$ (121)
Finished housing	(85)	-	-	(85)
Merchandise	(27)	-	27	-
Raw materials	(293)	(440)	-	(733)
	<u>\$ (526)</u>	<u>\$ (440)</u>	<u>\$ 27</u>	<u>\$ (939)</u>

*(in millions of
Korean won)*

	2022			
	Beginning balance	Written-off	Disposal	Ending balance
Land for construction	₩ (998)	₩ -	₩ 841	₩ (157)
Finished housing	(109)	-	-	(109)
Merchandise	(82)	(35)	82	(35)
Raw materials	(345)	(33)	-	(378)
	<u>₩ (1,534)</u>	<u>₩ (68)</u>	<u>₩ 923</u>	<u>₩ (679)</u>

*(in thousands of
USD (Note 2))*

	2022			
	Beginning balance	Written-off	Disposal	Ending balance
Land for construction	\$ (774)	\$ -	\$ 653	\$ (121)
Finished housing	(85)	-	-	(85)
Merchandise	(64)	(27)	64	(27)
Raw materials	(267)	(26)	-	(293)
	<u>\$ (1,190)</u>	<u>\$ (53)</u>	<u>\$ 717</u>	<u>\$ (526)</u>

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
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7. Other Current Assets and Other Non-current Assets

Details of other current assets and other non-current assets as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>		2023	2022
Other current assets	Advance payments	₩ 1,290,397	₩ 839,210
	Provision for impairment ¹	(23,647)	(23,273)
	Prepaid construction cost	455,930	291,361
	Prepaid expenses	138,961	141,689
	Provision for impairment ¹	(1,639)	(1,685)
	Prepaid value-added tax	36,946	56,475
	Others	2,466	2
		<u>₩ 1,899,414</u>	<u>₩ 1,303,779</u>
Other non-current assets	Long-term advance payments	₩ 52	₩ 52
	Provision for impairment ¹	(52)	(52)
	Long-term prepaid expenses	169,035	178,965
		<u>₩ 169,035</u>	<u>₩ 178,965</u>
<i>(in thousands of USD (Note 2))</i>		2023	2022
Other current assets	Advance payments	\$ 1,000,773	\$ 650,853
	Provision for impairment ¹	(18,340)	(18,049)
	Prepaid construction cost	353,599	225,966
	Prepaid expenses	107,772	109,888
	Provision for impairment ¹	(1,271)	(1,307)
	Prepaid value-added tax	28,654	43,799
	Others	1,912	2
		<u>\$ 1,473,099</u>	<u>\$ 1,011,152</u>
Other non-current assets	Long-term advance payments	\$ 40	\$ 40
	Provision for impairment ¹	(40)	(40)
	Long-term prepaid expenses	131,096	138,797
		<u>\$ 131,096</u>	<u>\$ 138,797</u>

¹ The entire amount of changes occurred from foreign exchange differences.

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

8. Financial Instruments measured at Fair Value

Financial instruments measured at fair value as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Financial assets at fair value through other comprehensive income ¹	₩ 74,579	₩ 81,110
Financial assets at fair value through profit or loss ²	445,188	746,446
Derivative assets	55,435	389
Derivative liabilities	527	10,555

<i>(in thousands of USD (Note2))</i>	2023	2022
Financial assets at fair value through other comprehensive income ¹	\$ 57,840	\$ 62,905
Financial assets at fair value through profit or loss ²	345,267	578,909
Derivative assets	42,992	302
Derivative liabilities	409	8,186

¹ The financial assets at fair value through other comprehensive income are comprised of equity securities as at December 31, 2023 and 2022.

² As at December 31, 2023, short-term financial instruments amounting to ₩ 60,000 million (\$ 46,533 thousand) (2022: ₩ 265,138 million (\$ 205,629 thousand)) are included. And as at December 31, 2022, trade receivables amounting to ₩ 36,198 million (\$ 28,074 thousand) and other receivables amounting to ₩ 8,094 million (\$ 6,277 thousand) are included.

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
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Changes in financial instruments at fair value for the years ended December 31, 2023 and 2022, are as follows:

	2023				2022											
	Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss		Derivative assets	Derivative liabilities						
Beginning balance	₩	81,110	₩	746,445	₩	389	₩	10,555	₩	47,723	₩	1,921,646	₩	26,456	₩	33
Acquisitions and disposals		(819)		(285,146)		(178)		-		39,252		(1,198,584)		(27,471)		(33)
Transfer		(3,014)		(12,473)		55,253		(10,555)		-		32,562		-		-
Changes in scope of consolidation		-		-		-		-		(11)		(703)		-		-
Gain (loss) on valuation of financial assets at fair value through profit or loss		-		(3,638)		182		527		-		(8,475)		(94)		10,555
Loss on valuation of financial assets at fair value through other comprehensive income		(2,698)		-		-		-		(5,854)		-		-		-
Exchange difference		-		-		(211)		-		-		-		1,498		-
Ending balance	₩	74,579	₩	445,188	₩	55,435	₩	527	₩	81,110	₩	746,446	₩	389	₩	10,555

	2023				2022											
	Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income		Financial assets at fair value through profit or loss		Derivative assets	Derivative liabilities						
Beginning balance	\$	62,905	\$	578,909	\$	302	\$	8,186	\$	37,012	\$	1,490,341	\$	20,518	\$	26
Acquisitions and disposals		(635)		(221,146)		(138)		-		30,442		(929,567)		(21,305)		(26)
Transfer		(2,338)		(9,673)		42,852		(8,186)		-		25,254		-		-
Changes in scope of consolidation		-		-		-		-		(9)		(545)		-		-
Gain (loss) on valuation of financial assets at fair value through profit or loss		-		(2,823)		141		409		-		(6,574)		(73)		8,186
Loss on valuation of financial assets at fair value through other comprehensive income		(2,092)		-		-		-		(4,540)		-		-		-
Exchange difference		-		-		(165)		-		-		-		1,162		-
Ending balance	\$	57,840	\$	345,267	\$	42,992	\$	409	\$	62,905	\$	578,909	\$	302	\$	8,186

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
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9. Financial Assets at Amortized Cost

Financial assets at amortized cost as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<u>2023</u>	<u>2022</u>
Current:		
Government & public bonds	₩ 1,774	₩ 20,388
Non-current:		
Government & public bonds and others	35,359	26,269
	<u>₩ 37,133</u>	<u>₩ 46,657</u>

<i>(in thousands of USD (Note 2))</i>	<u>2023</u>	<u>2022</u>
Current:		
Government & public bonds	\$ 1,376	\$ 15,812
Non-current:		
Government & public bonds and others	27,423	20,373
	<u>\$ 28,799</u>	<u>\$ 36,185</u>

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

10. Investments in Joint Ventures and Associates

Details of investments in joint ventures and associates as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	Main operations	Location	Date of financial statements	2023		2022	
				Owner-ship (%)	Book amount	Owner-ship (%)	Book amount
Busan Exhibition & Convention Center LTD.	Business facility management service	Korea	Dec. 31	21.7	₩ 18,776	21.7	₩ 17,542
The Gyeongnam Highway Co., Ltd.	Construction of road	Korea	Dec. 31	29.5	-	29.5	-
Arian International Contractors Company	Construction	Iran	Dec. 31	49	-	49	-
Oriental Hyundai Quarry Development Corporation.	Mine development	Philippine	Dec. 31	40	-	40	-
Suwon Convention City Co., Ltd.	Real estate development	Korea	Dec. 31	29	-	29	-
The Ulsan Harbour Bridge Co., Ltd.	Business facility management service	Korea	Dec. 31	24.5	-	24.5	-
Ganghwa Tidal Power Corporation Co., Ltd.	Other electricity production	Korea	Dec. 31	22	-	22	-
Yulchon 2 Industrial Complex Development Inc.	Other real estate construction	Korea	Dec. 31	48	-	48	-
Subic Clean Energy & Infra, Inc.	Electricity production	Philippine	Dec. 31	40	-	40	-
Concast HDEC Haldia Port Pvt., Ltd.	Construction	India	Mar. 31	26	-	26	-
Hyunson Engineering & Construction spa.	Construction	Algeria	Dec. 31	44.1	2,546	44.1	2,546
Hillstate Homaesil Newstay REIT Co., Ltd.	Real estate management	Korea	Dec. 31	27.02	-	27.02	-
Hillstate Bongdam Daehan New Stay REIT 6 Co., Ltd.	Real estate management	Korea	Dec. 31	20.63	-	20.63	-
Arboretum Construction, Inc. ¹	Construction	Philippine	Dec. 31	100	1,286	100	1,286
H Energy Co., Ltd. ²	Private investment for facilities	Korea	Dec. 31	5	67	5	179
PENTA-OCEAN / HYUNDAI / BOSKALIS JV PTE.LTD.	Construction	Singapore	Mar. 31	35	4,357	35	4,357
Daesang Park Development Company	Real estate management	Korea	Dec. 31	33.33	-	33.33	-
PIA Guro station PFV. Co., Ltd. ³	Real estate management	Korea	Dec. 31	-	-	14.81	4,000
Koramco Gyeongsan Logistics PFV Co., Ltd.	Real estate management	Korea	Dec. 31	29.89	-	29.89	-
Mastern No.116 Gangnam Premiere PFV Co., Ltd.	Real estate management	Korea	Dec. 31	29.99	-	29.99	-
Asan Tangjeong Goyang Samsong Real Estate	Real estate management	Korea	Dec. 31	24.96	5,916	24.96	9,867

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(in millions of Korean won)

	Main operations	Location	Date of financial statements	2023		2022	
				Owner-ship (%)	Book amount	Owner-ship (%)	Book amount
Investment Trusts							
K Square Grand Gangseo PFV	Real estate management	Korea	Dec. 31	29.9	1,495	29.9	1,495
Moony Co., Ltd. ^{2,5}	Real estate management	Korea	Dec. 31	-	-	-	-
YD427 PFV Co., Ltd. ²	Real estate management	Korea	Dec. 31	12.38	-	12.38	3,900
K Square Yongsan PFV.	Real estate management	Korea	Dec. 31	49.5	4,950	49.5	4,950
HYUNDAI AMERICA INC. ⁷	Real estate management	USA	Dec. 31	-	-	100	950
Hyundai HD Real Estate Development Blind Specialized Investment Trust No.1	Real estate management	Korea	Dec. 31	24	2,160	24	2,160
Kansus Development							
Specialized Investment Real Estate Investment Trust No.1	Real estate management	Korea	Dec. 31	40	4,960	40	4,960
Aegis Neo Value General Real Estate Private Company No.8	Real estate management	Korea	Dec. 31	25.4	-	25.4	-
Hana Alternative Investment							
Blind General Private Real Estate Investment Trust No.172	Real estate management	Korea	Dec. 31	35	1,400	35	1,400
Eunpyeong Jingwandong PFV. CO., Ltd.	Real estate management	Korea	Dec. 31	29.9	1,495	29.9	1,495
Project of Development							
Bangebbae Station Area PFV. ⁴	Real estate management	Korea	Dec. 31	29.9	1,495	-	-
ANYANGASAM POWER CO.,LTD. ⁴	Other electricity production	Korea	Dec. 31	40	720	-	-
60 HERTZ INC. ^{2,4}	Software development and supply	Korea	Dec. 31	4.9	1,200	-	-
EIP PIS US Solar General Private Placement Special Asset Investment Trust No.1 for Professional Investors ^{4,8}	Other electricity production	Korea	Dec. 31	28.79	941	-	-
Hyundai AI Rashid Construction Company Limited ^{1,4}	Construction	Saudi Arabia	Dec. 31	60	3,581	-	-
Hyundai Engineering (Thailand) Co., Ltd.	Engineering service	Thailand	Dec. 31	49	-	49	-
LHT International Engineering Joint Stock Company	Engineering service	Vietnam	Dec. 31	30	79	30	79
Haevichi Country Club., Ltd.	Golf course services	Korea	Dec. 31	40	7,494	40	7,010
KM Energy	Construction	Korea	Dec. 31	29.9	-	29.9	-
Sejong Mirae Industrial Complex Co., LTD.	Construction	Korea	Dec. 31	20	-	20	-
CHONGJU OKSAN2 INDUSTRIAL COMPLEX	Construction	Korea	Dec. 31	20	2	20	2

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(in millions of Korean won)

	Main operations	Location	Date of financial statements	2023		2022	
				Owner-ship (%)	Book amount	Owner-ship (%)	Book amount
DEVELOPMENT CO., LTD.							
Smart Valley Co., Ltd. ³	Construction	Korea	Dec. 31	-	-	20	200
Tina Hydropower Limited ⁴	Construction	Solomon	Dec. 31	20	2,483	20	1,819
Eumseong Yongsan Industrial Complex Co., Ltd.	Construction	Korea	Dec. 31	20	100	20	100
Baegot bridge	Construction	Korea	Dec. 31	43	2,301	43	2,301
Multi Asset New deal Infra Private Investment Trust No.1	Business development	Korea	Dec. 31	50	1,155	50	1,155
Osan Unam Area Complex urban development project Financing Vehicle ²	Construction	Korea	Dec. 31	19.9	995	19.9	995
Korate KNK Eco-Private Investment ⁶	Waste landfill facility	Korea	Dec. 31	73.29	12,025	73.29	11,800
WOLSEONG GREEN ENVIRONMENT CO.,LTD. ²	Waste landfill facility	Korea	Dec. 31	19.9	2,400	19.9	2,400
NHD HOLDINGS CO., LTD.	Construction	Korea	Dec. 31	20	10	20	10
HIGHLAND INDUSTRIAL COMPLEX DEVELOPMENT CO.,LTD ⁴	Construction	Korea	Dec. 31	20	2	-	-
WONJU BURON INDUSTRIAL COMPLEX CO., LTD. ^{2,4}	Construction	Korea	Dec. 31	19.9	20	-	-
HANGANG ESG SOLAR POWER GENERATION PRIVATE EQUITY SPECIAL ASSET INVESTMENT TRUST NO.1 ^{1,4}	New renewable energy	Korea	Dec. 31	51	197	-	-
					₩ 86,608		₩ 88,958

(in thousands of USD
(Note 2))

	Main operations	Location	Date of financial statements	2023		2022	
				Owner-ship (%)	Book amount	Owner-ship (%)	Book amount
Busan Exhibition & Convention Center LTD.	Business facility management service	Korea	Dec. 31	21.7	\$ 14,562	21.7	\$ 13,605
The Gyeongnam Highway Co., Ltd.	Construction of road	Korea	Dec. 31	29.5	-	29.5	-
Arian International Contractors Company	Construction	Iran	Dec. 31	49	-	49	-
Oriental Hyundai Quarry Development Corporation.	Mine development	Philippine	Dec. 31	40	-	40	-
Suwon Convention City Co., Ltd.	Real estate development	Korea	Dec. 31	29	-	29	-

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(in thousands of USD
(Note 2))

	Main operations	Location	Date of financial statements	2023		2022	
				Owner-ship (%)	Book amount	Owner-ship (%)	Book amount
The Ulsan Harbour Bridge Co., Ltd.	Business facility management service	Korea	Dec. 31	24.5	-	24.5	-
Ganghwa Tidal Power Corporation Co., Ltd.	Other electricity production	Korea	Dec. 31	22	-	22	-
Yulchon 2 Industrial Complex Development Inc.	Other real estate construction	Korea	Dec. 31	48	-	48	-
Subic Clean Energy & Infra, Inc.	Electricity production	Philippine	Dec. 31	40	-	40	-
Concast HDEC Haldia Port Pvt., Ltd.	Construction	India	Mar. 31	26	-	26	-
Hyunson Engineering & Construction spa.	Construction	Algeria	Dec. 31	44.1	1,975	44.1	1,975
Hillstate Homaesil Newstay REIT Co., Ltd.	Real estate management	Korea	Dec. 31	27.02	-	27.02	-
Hillstate Bongdam Daehan New Stay REIT 6 Co., Ltd.	Real estate management	Korea	Dec. 31	20.63	-	20.63	-
Arboretum Construction, Inc. ¹	Construction	Philippine	Dec. 31	100	997	100	997
H Energy Co., Ltd. ²	Private investment for facilities	Korea	Dec. 31	5	52	5	139
PENTA-OCEAN / HYUNDAI / BOSKALIS JV PTE.LTD.	Construction	Singapore	Mar. 31	35	3,379	35	3,379
Daesang Park Development Company	Real estate management	Korea	Dec. 31	33.33	-	33.33	-
PIA Guro station PFV. Co., Ltd. ³	Real estate management	Korea	Dec. 31	-	-	14.81	3,102
Koramco Gyeongsan Logistics PFV Co., Ltd.	Real estate management	Korea	Dec. 31	29.89	-	29.89	-
Mastern No.116 Gangnam Premiere PFV Co., Ltd.	Real estate management	Korea	Dec. 31	29.99	-	29.99	-
Asan Tangeong Goyang Samsung Real Estate Investment Trusts	Real estate management	Korea	Dec. 31	24.96	4,588	24.96	7,652
K Square Grand Gangseo PFV	Real estate management	Korea	Dec. 31	29.9	1,159	29.9	1,159
Moony Co., Ltd. ^{2,5}	Real estate management	Korea	Dec. 31	-	-	-	-
YD427 PFV Co., Ltd. ²	Real estate management	Korea	Dec. 31	12.38	-	12.38	3,025
K Square Yongsan PFV	Real estate management	Korea	Dec. 31	49.5	3,839	49.5	3,839
HYUNDAI AMERICA INC. ⁷	Real estate management	USA	Dec. 31	-	-	100	737
Hyundai HD Real Estate Development Blind Specialized Investment Trust No.1	Real estate management	Korea	Dec. 31	24	1,675	24	1,675
Kansus Development Specialized Investment Real Estate Investment Trust No.1	Real estate management	Korea	Dec. 31	40	3,847	40	3,847
Aegis Neo Value General Real	Real estate management	Korea	Dec. 31	25.4	-	25.4	-

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(in thousands of USD
(Note 2))

	Main operations	Location	Date of financial statements	2023		2022	
				Owner-ship (%)	Book amount	Owner-ship (%)	Book amount
Estate Private Company No.8							
Hana Alternative Investment Blind General Private Real Estate Investment Trust No.172	Real estate management	Korea	Dec. 31	35	1,086	35	1,086
Eunpyeong Jingwandong PFV . CO., Ltd.	Real estate management	Korea	Dec. 31	29.9	1,159	29.9	1,159
Project of Development Bangebae Station Area PFV. ⁴	Real estate management	Korea	Dec. 31	29.9	1,159	-	-
ANYANGASAM POWER CO.,LTD. ⁴	Other electricity production	Korea	Dec. 31	40	558	-	-
60 HERTZ INC. ^{2,4}	Software development and supply	Korea	Dec. 31	4.9	931	-	-
EIP PIS US Solar General Private Placement Special Asset Investment Trust No.1 for Professional Investors ^{4,8}	Other electricity production	Korea	Dec. 31	28.79	730	-	-
Hyundai AI Rashid Construction Company Limited ^{1,4}	Construction	Saudi Arabia	Dec. 31	60	2,777	-	-
Hyundai Engineering (Thailand) Co., Ltd.	Engineering service	Thailand	Dec. 31	49	-	49	-
LHT International Engineering Joint Stock Company	Engineering service	Vietnam	Dec. 31	30	61	30	61
Haevichi Country Club., Ltd.	Golf course services	Korea	Dec. 31	40	5,812	40	5,437
KM Energy	Construction	Korea	Dec. 31	29.9	-	29.9	-
Sejong Mirae Industrial Complex Co., LTD.	Construction	Korea	Dec. 31	20	-	20	-
CHONGJU OKSAN2 INDUSTRIAL COMPLEX DEVELOPMENT CO., LTD.	Construction	Korea	Dec. 31	20	2	20	2
Smart Valley Co., Ltd. ³	Construction	Korea	Dec. 31	-	-	20	155
Tina Hydropower Limited ⁴	Construction	Solomon	Dec. 31	20	1,926	20	1,411
Eumseong Yongsan Industrial Complex Co., Ltd.	Construction	Korea	Dec. 31	20	78	20	78
Baegot bridge	Construction	Korea	Dec. 31	43	1,785	43	1,785
Multi Asset New deal Infra Private Investment Trust No.1	Business development	Korea	Dec. 31	50	896	50	896
Osan Unam Area Complex urban development project Financing Vehicle ²	Construction	Korea	Dec. 31	19.9	772	19.9	772
Korate KNK Eco-Private Investment ⁶	Waste landfill facility	Korea	Dec. 31	73.29	9,326	73.29	9,152

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(in thousands of USD
(Note 2))

	Main operations	Location	Date of financial statements	2023		2022	
				Owner-ship (%)	Book amount	Owner-ship (%)	Book amount
WOLSEONG GREEN ENVIRONMENT CO.,LTD. ²	Waste landfill facility	Korea	Dec. 31	19.9	1,861	19.9	1,861
NHD HOLDINGS CO., LTD.	Construction	Korea	Dec. 31	20	8	20	8
HIGHLAND INDUSTRIAL COMPLEX DEVELOPMENT CO.,LTD ⁴	Construction	Korea	Dec. 31	20	2	-	-
WONJU BURON INDUSTRIAL COMPLEX CO., LTD. ^{2,4}	Construction	Korea	Dec. 31	19.9	16	-	-
HANGANG ESG SOLAR POWER GENERATION PRIVATE EQUITY SPECIAL ASSET INVESTMENT TRUST NO.1 ^{1,4}	New renewable energy	Korea	Dec. 31	51	153	-	-
					\$ 67,169		\$ 68,992

¹ The entities which are small companies, are classified as associates since it does not have significant influence on the Group's consolidated financial statements as at December 31, 2023.

² The Group has a significant influence over the investees, since employees and executives of the Group are also members of Board of Directors or under an arrangement.

³ Sale and liquidation was completed during the year ended December 31, 2023.

⁴ The book amounts of the entities were increased as they are newly established or participating in capital increase of the Group during the year ended December 31, 2023.

⁵ The Group determined it cannot access, in substance, to the returns associated with an ownership interest in the associate through the relevant financial instruments because the Group invested in redeemable preferred shares issued by an investee over which the Group has a significant influence. Accordingly, it is classified as financial assets at fair value through profit or loss in accordance with Korean IFRS 1109 (Note 4).

⁶ The entity is classified as an associate because the Group is unable to exercise a single control under an agreement.

⁷ Additional investment was made and the investee was transferred from an associate to a subsidiary for the year ended December 31, 2023.

⁸ In accordance with the investors' agreement, the total purchase commitment for the Group is \$ 17,970 thousand, and the remaining commitment will be paid at each project stage.

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Changes in investments in joint ventures and associates for the years ended December 31, 2023 and 2022, are as follows:

(in millions of
Korean won)

	2023							
	Beginning balance	Acquisitions	Share of profit (loss)	Impairment loss	Dividends	Transfers	Changes in equity	Ending balance
Busan Exhibition & Convention Center LTD.	₩ 17,542	₩ -	₩ 1,233	₩ -	₩ -	₩ -	₩ -	₩ 18,775
Asan Tangjeong Goyang Samsung Real Estate Investment Trusts	9,867	-	(3,904)	-	-	-	(47)	5,916
YD427 PFV Co., Ltd.	3,900	-	(3,900)	-	-	-	-	-
Others	57,649	11,589	1,291	(4,200)	(693)	(4,001)	282	61,917
	₩ 88,958	₩ 11,589	₩ (5,280)	₩ (4,200)	₩ (693)	₩ (4,001)	₩ 235	₩ 86,608

(in thousands of
USD (Note 2))

	2023							
	Beginning balance	Acquisitions	Share of profit (loss)	Impairment loss	Dividends	Transfers	Changes in equity	Ending balance
Busan Exhibition & Convention Center LTD.	\$ 13,605	\$ -	\$ 956	\$ -	\$ -	\$ -	\$ -	\$ 14,561
Asan Tangjeong Goyang Samsung Real Estate Investment Trusts	7,652	-	(3,028)	-	-	-	(36)	4,588
YD427 PFV Co., Ltd.	3,025	-	(3,025)	-	-	-	-	-
Others	44,710	8,988	1,001	(3,257)	(537)	(3,103)	218	48,020
	\$ 68,992	\$ 8,988	\$ (4,096)	\$ (3,257)	\$ (537)	\$ (3,103)	\$ 182	\$ 67,169

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	2022						
	Beginning balance	Acquisitions	Share of profit (loss)	Impairment loss	Transfers	Changes in equity	Ending balance
Busan Exhibition & Convention Center LTD.	₩ 16,392	₩ -	₩ 1,150	₩ -	₩ -	₩ -	₩ 17,542
Mastern No.116 Gangnam Premier Project Financial Investment Co., Ltd	3,000	-	(2,988)	-	-	(12)	-
Koramco Gyeongsan Logistics PFV Co., Ltd.	1,420	-	(1,420)	-	-	-	-
Others	66,352	26,281	(9,415)	(389)	(11,490)	77	71,416
	<u>₩ 87,164</u>	<u>₩ 26,281</u>	<u>₩ (12,673)</u>	<u>₩ (389)</u>	<u>₩ (11,490)</u>	<u>₩ 65</u>	<u>₩ 88,958</u>

(in thousands of
USD (Note 2))

	2022						
	Beginning balance	Acquisitions	Share of profit (loss)	Impairment loss	Transfers	Changes in equity	Ending balance
Busan Exhibition & Convention Center LTD.	\$ 12,713	\$ -	\$ 892	\$ -	\$ -	\$ -	\$ 13,605
Mastern No.116 Gangnam Premier Project Financial Investment Co., Ltd	2,327	-	(2,317)	-	-	(10)	-
Koramco Gyeongsan Logistics PFV Co., Ltd.	1,101	-	(1,101)	-	-	-	-
Others	51,460	20,382	(7,302)	(302)	(8,911)	60	55,387
	<u>\$ 67,601</u>	<u>\$ 20,382</u>	<u>\$ (9,828)</u>	<u>\$ (302)</u>	<u>\$ (8,911)</u>	<u>\$ 50</u>	<u>\$ 68,992</u>

The Group used unaudited financial statements of joint ventures and associates in the equity method valuation. The Group does not anticipate that the difference between unaudited and audited financial statements will have a significant effect on the Group's consolidated financial statements and disclosures.

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The tables below provide unrecognized share of losses of joint ventures and associates, both for the reporting period and cumulatively, as the Group has stopped recognizing its share of losses of the joint ventures and associates when applying the equity method.

(in millions of Korean won)

	2023	
	Unrecognized loss	Accumulated unrecognized losses
The Gyeongnam Highway Co., Ltd.	₩ 1,842	₩ 13,592
The Ulsan Harbour Bridge Co., Ltd.	763	4,892
Hillstate Homaesil Newstay REIT Co., Ltd.	2,696	14,083
Hillstate Bongdam Daehan New Stay REIT 6 Co., Ltd.	3,271	6,395
Daesang Park Development Company	(3,969)	7,194
Koramco Gyeongsan Logistics PFV Co., Ltd.	5,245	6,400
Mastern No.116 Gangnam Premier Project Financial Investment Co., Ltd	2,110	2,547
YD427 PFV Co., Ltd.	13,257	13,257
Aegis Neo Value General Real Estate Private Company No.8	1,747	1,747
Hyundai Engineering (Thailand) Co., Ltd.	(298)	12,912

(in thousands of USD (Note 2))

	2023	
	Unrecognized loss	Accumulated unrecognized losses
The Gyeongnam Highway Co., Ltd.	\$ 1,429	\$ 10,541
The Ulsan Harbour Bridge Co., Ltd.	592	3,794
Hillstate Homaesil Newstay REIT Co., Ltd.	2,091	10,922
Hillstate Bongdam Daehan New Stay REIT 6 Co., Ltd.	2,537	4,960
Daesang Park Development Company	(3,078)	5,579
Koramco Gyeongsan Logistics PFV Co., Ltd.	4,068	4,964
Mastern No.116 Gangnam Premier Project Financial Investment Co., Ltd	1,636	1,975
YD427 PFV Co., Ltd.	10,282	10,282
Aegis Neo Value General Real Estate Private Company No.8	1,355	1,355
Hyundai Engineering (Thailand) Co., Ltd.	(231)	10,014

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(in millions of Korean won)

	2022	
	Unrecognized loss	Accumulated unrecognized losses
The Gyeongnam Highway Co., Ltd.	₩ 2,439	₩ 11,750
The Ulsan Harbour Bridge Co., Ltd.	1,962	4,129
Hillstate Homaesil Newstay REIT Co., Ltd.	4,255	11,387
Hillstate Bongdam Daehan New Stay REIT 6 Co., Ltd.	2,792	3,124
Daesang Park Development Company	11,163	11,163
Koramco Gyeongsan Logistics PFV Co., Ltd.	1,155	1,155
Mastern No.116 Gangnam Premier Project Financial Investment Co., Ltd	437	437
Hyundai Engineering (Thailand) Co., Ltd.	414	13,210

(in thousands of USD (Note 2))

	2022	
	Unrecognized loss	Accumulated unrecognized losses
The Gyeongnam Highway Co., Ltd.	\$ 1,892	\$ 9,113
The Ulsan Harbour Bridge Co., Ltd.	1,522	3,202
Hillstate Homaesil Newstay REIT Co., Ltd.	3,300	8,831
Hillstate Bongdam Daehan New Stay REIT 6 Co., Ltd.	2,165	2,423
Daesang Park Development Company	8,658	8,658
Koramco Gyeongsan Logistics PFV Co., Ltd.	896	896
Mastern No.116 Gangnam Premier Project Financial Investment Co., Ltd	339	339
Hyundai Engineering (Thailand) Co., Ltd.	321	10,245

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Condensed financial information of the joint ventures and associates that is material to the Group as at and for the years ended December 31, 2023 and 2022, is as follows:

(in millions of Korean won)

	2023				
	Busan Exhibition & Convention Center LTD.	The Gyeongnam Highway Co., Ltd.	The Ulsan Harbour Bridge Co., Ltd.	Hillstate Homaesil Newstay REIT Co., Ltd.	Hillstate Bongdam Daehan New Stay REIT 6 Co., Ltd.
Current assets	₩ 63,888	₩ 13,574	₩ 13,684	₩ 26,702	₩ 19,823
Non-current assets	32,152	246,966	223,520	267,113	267,939
	<u>₩ 96,040</u>	<u>₩ 260,540</u>	<u>₩ 237,204</u>	<u>₩ 293,815</u>	<u>₩ 287,762</u>
Current liabilities	₩ 6,616	₩ 6,584	₩ 10,344	₩ 252	₩ 182
Non-current liabilities	2,887	298,761	241,267	251,103	238,733
	<u>₩ 9,503</u>	<u>₩ 305,345</u>	<u>₩ 251,611</u>	<u>₩ 251,355</u>	<u>₩ 238,915</u>
Sales	₩ 39,699	₩ 21,148	₩ 20,748	₩ 5,739	₩ 3,285
Operating profit (loss)	2,838	2,735	5,073	692	(1,699)
Profit (loss) for the year	7,006	(5,880)	(3,235)	(2,794)	(3,759)
Total comprehensive income (loss)	7,006	(5,880)	(3,235)	(2,794)	(3,759)

(in thousands of USD
(Note 2))

	2023				
	Busan Exhibition & Convention Center LTD.	The Gyeongnam Highway Co., Ltd.	The Ulsan Harbour Bridge Co., Ltd.	Hillstate Homaesil Newstay REIT Co., Ltd.	Hillstate Bongdam Daehan New Stay REIT 6 Co., Ltd.
Current assets	\$ 49,549	\$ 10,527	\$ 10,613	\$ 20,709	\$ 15,374
Non-current assets	24,936	191,536	173,352	207,161	207,801
	<u>\$ 74,485</u>	<u>\$ 202,063</u>	<u>\$ 183,965</u>	<u>\$ 227,870</u>	<u>\$ 223,175</u>
Current liabilities	\$ 5,131	\$ 5,106	\$ 8,022	\$ 195	\$ 141
Non-current liabilities	2,239	231,705	187,116	194,744	185,150
	<u>\$ 7,370</u>	<u>\$ 236,811</u>	<u>\$ 195,138</u>	<u>\$ 194,939</u>	<u>\$ 185,291</u>
Sales	\$ 30,789	\$ 16,401	\$ 16,091	\$ 4,451	\$ 2,548
Operating profit (loss)	2,201	2,121	3,934	537	(1,318)
Profit (loss) for the year	5,434	(4,560)	(2,509)	(2,167)	(2,915)
Total comprehensive income (loss)	5,434	(4,560)	(2,509)	(2,167)	(2,915)

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	2022				
	Busan Exhibition & Convention Center LTD.	The Gyeongnam Highway Co., Ltd.	The Ulsan Harbour Bridge Co., Ltd.	Hillstate Homaesil Newstay REIT Co., Ltd.	Hillstate Bongdam Daehan New Stay REIT 6 Co., Ltd.
Current assets	₩ 51,000	₩ 10,451	₩ 10,069	₩ 26,669	₩ 31,598
Non-current assets	39,530	256,025	234,017	270,912	272,257
	<u>₩ 90,530</u>	<u>₩ 266,476</u>	<u>₩ 244,086</u>	<u>₩ 297,581</u>	<u>₩ 303,855</u>
Current liabilities	₩ 6,663	₩ 2,011	₩ 7,392	₩ 426	₩ 94
Non-current liabilities	3,014	302,974	247,723	251,783	250,478
	<u>₩ 9,677</u>	<u>₩ 304,985</u>	<u>₩ 255,115</u>	<u>₩ 252,209</u>	<u>₩ 250,572</u>
Sales	₩ 35,193	₩ 18,763	₩ 18,237	₩ 5,752	₩ 3,215
Operating profit (loss)	(74)	656	2,991	820	(1,123)
Profit (loss) for the year	4,568	(8,305)	(8,289)	(3,119)	(3,791)
Total comprehensive income (loss)	4,568	(8,305)	(8,289)	(3,119)	(3,791)

(in thousands of USD
(Note 2))

	2022				
	Busan Exhibition & Convention Center LTD.	The Gyeongnam Highway Co., Ltd.	The Ulsan Harbour Bridge Co., Ltd.	Hillstate Homaesil Newstay REIT Co., Ltd.	Hillstate Bongdam Daehan New Stay REIT 6 Co., Ltd.
Current assets	\$ 39,553	\$ 8,105	\$ 7,809	\$ 20,683	\$ 24,506
Non-current assets	30,658	198,561	181,493	210,107	211,150
	<u>\$ 70,211</u>	<u>\$ 206,666</u>	<u>\$ 189,302</u>	<u>\$ 230,790</u>	<u>\$ 235,656</u>
Current liabilities	\$ 5,168	\$ 1,560	\$ 5,733	\$ 330	\$ 73
Non-current liabilities	2,338	234,973	192,123	195,271	194,259
	<u>\$ 7,506</u>	<u>\$ 236,533</u>	<u>\$ 197,856</u>	<u>\$ 195,601</u>	<u>\$ 194,332</u>
Sales	\$ 27,294	\$ 14,552	\$ 14,144	\$ 4,461	\$ 2,493
Operating profit (loss)	(57)	509	2,320	636	(871)
Profit (loss) for the year	3,543	(6,441)	(6,429)	(2,419)	(2,940)
Total comprehensive income (loss)	3,543	(6,441)	(6,429)	(2,419)	(2,940)

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Adjustments to the carrying amount of investments in joint ventures and associates that are material to the Group as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023				
	Busan Exhibition & Convention Center LTD.	The Gyeongnam Highway Co., Ltd.	The Ulsan Harbour Bridge Co., Ltd.	Hillstate Homaesil Newstay REIT Co., Ltd.	Hillstate Bongdam Daehan New Stay REIT 6 Co., Ltd.
Net asset of associate (A)	₩ 86,537	₩ (44,806)	₩ (14,407)	₩ 42,459	₩ 48,847
Ownership percentage (B) (%)	21.70%	29.50%	24.50%	27.02%	20.63%
Net share amount (A*B)	18,776	(13,218)	(3,530)	11,472	10,077
(-) Elimination of intercompany transactions	-	(374)	(1,362)	(25,555)	(16,472)
(+) Unrecognized loss	-	13,592	4,892	14,083	6,395
Book amount	₩ 18,776	₩ -	₩ -	₩ -	₩ -

(in thousands of USD (Note 2))

	2023				
	Busan Exhibition & Convention Center LTD.	The Gyeongnam Highway Co., Ltd.	The Ulsan Harbour Bridge Co., Ltd.	Hillstate Homaesil Newstay REIT Co., Ltd.	Hillstate Bongdam Daehan New Stay REIT 6 Co., Ltd.
Net asset of associate (A)	\$ 67,114	\$ (34,749)	\$ (11,173)	\$ 32,929	\$ 37,884
Ownership percentage (B) (%)	21.70%	29.50%	24.50%	27.02%	20.63%
Net share amount (A*B)	14,563	(10,251)	(2,738)	8,897	7,815
(-) Elimination of intercompany transactions	-	(290)	(1,056)	(19,819)	(12,775)
(+) Unrecognized loss	-	10,541	3,794	10,922	4,960
Book amount	\$ 14,563	\$ -	\$ -	\$ -	\$ -

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(in millions of Korean won)

	2022				
	Busan Exhibition & Convention Center LTD.	The Gyeongnam Highway Co., Ltd.	The Ulsan Harbour Bridge Co., Ltd.	Hillstate Homaesil Newstay REIT Co., Ltd.	Hillstate Bongdam Daehan New Stay REIT 6 Co., Ltd.
Net asset of associate (A)	₩ 80,852	₩ (38,509)	₩ (11,028)	₩ 45,371	₩ 53,283
Ownership percentage (B) (%)	21.70%	29.50%	24.50%	27.02%	20.63%
Net share amount (A*B)	17,542	(11,360)	(2,702)	12,259	10,990
(-) Elimination of intercompany transactions	-	(390)	(1,427)	(23,646)	(14,114)
(+) Unrecognized loss	-	11,750	4,129	11,387	3,124
Book amount	₩ 17,542	₩ -	₩ -	₩ -	₩ -

(in thousands of USD (Note 2))

	2022				
	Busan Exhibition & Convention Center LTD.	The Gyeongnam Highway Co., Ltd.	The Ulsan Harbour Bridge Co., Ltd.	Hillstate Homaesil Newstay REIT Co., Ltd.	Hillstate Bongdam Daehan New Stay REIT 6 Co., Ltd.
Net asset of associate (A)	\$ 62,705	\$ (29,866)	\$ (8,553)	\$ 35,188	\$ 41,324
Ownership percentage (B) (%)	21.70%	29.50%	24.50%	27.02%	20.63%
Net share amount (A*B)	13,607	(8,810)	(2,096)	9,508	8,523
(-) Elimination of intercompany transactions	-	(302)	(1,107)	(18,339)	(10,946)
(+) Unrecognized loss	-	9,112	3,203	8,831	2,423
Book amount	\$ 13,607	\$ -	\$ -	\$ -	\$ -

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11. Investment Property

Changes in investment property for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023			
	Land	Buildings	Structures	Total
Acquisition cost:				
Beginning balance	₩ 379,086	₩ 76,838	₩ 15,304	₩ 471,228
Acquisition	11,895	3,199	-	15,094
Transfer ¹	(124)	(14,838)	-	(14,962)
Exchange differences	-	145	-	145
Ending balance	<u>390,857</u>	<u>65,344</u>	<u>15,304</u>	<u>471,505</u>
Accumulated depreciation:				
Beginning balance	-	(11,930)	(4,272)	(16,202)
Depreciation	-	(1,547)	(765)	(2,312)
Transfer ¹	-	3,955	-	3,955
Exchange differences	-	(36)	-	(36)
Ending balance	<u>-</u>	<u>(9,558)</u>	<u>(5,037)</u>	<u>(14,595)</u>
Accumulated impairment loss:				
Beginning balance	<u>(10,543)</u>	-	-	<u>(10,543)</u>
Ending balance	<u>(10,543)</u>	-	-	<u>(10,543)</u>
Book amount:				
Beginning balance	<u>₩ 368,543</u>	<u>₩ 64,908</u>	<u>₩ 11,032</u>	<u>₩ 444,483</u>
Ending balance	<u>₩ 380,314</u>	<u>₩ 55,786</u>	<u>₩ 10,267</u>	<u>₩ 446,367</u>

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(in thousands of USD (Note 2))

	2023			
	Land	Buildings	Structures	Total
Acquisition cost:				
Beginning balance	\$ 294,002	\$ 59,592	\$ 11,869	\$ 365,463
Acquisition	9,225	2,481	-	11,706
Transfer ¹	(96)	(11,508)	-	(11,604)
Exchange differences	-	112	-	112
Ending balance	<u>303,131</u>	<u>50,678</u>	<u>11,869</u>	<u>365,678</u>
Accumulated depreciation:				
Beginning balance	-	(9,252)	(3,314)	(12,566)
Depreciation	-	(1,200)	(593)	(1,793)
Transfer ¹	-	3,067	-	3,067
Exchange differences	-	(28)	-	(28)
Ending balance	<u>-</u>	<u>(7,413)</u>	<u>(3,906)</u>	<u>(11,319)</u>
Accumulated impairment loss:				
Beginning balance	<u>(8,177)</u>	-	-	(8,177)
Ending balance	<u>(8,177)</u>	-	-	(8,177)
Book amount:				
Beginning balance	<u>\$ 285,825</u>	<u>\$ 50,340</u>	<u>\$ 8,555</u>	<u>\$ 344,720</u>
Ending balance	<u>\$ 294,954</u>	<u>\$ 43,265</u>	<u>\$ 7,963</u>	<u>\$ 346,182</u>

¹ The book amount of ₩ 356 million (\$ 276 thousand) is transferred from property, plant and equipment to investment property, the book amount of ₩ 97 million (\$ 75 thousand) is transferred from other assets to investment property, and the book amount of ₩ 11,460 million (\$ 8,888 thousand) is transferred from investment property to property, plant and equipment.

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	2022			
	Land	Buildings	Structures	Total
Acquisition cost:				
Beginning balance	₩ 300,760	₩ 61,581	₩ 15,304	₩ 377,645
Acquisition	-	245	-	245
Transfer ¹	78,325	14,078	-	92,403
Exchange differences	-	934	-	934
Ending balance	<u>379,086</u>	<u>76,838</u>	<u>15,304</u>	<u>471,228</u>
Accumulated depreciation:				
Beginning balance	-	(9,686)	(3,507)	(13,193)
Depreciation	-	(1,813)	(765)	(2,578)
Transfer ¹	-	(247)	-	(247)
Exchange differences	-	(184)	-	(184)
Ending balance	<u>-</u>	<u>(11,930)</u>	<u>(4,272)</u>	<u>(16,202)</u>
Accumulated impairment loss:				
Beginning balance	(9,703)	-	-	(9,703)
Impairment ¹	(840)	-	-	(840)
Ending balance	<u>(10,543)</u>	<u>-</u>	<u>-</u>	<u>(10,543)</u>
Book amount:				
Beginning balance	₩ 291,057	₩ 51,895	₩ 11,797	₩ 354,749
Ending balance	<u>₩ 368,543</u>	<u>₩ 64,908</u>	<u>₩ 11,032</u>	<u>₩ 444,483</u>

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(in thousands of USD (Note 2))

	2022			
	Land	Buildings	Structures	Total
Acquisition cost:				
Beginning balance	\$ 233,256	\$ 47,759	\$ 11,869	\$ 292,884
Acquisition	-	190	-	190
Transfer ¹	60,746	10,918	-	71,664
Exchange differences	-	724	-	724
Ending balance	<u>294,002</u>	<u>59,592</u>	<u>11,869</u>	<u>365,463</u>
Accumulated depreciation:				
Beginning balance	-	(7,512)	(2,720)	(10,232)
Depreciation	-	(1,406)	(593)	(1,999)
Transfer ¹	-	(192)	-	(192)
Exchange differences	-	(143)	-	(143)
Ending balance	<u>-</u>	<u>(9,253)</u>	<u>(3,313)</u>	<u>(12,566)</u>
Accumulated impairment loss:				
Beginning balance	(7,525)	-	-	(7,525)
Impairment	(651)	-	-	(651)
Ending balance	<u>(8,177)</u>	<u>-</u>	<u>-</u>	<u>(8,177)</u>
Book amount:				
Beginning balance	<u>\$ 225,731</u>	<u>\$ 40,247</u>	<u>\$ 9,149</u>	<u>\$ 275,127</u>
Ending balance	<u>\$ 285,825</u>	<u>\$ 50,340</u>	<u>\$ 8,555</u>	<u>\$ 344,720</u>

¹ The book amount of ₩ 79,626 million (\$ 61,754 thousand) is transferred from property, plant and equipment to investment property, and the book amount of ₩ 12,254 million (\$ 9,504 thousand) is transferred from other assets to investment property.

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Recognized profit or loss on investment property for the years ended December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	<u>2023</u>		<u>2022</u>	
Rental income	₩	20,697	₩	18,045
Direct operating expenses arising from investment property of which rental income accrued		17,330		17,037
<i>(in thousands of USD (Note 2))</i>	<u>2023</u>		<u>2022</u>	
Rental income	\$	16,052	\$	13,995
Direct operating expenses arising from investment property of which rental income accrued		13,440		13,213

The book amount and fair value of investment property as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<u>2023</u>				<u>2022</u>			
	<u>Book amount</u>		<u>Fair value¹</u>		<u>Book amount</u>		<u>Fair value¹</u>	
Land	₩	380,314	₩	444,108	₩	368,543	₩	395,190
Buildings		55,786		71,248		64,908		66,560
Structures		10,267		10,267		11,032		11,032
	₩	<u>446,367</u>	₩	<u>525,623</u>	₩	<u>444,483</u>	₩	<u>472,782</u>
<i>(in thousands of USD (Note2))</i>	<u>2023</u>				<u>2022</u>			
	<u>Book amount</u>		<u>Fair value¹</u>		<u>Book amount</u>		<u>Fair value¹</u>	
Land	\$	294,954	\$	344,430	\$	285,825	\$	306,491
Buildings		43,265		55,257		50,340		51,621
Structures		7,963		7,963		8,556		8,556
	\$	<u>346,182</u>	\$	<u>407,650</u>	\$	<u>344,721</u>	\$	<u>366,668</u>

¹ The fair value of investment property is classified as Level 3 (unobservable inputs for the asset or liability) based on inputs that were used in valuation technique.

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12. Property, Plant and Equipment

Changes in property, plant and equipment for the years ended December 31, 2023 and 2022, are as follows:

(in millions of
Korean won)

	2023									
	Land	Buildings	Structures	Machinery and equipment	Vehicles	Tools, furniture and fixtures	Ships	Others	Construction in progress	Total
Acquisition cost:										
Beginning balance	₩ 363,000	₩ 207,433	₩ 60,298	₩ 608,742	₩ 47,072	₩ 198,794	₩ 92,205	₩ 48,371	₩ 178,218	₩ 1,804,133
Acquisition	10	3,088	3,109	75,144	9,397	24,007	-	1,823	132,869	249,447
Disposal	(648)	(3,015)	(269)	(79,829)	(6,716)	(12,064)	(2,799)	(2,419)	(1,599)	(109,358)
Transfer ¹	593	15,278	7,679	8,097	1	792	56,811	85	(116,441)	(27,105)
Exchange differences	90	(491)	2,508	2,522	1,456	15,690	164	167	157	22,263
Ending balance	363,045	222,293	73,325	614,676	51,210	227,219	146,381	48,027	193,204	1,939,380
Accumulated depreciation:										
Beginning balance	-	(69,747)	(16,846)	(382,326)	(28,089)	(147,301)	(72,271)	(28,413)	-	(744,993)
Depreciation	-	(4,784)	(3,020)	(43,027)	(6,874)	(20,463)	(5,965)	(2,795)	-	(86,928)
Disposal	-	1,029	163	55,824	5,486	11,368	2,799	2,096	-	78,765
Transfer ¹	-	(3,957)	-	14,642	5	5	20,665	1,090	-	32,450
Exchange differences	-	147	(188)	(1,649)	(831)	(1,680)	(46)	(208)	-	(4,455)
Ending balance	-	(77,312)	(19,891)	(356,536)	(30,303)	(158,071)	(54,818)	(28,230)	-	(725,161)
Accumulated impairment loss:										
Beginning balance	-	(4,656)	(5,674)	-	-	-	-	-	-	(10,330)
Disposal	-	631	-	-	-	-	-	-	-	631
Ending balance	-	(4,025)	(5,674)	-	-	-	-	-	-	(9,699)
Book amount:										
Beginning balance	₩ 363,000	₩ 133,030	₩ 37,778	₩ 226,416	₩ 18,983	₩ 51,493	₩ 19,934	₩ 19,958	₩ 178,218	₩ 1,048,810
Ending balance	₩ 363,045	₩ 140,956	₩ 47,760	₩ 258,140	₩ 20,907	₩ 69,148	₩ 91,563	₩ 19,797	₩ 193,204	₩ 1,204,520

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(in thousands of
USD (Note 2))

	2023									
	Land	Buildings	Structures	Machinery and equipment	Vehicles	Tools, furniture and fixtures	Ships	Others	Construction in progress	Total
Acquisition cost:										
Beginning balance	\$ 281,526	\$ 160,876	\$ 46,764	\$ 472,113	\$ 36,507	\$ 154,176	\$ 71,510	\$ 37,514	\$ 138,218	\$ 1,399,204
Acquisition	8	2,395	2,411	58,278	7,288	18,619	-	1,414	103,047	193,460
Disposal	(503)	(2,338)	(209)	(61,912)	(5,209)	(9,356)	(2,171)	(1,876)	(1,240)	(84,813)
Transfer ¹	460	11,849	5,955	6,280	1	614	44,060	66	(90,306)	(21,021)
Exchange differences	70	(381)	1,945	1,956	1,129	12,168	127	130	122	17,266
Ending balance	<u>281,561</u>	<u>172,400</u>	<u>56,868</u>	<u>476,715</u>	<u>39,716</u>	<u>176,221</u>	<u>113,526</u>	<u>37,248</u>	<u>149,840</u>	<u>1,504,095</u>
Accumulated depreciation:										
Beginning balance	-	(54,093)	(13,065)	(296,515)	(21,785)	(114,240)	(56,050)	(22,036)	-	(577,783)
Depreciation	-	(3,710)	(2,342)	(33,370)	(5,331)	(15,870)	(4,626)	(2,168)	-	(67,417)
Disposal	-	798	126	43,295	4,255	8,817	2,171	1,626	-	61,087
Transfer ¹	-	(3,069)	-	11,356	4	4	16,027	845	-	25,167
Exchange differences	-	114	(146)	(1,279)	(644)	(1,303)	(36)	(161)	-	(3,455)
Ending balance	<u>-</u>	<u>(59,960)</u>	<u>(15,427)</u>	<u>(276,513)</u>	<u>(23,502)</u>	<u>(122,593)</u>	<u>(42,514)</u>	<u>(21,894)</u>	<u>-</u>	<u>(562,402)</u>
Accumulated impairment loss:										
Beginning balance	-	(3,611)	(4,400)	-	-	-	-	-	-	(8,011)
Disposal	-	489	-	-	-	-	-	-	-	489
Ending balance	<u>-</u>	<u>(3,122)</u>	<u>(4,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,522)</u>
Book amount:										
Beginning balance	\$ 281,526	\$ 103,172	\$ 29,299	\$ 175,598	\$ 14,722	\$ 39,936	\$ 15,460	\$ 15,479	\$ 138,218	\$ 813,409
Ending balance	<u>\$ 281,561</u>	<u>\$ 109,319</u>	<u>\$ 37,040</u>	<u>\$ 200,202</u>	<u>\$ 16,215</u>	<u>\$ 53,628</u>	<u>\$ 71,012</u>	<u>\$ 15,354</u>	<u>\$ 149,840</u>	<u>\$ 934,171</u>

¹ The book amount of ₩ 356 million (\$ 276 thousand) is transferred from property, plant and equipment to investment property, ₩ 5,338 million (\$ 4,140 thousand) is transferred from property, plant and equipment to inventories, ₩ 1,577 million (\$ 1,223 thousand) is transferred from property, plant and equipment to intangible assets and ₩ 1,092 million (\$ 847 thousand) is transferred from property, plant and equipment to other assets. And the book amount of ₩ 11,460 million (\$ 8,888 thousand) is transferred from investment property to property, plant and equipment, ₩ 2,245 million (\$ 1,741 thousand) is transferred from inventories to property, plant and equipment, and ₩ 3 million (\$ 2 thousand) is transferred from intangible assets to property, plant and equipment.

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	2022									
	Land	Buildings	Structures	Machinery and equipment	Vehicles	Tools, furniture and fixtures	Ships	Others	Construction in progress	Total
Acquisition cost:										
Beginning balance	₩ 397,099	₩ 224,634	₩ 58,633	₩ 601,690	₩ 44,421	₩ 187,557	₩ 109,138	₩ 45,400	₩ 92,182	₩ 1,760,754
Acquisition	28,027	2,702	1,141	11,903	11,341	23,050	540	9,269	106,179	194,152
Disposal	(929)	(4,063)	(804)	(12,398)	(10,554)	(12,673)	(5,420)	(7,931)	-	(54,772)
Transfer ¹	(63,467)	(16,391)	-	335	(1)	17	(12,374)	813	(19,681)	(110,749)
Changes in scope of consolidation	-	-	-	-	-	(2,402)	-	-	-	(2,402)
Exchange differences	2,270	551	1,328	7,212	1,865	3,245	321	820	(462)	17,150
Ending balance	363,000	207,433	60,298	608,742	47,072	198,794	92,205	48,371	178,218	1,804,133
Accumulated depreciation:										
Beginning balance	-	(65,643)	(14,844)	(376,769)	(29,642)	(140,363)	(83,350)	(27,684)	-	(738,295)
Depreciation	-	(4,553)	(1,992)	(32,359)	(5,718)	(18,535)	(5,960)	(2,385)	-	(71,502)
Disposal	-	303	68	10,780	8,417	10,910	5,420	1,580	-	37,478
Transfer ¹	-	277	-	19,513	-	-	11,915	505	-	32,210
Changes in scope of consolidation	-	-	-	-	-	1,970	-	-	-	1,970
Exchange differences	-	(131)	(78)	(3,491)	(1,146)	(1,283)	(296)	(429)	-	(6,854)
Ending balance	-	(69,747)	(16,846)	(382,326)	(28,089)	(147,301)	(72,271)	(28,413)	-	(744,993)
Accumulated impairment loss:										
Beginning balance	-	(4,656)	(5,674)	-	-	-	-	-	-	(10,330)
Ending balance	-	(4,656)	(5,674)	-	-	-	-	-	-	(10,330)
Book amount:										
Beginning balance	₩ 397,099	₩ 154,335	₩ 38,115	₩ 224,921	₩ 14,779	₩ 47,194	₩ 25,788	₩ 17,716	₩ 92,182	₩ 1,012,129
Ending balance	₩ 363,000	₩ 133,030	₩ 37,778	₩ 226,416	₩ 18,983	₩ 51,493	₩ 19,934	₩ 19,958	₩ 178,218	₩ 1,048,810

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	2022									
	Land	Buildings	Structures	Machinery and equipment	Vehicles	Tools, furniture and fixtures	Ships	Others	Construction in progress	Total
Acquisition cost:										
Beginning balance	\$ 307,972	\$ 174,216	\$ 45,473	\$ 466,643	\$ 34,451	\$ 145,461	\$ 84,642	\$ 35,210	\$ 71,492	\$ 1,365,561
Acquisition	21,736	2,096	885	9,231	8,796	17,877	419	7,189	82,348	150,575
Disposal	(720)	(3,151)	(624)	(9,615)	(8,185)	(9,829)	(4,204)	(6,151)	-	(42,479)
Transfer ¹	(49,222)	(12,712)	-	260	(1)	13	(9,597)	631	(15,264)	(85,892)
Changes in scope of consolidation	-	-	-	-	-	(1,863)	-	-	-	(1,863)
Exchange differences	1,761	427	1,030	5,593	1,446	2,517	249	636	(358)	13,301
Ending balance	281,526	160,876	46,764	472,113	36,507	154,176	71,510	37,514	138,218	1,399,204
Accumulated depreciation:										
Beginning balance	-	(50,910)	(11,512)	(292,205)	(22,989)	(108,859)	(64,642)	(21,470)	-	(572,588)
Depreciation	-	(3,531)	(1,545)	(25,096)	(4,435)	(14,375)	(4,622)	(1,850)	-	(55,454)
Disposal	-	235	53	8,360	6,528	8,461	4,204	1,225	-	29,066
Transfer ¹	-	215	-	15,133	-	-	9,241	392	-	24,981
Changes in scope of consolidation	-	-	-	-	-	1,528	-	-	-	1,528
Exchange differences	-	(102)	(60)	(2,707)	(889)	(995)	(230)	(333)	-	(5,316)
Ending balance	-	(54,093)	(13,065)	(296,515)	(21,785)	(114,240)	(56,050)	(22,036)	-	(577,783)
Accumulated impairment loss:										
Beginning balance	-	(3,611)	(4,400)	-	-	-	-	-	-	(8,011)
Ending balance	-	(3,611)	(4,400)	-	-	-	-	-	-	(8,011)
Book amount:										
Beginning balance	\$ 307,972	\$ 119,695	\$ 29,560	\$ 174,438	\$ 11,462	\$ 36,602	\$ 20,000	\$ 13,740	\$ 71,492	\$ 784,961
Ending balance	\$ 281,526	\$ 103,172	\$ 29,299	\$ 175,598	\$ 14,722	\$ 39,936	\$ 15,460	\$ 15,479	\$ 138,218	\$ 813,409

¹ The book amount of ₩ 79,626 million (\$ 61,754 thousand) is transferred from property, plant and equipment to investment property, ₩ 592 million (\$ 459 thousand) is transferred from property, plant and equipment to intangible assets and ₩ 7,922 million (\$ 6,144 thousand) is transferred from property, plant and equipment to inventories. And the book amount of ₩ 9,600 million (\$ 7,445 thousand) is transferred from other assets to property, plant and equipment.

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Allocation of depreciation on property, plant and equipment for the years ended December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	<u>2023</u>	<u>2022</u>
Cost of sales ¹	₩ 67,874	₩ 57,130
Selling and administrative expenses	11,274	9,641
Other expenses	7,780	4,731
	<u>₩ 86,928</u>	<u>₩ 71,502</u>

<i>(in thousands of USD (Note 2))</i>	<u>2023</u>	<u>2022</u>
Cost of sales ¹	\$ 52,640	\$ 44,307
Selling and administrative expenses	8,744	7,477
Other expenses	6,034	3,669
	<u>\$ 67,417</u>	<u>\$ 55,454</u>

¹ The depreciation effect from joint operations, and others were excluded.

13. Borrowing Costs

Capitalization of borrowing costs for the years ended December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	<u>2023</u>	<u>2022</u>
Qualifying assets	<u>Inventories and others</u>	<u>Inventories and others</u>
Capitalized interest expenses	₩ 3,918	₩ 911
Capitalization rate	4.71% ~ 6.73%	2.21%

<i>(in thousands of USD (Note 2))</i>	<u>2023</u>	<u>2022</u>
Qualifying assets	<u>Inventories and others</u>	<u>Inventories and others</u>
Capitalized interest expenses	\$ 3,039	\$ 707
Capitalization rate	4.71% ~ 6.73%	2.21%

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14. Intangible Assets

Changes in intangible assets for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023				
	Goodwill	Membership	Backlog of orders	Other intangible assets	Total
Acquisition cost:					
Beginning balance	₩ 627,697	₩ 70,845	₩ 213,330	₩ 158,783	₩ 1,070,655
Acquisition	-	2,688	-	12,499	15,187
Disposal	-	(2,047)	-	(266)	(2,313)
Transfer ¹	-	-	-	1,574	1,574
Exchange differences	-	-	-	117	117
Ending balance	<u>627,697</u>	<u>71,486</u>	<u>213,330</u>	<u>172,707</u>	<u>1,085,220</u>
Accumulated amortization:					
Beginning balance	-	-	(213,330)	(125,682)	(339,012)
Amortization	-	-	-	(9,512)	(9,512)
Disposal	-	-	-	29	29
Exchange differences	-	-	-	(1,400)	(1,400)
Ending balance	<u>-</u>	<u>-</u>	<u>(213,330)</u>	<u>(136,565)</u>	<u>(349,895)</u>
Accumulated impairment loss:					
Beginning balance	(10,013)	(849)	-	(155)	(11,017)
Impairment loss	-	-	-	(3)	(3)
Reversal of Impairment loss	-	-	-	39	39
Disposal	-	-	-	83	83
Ending balance	<u>(10,013)</u>	<u>(849)</u>	<u>-</u>	<u>(36)</u>	<u>(10,898)</u>
Book amount:					
Beginning balance	₩ 617,684	₩ 69,996	₩ -	₩ 32,946	₩ 720,626
Ending balance	<u>₩ 617,684</u>	<u>₩ 70,637</u>	<u>₩ -</u>	<u>₩ 36,106</u>	<u>₩ 724,427</u>

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(in thousands of USD
(Note 2))

	2023				
	Goodwill	Membership	Backlog of orders	Other intangible assets	Total
Acquisition cost:					
Beginning balance	\$ 486,813	\$ 54,944	\$ 165,449	\$ 123,145	\$ 830,351
Acquisition	-	2,085	-	9,694	11,778
Disposal	-	(1,588)	-	(206)	(1,794)
Transfer ¹	-	-	-	1,221	1,221
Exchange differences	-	-	-	91	91
Ending balance	<u>486,813</u>	<u>55,441</u>	<u>165,449</u>	<u>133,944</u>	<u>841,647</u>
Accumulated amortization:					
Beginning balance	-	-	(165,449)	(97,473)	(262,922)
Amortization	-	-	-	(7,377)	(7,377)
Disposal	-	-	-	22	22
Exchange differences	-	-	-	(1,086)	(1,086)
Ending balance	<u>-</u>	<u>-</u>	<u>(165,449)</u>	<u>(105,914)</u>	<u>(271,363)</u>
Accumulated impairment loss:					
Beginning balance	(7,766)	(658)	-	(120)	(8,544)
Impairment loss	-	-	-	(2)	(2)
Reversal of Impairment loss	-	-	-	30	30
Disposal	-	-	-	64	64
Ending balance	<u>(7,766)</u>	<u>(658)</u>	<u>-</u>	<u>(28)</u>	<u>(8,452)</u>
Book amount:					
Beginning balance	\$ 479,048	\$ 54,286	\$ -	\$ 25,551	\$ 558,885
Ending balance	<u>\$ 479,048</u>	<u>\$ 54,783</u>	<u>\$ -</u>	<u>\$ 28,002</u>	<u>\$ 561,833</u>

¹ The book amount of ₩ 1,577 million (\$ 1,223 thousand) is transferred from property, plant and equipment to intangible assets, and ₩ 3 million (\$ 2 thousand) is transferred from intangible assets to other assets.

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	2022				
	Goodwill	Membership	Backlog of orders	Other intangible assets	Total
Acquisition cost:					
Beginning balance	₩ 627,697	₩ 67,550	₩ 213,330	₩ 154,946	₩ 1,063,523
Acquisition	-	8,176	-	10,216	18,392
Disposal	-	(3,468)	-	(4)	(3,472)
Transfer ¹	-	-	-	592	592
Change in scope of consolidation	-	(1,413)	-	(6,501)	(7,914)
Exchange differences	-	-	-	(466)	(466)
Ending balance	<u>627,697</u>	<u>70,845</u>	<u>213,330</u>	<u>158,783</u>	<u>1,070,655</u>
Accumulated amortization:					
Beginning balance	-	-	(213,330)	(120,966)	(334,296)
Amortization	-	-	-	(9,434)	(9,434)
Disposal	-	-	-	4	4
Change in scope of consolidation	-	-	-	5,261	5,261
Exchange differences	-	-	-	(547)	(547)
Ending balance	<u>-</u>	<u>-</u>	<u>(213,330)</u>	<u>(125,682)</u>	<u>(339,012)</u>
Accumulated impairment loss:					
Beginning balance	(10,013)	(935)	-	-	(10,948)
Impairment loss	-	-	-	(155)	(155)
Change in scope of consolidation	-	86	-	-	86
Ending balance	<u>(10,013)</u>	<u>(849)</u>	<u>-</u>	<u>(155)</u>	<u>(11,017)</u>
Book amount:					
Beginning balance	<u>₩ 617,684</u>	<u>₩ 66,615</u>	<u>₩ -</u>	<u>₩ 33,980</u>	<u>₩ 718,279</u>
Ending balance	<u>₩ 617,684</u>	<u>₩ 69,996</u>	<u>₩ -</u>	<u>₩ 32,946</u>	<u>₩ 720,626</u>

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	2022				
	Goodwill	Membership	Backlog of orders	Other intangible assets	Total
Acquisition cost:					
Beginning balance	\$ 486,813	\$ 52,389	\$ 165,449	\$ 120,169	\$ 824,820
Acquisition	-	6,341	-	7,923	14,264
Disposal	-	(2,690)	-	(3)	(2,693)
Transfer ¹	-	-	-	459	459
Change in scope of consolidation	-	(1,096)	-	(5,042)	(6,138)
Exchange differences	-	-	-	(361)	(361)
Ending balance	<u>486,813</u>	<u>54,944</u>	<u>165,449</u>	<u>123,145</u>	<u>830,351</u>
Accumulated amortization:					
Beginning balance	-	-	(165,449)	(93,816)	(259,265)
Amortization	-	-	-	(7,317)	(7,317)
Disposal	-	-	-	3	3
Change in scope of consolidation	-	-	-	4,080	4,080
Exchange differences	-	-	-	(424)	(424)
Ending balance	<u>-</u>	<u>-</u>	<u>(165,449)</u>	<u>(97,473)</u>	<u>(262,922)</u>
Accumulated impairment loss:					
Beginning balance	(7,766)	(725)	-	-	(8,491)
Impairment loss	-	-	-	(120)	(120)
Change in scope of consolidation	-	67	-	-	67
Ending balance	<u>(7,766)</u>	<u>(658)</u>	<u>-</u>	<u>(120)</u>	<u>(8,544)</u>
Book amount:					
Beginning balance	\$ 479,048	\$ 51,664	\$ -	\$ 26,353	\$ 557,065
Ending balance	<u>\$ 479,048</u>	<u>\$ 54,286</u>	<u>\$ -</u>	<u>\$ 25,551</u>	<u>\$ 558,885</u>

¹ The book amount of ₩ 592 million (\$ 459 thousand) is transferred from other assets to intangible assets.

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Allocation of amortization of intangible assets for the years ended December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	<u>2023</u>	<u>2022</u>
Cost of sales	₩ 4,500	₩ 5,627
Selling and administrative expenses	5,012	3,807
	<u>₩ 9,512</u>	<u>₩ 9,434</u>

<i>(in thousands of USD (Note 2))</i>	<u>2023</u>	<u>2022</u>
Cost of sales	\$ 3,490	\$ 4,364
Selling and administrative expenses	3,887	2,953
	<u>\$ 7,377</u>	<u>\$ 7,317</u>

Goodwill is allocated to the Group's cash-generating unit identified at the operating segment level. The recoverable amounts of the Group's cash-generating unit have been determined based on value-in-use which was calculated using cash flow projections based on business plan approved by management covering a five-year period. The cash flow over five years is only estimated in the maximum range of long-term average growth rate in the industry where the cash-generating unit is affiliated. As a result of impairment test for goodwill, there are no impairment losses recognized for the years ended December 31, 2023 and 2022.

The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations. The key assumptions used in the value-in-use calculations were applied with a weighted average cost of capital ranging from 6.36% to 6.65%.

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15. Lease

Details of right-of-use assets as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		
	Acquisition cost	Accumulated depreciation	Book amount
Land	₩ 33,933	₩ (18,318)	₩ 15,615
Buildings	117,509	(80,704)	36,805
Structures	78	(78)	-
Machinery and equipment	78,683	(34,032)	44,651
Vehicles	18,057	(11,167)	6,890
Tools furniture and fixtures	1,394	(958)	436
	₩ 249,654	₩ (145,257)	₩ 104,397

(in thousands of USD (Note 2))

	2023		
	Acquisition cost	Accumulated depreciation	Book amount
Land	\$ 26,317	\$ (14,207)	\$ 12,110
Buildings	91,135	(62,590)	28,544
Structures	60	(60)	-
Machinery and equipment	61,023	(26,394)	34,629
Vehicles	14,004	(8,661)	5,344
Tools furniture and fixtures	1,081	(743)	338
	\$ 193,620	\$ (112,655)	\$ 80,966

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(in millions of Korean won)

	2022					
	Acquisition cost		Accumulated depreciation		Book amount	
Land	₩	35,374	₩	(15,611)	₩	19,763
Buildings		140,984		(91,958)		49,026
Structures		88		(88)		-
Machinery and equipment		85,903		(53,733)		32,170
Vehicles		21,129		(11,850)		9,279
Tools furniture and fixtures		1,534		(1,058)		476
	₩	285,012	₩	(174,298)	₩	110,714

(in thousands of USD (Note 2))

	2022					
	Acquisition cost		Accumulated depreciation		Book amount	
Land	\$	27,434	\$	(12,107)	\$	15,327
Buildings		109,341		(71,318)		38,022
Structures		68		(68)		-
Machinery and equipment		66,622		(41,673)		24,950
Vehicles		16,387		(9,190)		7,196
Tools furniture and fixtures		1,190		(821)		369
	\$	221,042	\$	(135,178)	\$	85,865

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Changes in right-of-use assets for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<u>2023</u>	<u>2022</u>
Beginning balance	₩ 110,714	₩ 113,921
Increase	97,540	96,922
Depreciation	(104,235)	(102,926)
Exchange differences	378	3,303
Changes in scope of consolidation	-	(506)
Ending balance	<u>₩ 104,397</u>	<u>₩ 110,714</u>

<i>(in thousands of USD (Note 2))</i>	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 85,865	\$ 88,352
Increase	75,648	75,168
Depreciation	(80,840)	(79,825)
Exchange differences	293	2,562
Changes in scope of consolidation	-	(392)
Ending balance	<u>\$ 80,966</u>	<u>\$ 85,865</u>

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Changes in lease liabilities for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Beginning balance	₩ 99,150	₩ 100,694
Increase	98,485	100,066
Payment	(105,409)	(112,201)
Interest expense	3,452	2,583
Exchange difference	427	8,511
Changes in scope of consolidation	-	(503)
Ending balance	<u>₩ 96,105</u>	<u>₩ 99,150</u>

<i>(in thousands of USD (Note 2))</i>	2023	2022
Beginning balance	\$ 76,896	\$ 78,094
Increase	76,380	77,607
Payment	(81,750)	(87,018)
Interest expense	2,677	2,003
Exchange difference	331	6,601
Changes in scope of consolidation	-	(390)
Ending balance	<u>\$ 74,535</u>	<u>\$ 76,896</u>

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The consolidated statements of profit or loss shows the following amounts relating to leases:

<i>(in millions of Korean won)</i>	2023	2022
Depreciation of right-of-use assets		
Properties	₩ 38,910	₩ 48,269
Facilities	57,870	46,383
Vehicles	7,053	7,851
Others	402	423
	<u>₩ 104,235</u>	<u>₩ 102,926</u>
Interest expense relating to lease liabilities	₩ 3,452	₩ 2,583
Expense relating to short-term leases	185,783	161,915
Expense relating to leases of low-value assets that are not short-term leases	4,791	12,625
	<u>₩ 194,026</u>	<u>₩ 177,123</u>

<i>(in thousands of USD (Note 2))</i>	2023	2022
Depreciation of right-of-use assets		
Properties	\$ 30,177	\$ 37,435
Facilities	44,881	35,973
Vehicles	5,470	6,089
Others	312	328
	<u>\$ 80,840</u>	<u>\$ 79,825</u>
Interest expense relating to lease liabilities	\$ 2,677	\$ 2,003
Expense relating to short-term leases	144,085	125,574
Expense relating to leases of low-value assets that are not short-term leases	3,716	9,791
	<u>\$ 150,478</u>	<u>\$ 137,369</u>

The total cash outflows for leases in 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	2023	2022
Expense relating to lease liabilities	₩ 105,409	₩ 112,201
Expense relating to short-term lease	185,783	161,915
Expense relating to lease of low-value assets	4,791	12,625
	<u>₩ 295,983</u>	<u>₩ 286,741</u>

<i>(in thousands of USD (Note 2))</i>	2023	2022
Expense relating to lease liabilities	\$ 81,750	\$ 87,018
Expense relating to short-term lease	144,085	125,574
Expense relating to lease of low-value assets	3,716	9,791
	<u>\$ 229,551</u>	<u>\$ 222,383</u>

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16. Trade, Other and Long-term Other Payables

Details of trade, other and long-term other payables as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<u>2023</u>	<u>2022</u>
Trade payables		
Accounts payable-trade	₩ 3,959,030	₩ 2,598,796
Other payables		
Non-trade payables	₩ 1,241,727	₩ 1,035,283
Accrued expenses	12,837	7,821
Withholdings	460,701	367,563
	<u>₩ 1,715,265</u>	<u>₩ 1,410,667</u>
Long-term other payables		
Long-term non-trade payables	₩ 22,872	₩ 23,402
Deposits received	357,211	264,425
Present value discounts	(20,056)	(10,645)
	<u>₩ 360,027</u>	<u>₩ 277,182</u>
<i>(in thousands of USD (Note 2))</i>	<u>2023</u>	<u>2022</u>
Trade payables		
Accounts payable-trade	\$ 3,070,444	\$ 2,015,508
Other payables		
Non-trade payables	\$ 963,027	\$ 802,918
Accrued expenses	9,956	6,066
Withholdings	357,299	285,065
	<u>\$ 1,330,282</u>	<u>\$ 1,094,049</u>
Long-term other payables		
Long-term non-trade payables	\$ 17,738	\$ 18,150
Deposits received	277,037	205,076
Present value discounts	(15,555)	(8,256)
	<u>\$ 279,221</u>	<u>\$ 214,970</u>

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17. Borrowings

Details of short-term borrowings as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

		Interest rate (%) as at December 31, 2023	2023	2022
Short-term borrowings				
Credit loans	Korea Development Bank	4.46~4.55	₩ 100,000	₩ -
Overdraft	Kookmin Bank	6.01	5,300	-
General loans ¹	Nonghyup Bank and others	5.43~5.66	45,000	45,000
Operating loans	Banco de Chile and others	5.24~10.45	98,444	38,142
			₩ 248,744	₩ 83,142

(in thousands of USD (Note 2))

		Interest rate (%) as at December 31, 2023	2023	2022
Short-term borrowings				
Credit loans	Korea Development Bank	4.46~4.55	\$ 77,555	\$ -
Overdraft	Kookmin Bank	6.01	4,110	-
General loans ¹	Nonghyup Bank and others	5.43~5.66	34,900	34,900
Operating loans	Banco de Chile and others	5.24~10.45	76,349	29,581
			\$ 192,915	\$ 64,481

¹ The Group's assets are provided as collateral related to the above borrowings (Note 36).

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Details of long-term borrowings as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>		Interest rate (%)		
		as at December 31,		
		2023	2023	2022
Long-term borrowings				
Credit loans	Kookmin Bank	4.95	₩ 200,000	₩ -
Credit loans ¹	Construction Guarantee Cooperative	1.10	67,000	67,000
Credit loans	Korea Housing & Urban Guarantee Corporation	-	9,475	9,926
Credit loans	Korea Development Bank and others	2.90	116,053	130,757
Export financing loan ¹	The Export-Import Bank of Korea	4.30	200,000	-
General loans ¹	Kookmin Bank and others	4.95~6.39	35,046	-
	Less: present value discounts		(2,886)	(3,126)
			624,688	204,557
	Less: current portion		(61,079)	(11,026)
			₩ 563,609	₩ 193,531

<i>(in thousands of USD (Note 2))</i>		Interest rate (%)		
		as at December 31,		
		2023	2023	2022
Long-term borrowings				
Credit loans	Kookmin Bank	4.95	\$ 155,111	\$ -
Credit loans ¹	Construction Guarantee Cooperative	1.10	51,962	51,962
Credit loans	Korea Housing & Urban Guarantee Corporation	-	7,348	7,698
Credit loans	Korea Development Bank and others	2.90	90,005	101,409
Export financing loan ¹	The Export-Import Bank of Korea	4.30	155,111	-
General loans ¹	Kookmin Bank and others	4.95~6.39	27,180	-
	Less: present value discounts		(2,238)	(2,424)
			484,480	158,645
	Less: current portion		(47,370)	(8,551)
			\$ 437,110	\$ 150,094

¹ The Group's assets are provided as collateral related to above borrowings (Note 36).

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Details of debentures as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

Description	Issued date	Maturity	Interest rate (%) as at December 31, 2023			
				2023	2022	
Unsecured public offered bonds	2016-11-08	2023-11-08	-	₩	- ₩	50,000
Unsecured public offered bonds	2018-02-08	2023-02-08	-		-	180,000
Unsecured public offered bonds	2019-02-26	2024-02-26	2.36		140,000	140,000
Unsecured public offered bonds	2019-02-26	2026-02-26	2.89		70,000	70,000
Unsecured public offered bonds	2020-02-17	2025-02-17	1.90		250,000	250,000
Unsecured public offered bonds	2020-02-17	2027-02-17	2.14		50,000	50,000
Unsecured public offered bonds	2020-09-02	2023-09-02	-		-	200,000
Unsecured public offered bonds	2020-09-02	2025-09-02	1.82		130,000	130,000
Unsecured public offered bonds	2020-09-02	2030-09-02	2.60		80,000	80,000
Unsecured public offered bonds	2021-06-29	2024-06-29	1.83		80,000	80,000
Unsecured public offered bonds	2021-06-29	2026-06-29	2.27		130,000	130,000
Unsecured public offered bonds	2021-06-29	2028-06-29	2.44		90,000	90,000
Unsecured public offered bonds	2023-02-28	2025-02-28	4.42		80,000	-
Unsecured public offered bonds	2023-02-28	2026-02-27	4.41		90,000	-
Unsecured public offered bonds	2023-09-05	2025-09-05	4.51		120,000	-
Unsecured public offered bonds	2023-09-05	2026-09-04	4.60		120,000	-
					<u>1,430,000</u>	<u>1,450,000</u>
					(2,862)	(2,538)
					<u>(219,918)</u>	<u>(429,768)</u>
				₩	<u>1,207,220</u>	₩ <u>1,017,694</u>

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Description	Issued date	Maturity	Interest rate (%) as at December 31, 2023	2023	2022
Unsecured public offered bonds	2016-11-08	2023-11-08	-	\$ -	\$ 38,778
Unsecured public offered bonds	2018-02-08	2023-02-08	-	-	139,600
Unsecured public offered bonds	2019-02-26	2024-02-26	2.36	108,578	108,578
Unsecured public offered bonds	2019-02-26	2026-02-26	2.89	54,289	54,289
Unsecured public offered bonds	2020-02-17	2025-02-17	1.90	193,889	193,889
Unsecured public offered bonds	2020-02-17	2027-02-17	2.14	38,778	38,778
Unsecured public offered bonds	2020-09-02	2023-09-02	-	-	155,111
Unsecured public offered bonds	2020-09-02	2025-09-02	1.82	100,822	100,822
Unsecured public offered bonds	2020-09-02	2030-09-02	2.60	62,044	62,044
Unsecured public offered bonds	2021-06-29	2024-06-29	1.83	62,044	62,044
Unsecured public offered bonds	2021-06-29	2026-06-29	2.27	100,822	100,822
Unsecured public offered bonds	2021-06-29	2028-06-29	2.44	69,800	69,800
Unsecured public offered bonds	2023-02-28	2025-02-28	4.42	62,044	-
Unsecured public offered bonds	2023-02-28	2026-02-27	4.41	69,800	-
Unsecured public offered bonds	2023-09-05	2025-09-05	4.51	93,067	-
Unsecured public offered bonds	2023-09-05	2026-09-04	4.60	93,067	-
				1,109,043	1,124,554
			Less: discount on bonds	(2,220)	(1,968)
			Less: current portion	(170,558)	(333,309)
				\$ 936,265	\$ 789,277

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18. Provisions

Changes in provisions for the years ended December 31, 2023 and 2022, are as follows:

*(in millions of
Korean won)*

	2023				
	Provision for construction warranties	Provision for litigation	Provision for construction loss	Other provisions	Total
Beginning balance	₩ 490,659	₩ 23,207	₩ 44,623	₩ 102,068	₩ 660,557
Additional provisions	128,835	46,868	22,998	158,726	357,427
Reversal of provisions and utilization	(110,551)	(32,856)	(28,010)	(30,711)	(202,128)
Exchange differences	5,081	267	76	-	5,424
Ending balance	<u>₩ 514,024</u>	<u>₩ 37,486</u>	<u>₩ 39,687</u>	<u>₩ 230,083</u>	<u>₩ 821,280</u>
Current	₩ 136,526	₩ -	₩ 39,687	₩ 129,976	₩ 306,189
Non-current	377,498	37,486	-	100,107	515,091

*(in thousands of
USD (Note 2))*

	2023				
	Provision for construction warranties	Provision for litigation	Provision for construction loss	Other provisions	Total
Beginning balance	\$ 380,533	\$ 17,998	\$ 34,608	\$ 79,159	\$ 512,298
Additional provisions	99,919	36,349	17,836	123,101	277,204
Reversal of provisions and utilization	(85,738)	(25,482)	(21,723)	(23,818)	(156,761)
Exchange differences	3,941	207	59	-	4,207
Ending balance	<u>\$ 398,654</u>	<u>\$ 29,072</u>	<u>\$ 30,779</u>	<u>\$ 178,442</u>	<u>\$ 636,947</u>
Current	\$ 105,883	\$ -	\$ 30,779	\$ 100,803	\$ 237,466
Non-current	292,770	29,072	-	77,638	399,481

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<i>(in millions of Korean won)</i>	2022				
	Provision for construction warranties	Provision for litigation	Provision for construction loss	Other provisions	Total
Beginning balance	₩ 461,720	₩ 67,917	₩ 50,043	₩ 40,583	₩ 620,263
Additional provisions	108,180	75,475	19,081	63,657	266,393
Reversal of provisions and utilization	(86,940)	(120,190)	(24,526)	(2,172)	(233,828)
Changes in scope of consolidation	-	-	(100)	-	(100)
Exchange differences	7,699	5	125	-	7,829
Ending balance	₩ 490,659	₩ 23,207	₩ 44,623	₩ 102,068	₩ 660,557
Current	₩ 115,137	₩ -	₩ 44,623	₩ -	₩ 159,760
Non-current	375,522	23,207	-	102,068	500,797

<i>(in thousands of USD (Note 2))</i>	2022				
	Provision for construction warranties	Provision for litigation	Provision for construction loss	Other provisions	Total
Beginning balance	\$ 358,089	\$ 52,673	\$ 38,811	\$ 31,474	\$ 481,048
Additional provisions	83,899	58,535	14,798	49,369	206,602
Reversal of provisions and utilization	(67,427)	(93,214)	(19,021)	(1,685)	(181,346)
Changes in scope of consolidation	-	-	(78)	-	(78)
Exchange differences	5,971	4	97	-	6,072
Ending balance	\$ 380,533	\$ 17,998	\$ 34,608	\$ 79,159	\$ 512,298
Current	\$ 89,295	\$ -	\$ 34,608	\$ -	\$ 123,903
Non-current	291,238	17,998	-	79,159	388,395

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19. Other Financial Liabilities

Other financial liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>		<u>2023</u>	<u>2022</u>
Other current financial liabilities	Financial guarantee liabilities	₩ 40,829	₩ 41,815
Other non-current financial liabilities	Financial guarantee liabilities	105,426	110,145
		<u>₩ 146,255</u>	<u>₩ 151,960</u>

<i>(in thousands of USD (Note 2))</i>		<u>2023</u>	<u>2022</u>
Other current financial liabilities	Financial guarantee liabilities	\$ 31,665	\$ 32,430
Other non-current financial liabilities	Financial guarantee liabilities	81,764	85,423
		<u>\$ 113,429</u>	<u>\$ 117,853</u>

20. Other Liabilities

Other liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>		<u>2023</u>	<u>2022</u>
Other current liabilities	Value-added tax withheld	₩ 84,991	₩ 32,570
	Other advance receipts	83,661	75,738
	Unearned income	7,321	6,654
	Others	23	42
		<u>₩ 175,996</u>	<u>₩ 115,004</u>
Other non-current liabilities	Long-term unearned income	₩ 56,991	₩ 49,682
	Others	592	-
		<u>₩ 57,583</u>	<u>₩ 49,682</u>

<i>(in thousands of USD (Note 2))</i>		<u>2023</u>	<u>2022</u>
Other current liabilities	Value-added tax withheld	\$ 65,915	\$ 25,260
	Other advance receipts	64,884	58,739
	Unearned income	5,678	5,161
	Others	18	33
		<u>\$ 136,494</u>	<u>\$ 89,192</u>
Other non-current liabilities	Long-term unearned income	\$ 44,200	\$ 38,531
	Others	459	-
		<u>\$ 44,659</u>	<u>\$ 38,531</u>

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21. Post-employment Benefits

21.1 Defined Benefit Plan

The Group maintains defined benefit plan for its employees, and according to the plan, the employees will be paid their average salary amount of the final three months multiplied by the number of years of service, adjusted for payment rate and other. The actuarial valuation of plan assets and defined benefit obligations is performed by an independent qualified actuary using the pension actuarial method.

Details of post-employment benefit obligation recognized in the consolidated statements of financial position as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Present value of defined benefit obligations	₩ 787,206	₩ 665,125
Fair value of plan assets ¹	<u>(915,701)</u>	<u>(865,946)</u>
Post-employment benefit obligation ²	<u>₩ (128,495)</u>	<u>₩ (200,821)</u>
<i>(in thousands of USD (Note 2))</i>	2023	2022
Present value of defined benefit obligations	\$ 610,521	\$ 515,841
Fair value of plan assets ¹	<u>(710,176)</u>	<u>(671,588)</u>
Post-employment benefit obligation ²	<u>\$ (99,655)</u>	<u>\$ (155,748)</u>

¹ The contributions to the National Pension Fund of ₩ 1,013 million (\$ 786 thousand) are included in the fair value of plan assets as at December 31, 2023 (2022: ₩ 1,123 million (\$ 871 thousand)).

² Plan assets that exceed the defined benefit obligation amounting to ₩ 128,602 million (\$ 99,738 thousand) are included in long-term financial instruments (2022: ₩ 200,947 million (\$ 155,845 thousand)) (Note 22).

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Changes in present value of defined benefit obligation for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Beginning balance	₩	665,125	₩	726,339
Current service cost		78,334		75,563
Interest cost		37,838		24,848
Past service cost		-		4,829
Remeasurements:				
Changes in demographic assumptions		(4,077)		131
Changes in financial assumptions		59,646		(110,221)
Experience adjustments		29,896		48,587
Transfer in affiliates		-		655
Benefits paid		(79,756)		(95,394)
Change in scope of consolidation		-		(10,352)
Others		183		31
Exchange differences		17		109
Ending balance	₩	<u>787,206</u>	₩	<u>665,125</u>

<i>(in thousands of USD (Note 2))</i>	2023		2022	
Beginning balance	\$	515,841	\$	563,315
Current service cost		60,752		58,603
Interest cost		29,345		19,271
Past service cost		-		3,745
Remeasurements:				
Changes in demographic assumptions		(3,162)		102
Changes in financial assumptions		46,259		(85,482)
Experience adjustments		23,186		37,682
Transfer in affiliates		-		508
Benefits paid		(61,855)		(73,983)
Change in scope of consolidation		-		(8,029)
Others		142		24
Exchange differences		13		85
Ending balance	\$	<u>610,521</u>	\$	<u>515,841</u>

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Changes in fair value of plan assets for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<u>2023</u>	<u>2022</u>
Beginning balance	₩ 865,946	₩ 831,901
Contributions	71,520	113,813
Interest income	50,547	28,879
Remeasurements:		
Return on plan assets	(5,181)	(15,485)
Transfer in affiliates	-	655
Benefits paid	(67,110)	(83,739)
Change in scope of consolidation	-	(10,078)
Replacement	(21)	-
Ending balance	<u>₩ 915,701</u>	<u>₩ 865,946</u>
 <i>(in thousands of USD (Note 2))</i>	 <u>2023</u>	 <u>2022</u>
Beginning balance	\$ 671,588	\$ 645,185
Contributions	55,468	88,268
Interest income	39,202	22,397
Remeasurements:		
Return on plan assets	(4,018)	(12,009)
Transfer in affiliates	-	508
Benefits paid	(52,047)	(64,944)
Change in scope of consolidation	-	(7,816)
Replacement	(16)	-
Ending balance	<u>\$ 710,176</u>	<u>\$ 671,588</u>

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Profit or loss recognized for defined benefit plan for the years ended December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	2023	2022
Cost of sales ¹	₩ 37,752	₩ 45,229
Selling and administrative expenses	27,873	31,132
	<u>₩ 65,625</u>	<u>₩ 76,361</u>

<i>(in thousands of USD (Note 2))</i>	2023	2022
Cost of sales ¹	\$ 29,279	\$ 35,078
Selling and administrative expenses	21,617	24,145
	<u>\$ 50,896</u>	<u>\$ 59,222</u>

¹ Including prepaid construction cost.

Fair value of plan assets as at December 31, 2023 and 2022, consists of

<i>(in millions of Korean won)</i>	2023	2022
Cash and cash equivalents	₩ 326,517	₩ 311,413
Financial instruments	262,100	211,543
Insurance contracts	323,772	339,997
Others	3,313	2,993
	<u>₩ 915,701</u>	<u>₩ 865,946</u>

<i>(in thousands of USD (Note 2))</i>	2023	2022
Cash and cash equivalents	\$ 253,232	\$ 241,518
Financial instruments	203,273	164,063
Insurance contracts	251,103	263,686
Others	2,569	2,321
	<u>\$ 710,176</u>	<u>\$ 671,588</u>

Investment strategies and policies for plan assets seek a balanced approach of minimizing risks and return of the highest profit. Moreover, actual profit from plan assets for the years ended December 31, 2023 and 2022, is ₩ 45,366 million (\$ 35,184 thousand) and ₩ 13,394 million (\$ 10,388 thousand), respectively.

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Actuarial assumptions used as at December 31, 2023 and 2022, are as follows:

	<u>2023</u>	<u>2022</u>
Discount rate	4.58% ~ 6.05%	5.35% ~ 6.15%
Future salary growth rate	2.46% ~ 5.93%	2.10% ~ 5.64%

The sensitivity analysis below has been determined based on reasonably possible changes in actuarial assumptions while holding all other assumptions constant as at December 31, 2023 and 2022.

<i>(in millions of Korean won)</i>	<u>2023</u>		<u>2022</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
1% change of discount rate	₩ (54,910)	₩ 63,988	₩ (37,958)	₩ 42,614
1% change in future salary growth rate	65,786	(57,173)	44,418	(40,111)

<i>(in thousands of USD (Note 2))</i>	<u>2023</u>		<u>2022</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
1% change of discount rate	\$ (42,586)	\$ 49,626	\$ (29,438)	\$ 33,049
1% change in future salary growth rate	51,021	(44,341)	34,449	(31,108)

The above sensitivity analysis does not demonstrate actual fluctuations in defined benefit obligation since the actuarial assumptions are correlated and adjustment to a single set of assumption would not occur independently of others. Moreover, the present value of defined benefit obligation in the above sensitivity analysis was calculated using the projected unit credit method that was used to calculate post-employment benefit obligation in the consolidated statement of financial position.

The Group reviews the funding level on an annual basis and has a policy of eliminating deficit from the fund.

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Expected contributions to post-employment benefit plans for the year ending December 31, 2023, are ₩ 43,206 million (\$ 33,509 thousand), and the expected maturity analysis of undiscounted pension benefits as at December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	Less than 1 year		Between 1-2 years		Between 2-5 years		Over 5 years		Total	
Pension benefits										
December 31, 2023	₩	71,025	₩	95,489	₩	242,674	₩	578,040	₩	987,228
December 31, 2022		70,129		93,325		227,255		655,432		1,046,141

<i>(in thousands of USD (Note 2))</i>	Less than 1 year		Between 1-2 years		Between 2-5 years		Over 5 years		Total	
Pension benefits										
December 31, 2023	\$	55,084	\$	74,057	\$	188,207	\$	448,302	\$	765,649
December 31, 2022		54,389		72,379		176,249		508,323		811,339

The weighted average duration of the defined benefit obligation is 5.4 ~ 10.17 years.

21.2 Defined Contribution Plan

The expense recognized in the current period in relation to defined contribution plan was ₩ 6,986 million (\$ 5,418 thousand) (2022: ₩ 1,103 million (\$ 855 thousand)).

21.3 Other Long-term and Short-term Employee Benefits

The short-term employee benefits are paid absences recognized in respect of service rendered by employees in the current period and other long-term employee benefits are the amount related to employee benefits paid for service over a certain number of years.

<i>(in millions of Korean won)</i>	2023		2022	
Short-term employee benefits	₩	49,534	₩	45,954
Other long-term employee benefits		50,484		43,921
	₩	<u>100,018</u>	₩	<u>89,875</u>

<i>(in thousands of USD (Note 2))</i>	2023		2022	
Short-term employee benefits	\$	38,416	\$	35,640
Other long-term employee benefits		39,153		34,063
	\$	<u>77,569</u>	\$	<u>69,703</u>

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22. Fair Value of Financial Assets and Liabilities

Carrying amount and fair value of financial assets by category as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	
	Carrying amount	Fair value
Financial assets at amortized cost:		
Cash and cash equivalents	₩ 4,205,665	₩ 4,205,665
Short-term financial instruments	315,802	315,802
Trade receivables	3,378,696	3,378,696
Other receivables	2,539,151	2,539,151
Long-term financial instruments ¹	150	150
Long-term accounts receivable	421,304	421,304
Long-term other receivables	1,088,354	1,088,354
Financial assets at amortized cost (current)	1,774	1,774
Financial assets at amortized cost (non-current)	35,359	35,359
Financial assets at fair value through other comprehensive income:		
Financial assets at fair value through other comprehensive income	74,579	74,579
Financial assets at fair value through profit or loss:		
Financial assets at fair value through profit or loss ²	385,188	385,188
Short-term financial instruments	60,000	60,000
Derivative assets	55,435	55,435
	<u>₩ 12,561,457</u>	<u>₩ 12,561,457</u>

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	2023	
	<u>Carrying amount</u>	<u>Fair value</u>
Financial assets at amortized cost:		
Cash and cash equivalents	\$ 3,261,723	\$ 3,261,723
Short-term financial instruments	244,922	244,922
Trade receivables	2,620,363	2,620,363
Other receivables	1,969,250	1,969,250
Long-term financial instruments ¹	116	116
Long-term accounts receivable	326,744	326,744
Long-term other receivables	844,078	844,078
Financial assets at amortized cost (current)	1,376	1,376
Financial assets at amortized cost (non-current)	27,423	27,423
Financial assets at fair value through other comprehensive income:		
Financial assets at fair value through other comprehensive income	57,840	57,840
Financial assets at fair value through profit or loss:		
Financial assets at fair value through profit or loss ²	298,734	298,734
Short-term financial instruments	46,533	46,533
Derivative assets	42,993	42,993
	<u>\$ 9,742,095</u>	<u>\$ 9,742,095</u>

¹ Net defined benefit assets amounting to ₩ 128,602 million (\$ 99,738 thousand) among long-term financial instruments are excluded.

² The Group determined it cannot access, in substance, to the returns associated with an ownership interest in the associate through the relevant financial instruments because the Group invested in redeemable preferred shares issued by an investee over which the Group has a significant influence at financial assets at fair value through profit or loss. Accordingly, ₩ 5,000 million (\$ 3,878 thousand) is classified as financial assets at fair value through profit or loss in accordance with Korean IFRS 1109 (Note 10).

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(in millions of Korean won)

	2022	
	<u>Carrying amount</u>	<u>Fair value</u>
Financial assets at amortized cost:		
Cash and cash equivalents	₩ 3,973,897	₩ 3,973,897
Short-term financial instruments	502,221	502,221
Trade receivables	1,979,631	1,979,631
Other receivables	2,831,122	2,831,122
Long-term financial instruments ¹	30,465	30,465
Long-term accounts receivable	496,446	496,446
Long-term other receivables	1,281,847	1,281,847
Financial assets at amortized cost (current)	20,388	20,388
Financial assets at amortized cost (non-current)	26,269	26,269
Financial assets at fair value through other comprehensive income:		
Financial assets at fair value through other comprehensive income	81,110	81,110
Financial assets at fair value through profit or loss:		
Financial assets at fair value through profit or loss ²	437,015	437,015
Short-term financial instruments	265,138	265,138
Trade receivables	36,198	36,198
Other receivables	8,094	8,094
Derivative assets	389	389
	<u>₩ 11,970,230</u>	<u>₩ 11,970,230</u>

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	2022	
	<u>Carrying amount</u>	<u>Fair value</u>
Financial assets at amortized cost:		
Cash and cash equivalents	\$ 3,081,974	\$ 3,081,974
Short-term financial instruments	389,500	389,500
Trade receivables	1,535,312	1,535,312
Other receivables	2,195,689	2,195,689
Long-term financial instruments ¹	23,627	23,627
Long-term accounts receivable	385,021	385,021
Long-term other receivables	994,142	994,142
Financial assets at amortized cost (current)	15,812	15,812
Financial assets at amortized cost (non-current)	20,373	20,373
Financial assets at fair value through other comprehensive income:		
Financial assets at fair value through other comprehensive income	62,905	62,905
Financial assets at fair value through profit or loss:		
Financial assets at fair value through profit or loss ²	338,929	338,929
Short-term financial instruments	205,629	205,629
Trade receivables	28,074	28,074
Other receivables	6,277	6,277
Derivative assets	302	302
	<u>\$ 9,283,566</u>	<u>\$ 9,283,566</u>

¹ Net defined benefit assets amounting to ₩ 200,947 million (\$ 155,845 thousand) among long-term financial instruments are excluded.

² The Group determined it cannot access, in substance, to the returns associated with an ownership interest in the associate through the relevant financial instruments because the Group invested in redeemable preferred shares issued by an investee over which the Group has a significant influence at financial assets at fair value through profit or loss. Accordingly, ₩ 5,000 million (\$ 3,878 thousand) is classified as financial assets at fair value through profit or loss in accordance with Korean IFRS 1109 (Note 10).

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Carrying amount and fair value of financial liabilities by category as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	
	Carrying amount	Fair value
Financial liabilities at amortized cost:		
Trade payables	₩ 3,959,030	₩ 3,959,030
Other payables	1,715,265	1,715,265
Short-term borrowings	248,744	248,744
Current portion of long-term borrowings and debentures	280,997	280,152
Long-term other payables	360,027	360,027
Debentures	1,207,220	1,181,127
Long-term borrowings	563,609	563,609
Other financial liabilities (current)	40,829	40,829
Other financial liabilities (non-current)	105,427	105,427
Derivative liabilities:		
Derivative liabilities	527	527
	₩ 8,481,675	₩ 8,454,737

(in thousands of USD (Note 2))

	2023	
	Carrying amount	Fair value
Financial liabilities at amortized cost:		
Trade payables	\$ 3,070,444	\$ 3,070,444
Other payables	1,330,282	1,330,282
Short-term borrowings	192,915	192,915
Current portion of long-term borrowings and debentures	217,928	217,273
Long-term other payables	279,221	279,221
Debentures	936,265	916,028
Long-term borrowings	437,110	437,110
Other financial liabilities (current)	31,665	31,665
Other financial liabilities (non-current)	81,764	81,764
Derivative liabilities:		
Derivative liabilities	409	409
	\$ 6,578,001	\$ 6,557,110

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(in millions of Korean won)

	2022	
	Carrying amount	Fair value
Financial liabilities at amortized cost:		
Trade payables	₩ 2,598,796	₩ 2,598,796
Other payables	1,410,667	1,410,667
Short-term borrowings	83,142	83,142
Current portion of long-term borrowings and debentures	440,794	425,586
Long-term other payables	277,182	277,182
Debentures	1,017,694	937,148
Long-term borrowings	193,531	193,531
Other financial liabilities (current)	41,815	41,815
Other financial liabilities (non-current)	110,145	110,145
Derivative liabilities:		
Derivative liabilities	10,555	10,555
	₩ 6,184,321	₩ 6,088,567

(in thousands of USD (Note 2))

	2022	
	Carrying amount	Fair value
Financial liabilities at amortized cost:		
Trade payables	\$ 2,015,508	\$ 2,015,508
Other payables	1,094,049	1,094,049
Short-term borrowings	64,481	64,481
Current portion of long-term borrowings and debentures	341,860	330,065
Long-term other payables	214,970	214,970
Debentures	789,277	726,809
Long-term borrowings	150,094	150,094
Other financial liabilities (current)	32,430	32,430
Other financial liabilities (non-current)	85,423	85,423
Derivative liabilities:		
Derivative liabilities	8,186	8,186
	\$ 4,796,278	\$ 4,722,016

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Financial instruments that are measured at fair value are categorized by the fair value hierarchy levels, and the defined levels are as follows:

(a) Fair Value Hierarchy Levels

- Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs are unobservable inputs for the asset or liability.

Financial instruments that are measured subsequent to initial recognition at fair value according to fair value hierarchy levels as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements:				
Financial assets at fair value through other comprehensive income	₩ 4,211	₩ -	₩ 70,368	₩ 74,579
Financial assets at fair value through profit or loss	-	60,000	385,188	445,188
Derivative assets	-	182	55,253	55,435
Derivative liabilities	-	527	-	527

(in thousands of USD (Note 2))

	2023			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements:				
Financial assets at fair value through other comprehensive income	\$ 3,266	\$ -	\$ 54,574	\$ 57,840
Financial assets at fair value through profit or loss	-	46,533	298,734	345,268
Derivative assets	-	141	42,852	42,993
Derivative liabilities	-	409	-	409

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	2022			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements:				
Financial assets at fair value through other comprehensive income	₩ 4,190	₩ -	₩ 76,920	₩ 81,110
Financial assets at fair value through profit or loss	-	309,431	437,015	746,446
Derivative assets	-	389	-	389
Derivative liabilities	-	-	10,555	10,555

(in thousands of USD (Note 2))

	2022			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements:				
Financial assets at fair value through other comprehensive income	\$ 3,250	\$ -	\$ 59,656	\$ 62,905
Financial assets at fair value through profit or loss	-	239,981	338,929	578,910
Derivative assets	-	302	-	302
Derivative liabilities	-	-	8,186	8,186

The Group recognizes transfers between levels of the fair value hierarchy at the date of the event or change in circumstances that caused the transfer.

There is no transfer between Level 1 and Level 2 for the year ended December 31, 2023.

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Valuation techniques and inputs used in the financial assets measured at fair value categorized within Level 3 of the fair value hierarchy as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	Fair value		Valuation techniques	Inputs
	2023	2022		
Financial assets at fair value through other comprehensive income:				
Equity security	₩ 70,368	₩ 76,920		
Financial assets at fair value through profit or loss:			Discounted free cash flow model, Net asset value method,	Discount rate and others
Debt security and others	289,807	342,887	Comparable company approach, Binomial model approach, etc	
Other equity investments	95,381	94,128		
Derivatives	55,253	-		
	<u>₩ 510,809</u>	<u>₩ 513,935</u>		
Financial liabilities at fair value through profit or loss				
Derivatives	₩ -	₩ 10,555		

(in thousands of USD (Note 2))

	Fair value		Valuation techniques	Inputs
	2023	2022		
Financial assets at fair value through other comprehensive income:				
Equity security	\$ 54,574	\$ 59,656		
Financial assets at fair value through profit or loss:			Discounted free cash flow model, Net asset value method,	Discount rate and others
Debt security and others	224,761	265,928	Comparable company approach, Binomial model approach, etc	
Other equity investments	73,973	73,001		
Derivatives	42,852	-		
	<u>\$ 396,160</u>	<u>\$ 398,585</u>		
Financial liabilities at fair value through profit or loss				
Derivatives	\$ -	\$ 8,186		

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Changes in the book amount of financial assets measured at fair value in Level 3 of the fair value hierarchy for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023	
	Assets measured at fair value	Liabilities measured at fair value
Beginning balance	₩ 513,935	₩ 10,555
Total profit or loss		
Amount recognized in profit or loss	(3,638)	-
Amount recognized in other comprehensive income	(2,908)	-
Purchases	32,610	-
Sales	(14,093)	-
Change in scope of consolidation	-	-
Transfer	(15,097)	(10,555)
Ending balance	₩ 510,809	₩ -

(in thousands of USD (Note 2))

	2023	
	Assets measured at fair value	Liabilities measured at fair value
Beginning balance	\$ 398,585	\$ 8,186
Total profit or loss		
Amount recognized in profit or loss	(2,821)	-
Amount recognized in other comprehensive income	(2,255)	-
Purchases	25,291	-
Sales	(10,930)	-
Change in scope of consolidation	-	-
Transfer	(11,709)	(8,186)
Ending balance	\$ 396,160	\$ -

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(in millions of Korean won)

	2022	
	Assets measured at fair value	Liabilities measured at fair value
Beginning balance	₩ 450,314	₩ -
Total profit or loss		
Amount recognized in profit or loss	(8,475)	10,555
Amount recognized in other comprehensive income	(3,818)	-
Purchases	66,149	-
Sales	(2,229)	-
Change in scope of consolidation	(703)	-
Transfer	12,697	-
Ending balance	<u>₩ 513,935</u>	<u>₩ 10,555</u>

(in thousands of USD (Note 2))

	2022	
	Assets measured at fair value	Liabilities measured at fair value
Beginning balance	\$ 349,243	\$ -
Total profit or loss		
Amount recognized in profit or loss	(6,573)	8,186
Amount recognized in other comprehensive income	(2,961)	-
Purchases	51,302	-
Sales	(1,729)	-
Change in scope of consolidation	(545)	-
Transfer	9,847	-
Ending balance	<u>\$ 398,585</u>	<u>\$ 8,186</u>

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23. Finance Income (Costs) and Other Comprehensive Income by Categories of Financial Instruments

Financial income (costs) and other comprehensive income by categories of financial instruments for the years ended December 31, 2023, and 2022, are as follows:

(in millions of Korean won)

	2023						
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Derivative assets	Financial liabilities at amortized cost	Derivative liabilities	Total
Profit or loss:							
Interest income (expenses)	₩ 172,130	₩ 6,970	₩ 419	₩ -	₩ (60,610)	₩ -	₩ 118,909
Reversal of provision for impairment (Impairment loss)	46,326	-	-	-	-	-	46,326
Dividend income	-	2,573	222	-	-	-	2,795
Gain on foreign currency transaction	12,517	8	-	-	-	-	12,525
Gain (loss) on foreign currency translation	12,522	-	-	-	(2,580)	-	9,942
Loss on disposal	(123)	(512)	-	-	-	-	(635)
Loss on valuation	-	(3,638)	-	182	-	(527)	(3,983)
Gain (loss) on transaction	-	-	-	218	-	(715)	(497)
	₩ 243,372	₩ 5,401	₩ 641	₩ 400	₩ (63,190)	₩ (1,242)	₩ 185,382
Other comprehensive income:							
Loss on valuation	₩ -	₩ -	₩ (3,264)	₩ -	₩ -	₩ -	₩ (3,264)

(in thousands of USD (Note 2))

	2023						
	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Derivative assets	Financial liabilities at amortized cost	Derivative liabilities	Total
Profit or loss:							
Interest income (expenses)	\$ 133,496	\$ 5,406	\$ 325	\$ -	\$ (47,006)	\$ -	\$ 92,220
Reversal of provision for impairment (Impairment loss)	35,928	-	-	-	-	-	35,928
Dividend income	-	1,996	172	-	-	-	2,168
Gain on foreign currency transaction	9,708	6	-	-	-	-	9,714
Gain (loss) on foreign currency translation	9,711	-	-	-	(2,001)	-	7,711
Loss on disposal	(95)	(397)	-	-	-	-	(492)
Loss on valuation	-	(2,821)	-	141	-	(409)	(3,089)
Gain (loss) on transaction	-	-	-	169	-	(555)	(385)
	\$ 188,748	\$ 4,189	\$ 497	\$ 310	\$ (49,007)	\$ (963)	\$ 143,774
Other comprehensive income:							
Loss on valuation	\$ -	\$ -	\$ (2,531)	\$ -	\$ -	\$ -	\$ (2,531)

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(in millions of Korean won)

		2022						
		Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehen- sive income	Derivative assets	Financial liabilities at amortized cost	Derivative liabilities	Total
Profit or loss:								
Interest income (expenses)	₩	155,102	₩ 6,913	₩ 178	₩ -	₩ (41,143)	₩ -	₩ 121,050
Impairment loss		(51,178)	-	-	-	-	-	(51,178)
Dividend income		-	5,660	527	-	-	-	6,187
Loss on foreign currency transaction		(12,489)	-	-	-	-	-	(12,489)
Gain (loss) on foreign currency translation		86,121	-	-	-	(11,898)	-	74,223
Gain on disposal		-	6,503	-	-	-	-	6,503
Loss on valuation		-	(8,475)	-	(95)	-	(10,555)	(19,125)
Gain on transaction		-	-	-	100,293	-	-	100,293
	₩	177,556	₩ 10,601	₩ 705	₩ 100,198	₩ (53,041)	₩ (10,555)	₩ 225,464
Other comprehensive income:								
Loss on valuation	₩	-	₩ -	₩ (5,854)	₩ -	₩ -	₩ -	₩ (5,854)

(in thousands of USD (Note 2))

		2022						
		Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehen- sive income	Derivative assets	Financial liabilities at amortized cost	Derivative liabilities	Total
Profit or loss:								
Interest income (expenses)	\$	120,290	\$ 5,361	\$ 138	\$ -	\$ (31,909)	\$ -	\$ 93,881
Impairment loss		(39,691)	-	-	-	-	-	(39,691)
Dividend income		-	4,390	409	-	-	-	4,798
Loss on foreign currency transaction		(9,686)	-	-	-	-	-	(9,686)
Gain (loss) on foreign currency translation		66,792	-	-	-	(9,228)	-	57,564
Gain on disposal		-	5,043	-	-	-	-	5,043
Loss on valuation		-	(6,573)	-	(74)	-	(8,186)	(14,832)
Gain on transaction		-	-	-	77,783	-	-	77,783
	\$	137,704	\$ 8,222	\$ 547	\$ 77,709	\$ (41,136)	\$ (8,186)	\$ 174,860
Other comprehensive income:								
Loss on valuation	\$	-	\$ -	\$ (4,540)	\$ -	\$ -	\$ -	\$ (4,540)

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24. Issued capital and Other Paid-in Capital

Issued capitals as at December 31, 2023, and 2022, are as follows:

<i>(in millions of Korean won)</i>	No. of shares authorized	No. of shares issued		Par value (In Korean won)	2023		2022	
		2023			2022			
		2023	2022		2023	2022		
Ordinary shares	6,925,000,000	111,355,765	111,355,765	₩ 5,000	₩ 556,779	₩ 556,779	₩ 556,779	
Preferred shares ¹	75,000,000	1,054,693	1,054,693	5,000	5,273	5,273	5,273	
					<u>₩ 562,052</u>	<u>₩ 562,052</u>	<u>₩ 562,052</u>	

<i>(in thousands of USD (Note 2))</i>	No. of shares authorized	No. of shares issued		Par value (In USD)	2023		2022	
		2023			2022			
		2023	2022		2023	2022		
Ordinary shares	6,925,000,000	111,355,765	111,355,765	\$ 3.787	\$ 431,812	\$ 431,812	\$ 431,812	
Preferred shares ¹	75,000,000	1,054,693	1,054,693	3.787	4,089	4,089	4,089	
					<u>\$ 435,902</u>	<u>\$ 435,902</u>	<u>\$ 435,902</u>	

¹ These are preferred shares that are entitled to receive 1% above the cash dividend rate on ordinary shares based on the par value.

Details of other paid-in capital as at December 31, 2023, and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Share premium	₩	366,470	₩	366,470
Gain from reduction of capital		532,974		532,974
Gain on disposal of treasury shares		217		217
Other capital surplus		195,663		195,663
Other capital adjustments		(5,711)		(5,711)
	₩	<u>1,089,613</u>	₩	<u>1,089,613</u>

<i>(in thousands of USD (Note 2))</i>	2023		2022	
Share premium	\$	284,217	\$	284,217
Gain from reduction of capital		413,350		413,350
Gain on disposal of treasury shares		168		168
Other capital surplus		151,747		151,747
Other capital adjustments		(4,429)		(4,429)
	\$	<u>845,054</u>	\$	<u>845,054</u>

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25. Other Components of Equity

Details of other components of equity as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
	<hr/>	<hr/>
Accumulated valuation changes in value of financial assets at fair value through other comprehensive income	₩ (88,231)	₩ (87,495)
Share of other comprehensive income of joint ventures and associates	(328)	(563)
Gain on foreign operations translation	153,325	113,931
	<hr/>	<hr/>
	₩ 64,766	₩ 25,873
	<hr/>	<hr/>

<i>(in thousands of USD (Note 2))</i>	2023	2022
	<hr/>	<hr/>
Accumulated valuation changes in value of financial assets at fair value through other comprehensive income	\$ (68,428)	\$ (67,857)
Share of other comprehensive income of joint ventures and associates	(254)	(437)
Gain on foreign operations translation	118,912	88,360
	<hr/>	<hr/>
	\$ 50,230	\$ 20,066
	<hr/>	<hr/>

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Changes in other components of equity for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		
	Beginning balance	Changes	Ending balance
Accumulated valuation changes in value of financial assets at fair value through other comprehensive income	₩ (87,274)	₩ (1,311)	₩ (88,585)
Less: tax effect	(221)	575	354
	<u>₩ (87,495)</u>	<u>₩ (736)</u>	<u>₩ (88,231)</u>
Share of other comprehensive income of joint ventures and associates	₩ (564)	₩ 236	₩ (328)
Gain on foreign operations translation	113,932	39,393	153,325

(in thousands of USD (Note 2))

	2023		
	Beginning balance	Changes	Ending balance
Accumulated valuation changes in value of financial assets at fair value through other comprehensive income	\$ (67,686)	\$ (1,017)	\$ (68,702)
Less: tax effect	(171)	446	275
	<u>\$ (67,857)</u>	<u>\$ (571)</u>	<u>\$ (68,428)</u>
Share of other comprehensive income of joint ventures and associates	\$ (437)	\$ 183	\$ (254)
Gain on foreign operations translation	88,360	30,551	118,912

(in millions of Korean won)

	2022		
	Beginning balance	Changes	Ending balance
Accumulated valuation changes in value of financial assets at fair value through other comprehensive income	₩ (81,420)	₩ (5,854)	₩ (87,274)
Less: tax effect	(1,730)	1,509	(221)
	<u>₩ (83,150)</u>	<u>₩ (4,345)</u>	<u>₩ (87,495)</u>
Share of other comprehensive income of joint ventures and associates	₩ (582)	₩ 18	₩ (564)
Gain on foreign operations translation	6,009	107,923	113,932

(in thousands of USD (Note 2))

	2022		
	Beginning balance	Changes	Ending balance
Accumulated valuation changes in value of financial assets at fair value through other comprehensive income	\$ (63,146)	\$ (4,540)	\$ (67,686)
Less: tax effect	(1,342)	1,170	(171)
	<u>\$ (64,487)</u>	<u>\$ (3,370)</u>	<u>\$ (67,857)</u>
Share of other comprehensive income of joint ventures and associates	\$ (451)	\$ 14	\$ (437)
Gain on foreign operations translation	4,660	83,700	88,360

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26. Retained Earnings

Retained earnings as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>		2023		2022	
Statutory reserve	Legal reserve	₩	95,416	₩	87,531
Voluntary reserve	Reserve for financial structure improvements		61,811		61,811
	Reserve for overseas business losses		1,440,000		1,360,000
	Reserve for technology development		1,330,000		1,250,000
	Reserve for business expansion		1,355,000		1,275,000
	Reserve for a damage claim		500		500
	Other voluntary reserves		539,700		488,700
				<u>4,727,011</u>	
Retained earnings before appropriations	Retained earnings before appropriations		<u>1,597,793</u>		<u>1,485,597</u>
		₩	<u>6,420,220</u>	₩	<u>6,009,139</u>
<i>(in thousands of USD (Note 2))</i>		2023		2022	
Statutory reserve	Legal reserve	\$	74,000	\$	67,885
Voluntary reserve	Reserve for financial structure improvements		47,938		47,938
	Reserve for overseas business losses		1,116,799		1,054,754
	Reserve for technology development		1,031,488		969,443
	Reserve for business expansion		1,050,876		988,832
	Reserve for a damage claim		388		388
	Other voluntary reserves		418,567		379,013
				<u>3,666,055</u>	
Retained earnings before appropriations	Retained earnings before appropriations		<u>1,239,176</u>		<u>1,152,161</u>
		\$	<u>4,979,231</u>	\$	<u>4,660,415</u>

The Commercial Act of the Republic of Korea requires the Group to appropriate for each financial period an amount equal to a minimum of 10% of its cash dividends paid as a legal reserve, until such reserve equals 50% of its Issued capital. This reserve is not available for the payment of cash dividends where the total sum of the capital reserve and the legal reserve is less than one and a half times its shared capital. Subject to the approval of the shareholders' meeting, it may be transferred to ordinary share or may be used to dispose of accumulated deficit, if any. However, where the total sum of the capital reserve and the legal reserve accumulated exceeds one and a half times its shared capital, such reserves may be decreased for dividend and others by a resolution adopted at a general meeting of shareholders to that effect within the limit of such excess.

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Details of the proposed dividends of the Parent Company for the years ended December 31, 2023 and 2022, are as follows:

(a) The computation of the proposed dividends

(in millions of Korean won)

	2023		2022	
	Preferred share	Ordinary share	Preferred share	Ordinary share
Dividends per share (in Korean won)	₩ 650	₩ 600	₩ 650	₩ 600
Dividend ratio	13%	12%	13%	12%
Number of shares issued (in shares)	1,054,693	111,355,765	1,054,693	111,355,765
Total dividends declared	₩ 686	₩ 66,813	₩ 686	₩ 66,813

(in thousands of USD (Note 2))

	2023		2022	
	Preferred share	Ordinary share	Preferred share	Ordinary share
Dividends per share (in USD)	\$ 0.504	\$ 0.465	\$ 0.504	\$ 0.465
Dividend ratio	13%	12%	13%	12%
Number of shares issued (in shares)	1,054,693	111,355,765	1,054,693	111,355,765
Total dividends declared	\$ 532	\$ 51,817	\$ 532	\$ 51,817

(b) Ratios of dividends to profit for the year

(in millions of Korean won)

	2023	2022
Total dividends declared	₩ 67,499	₩ 67,499
Profit attributable to owners of the Parent Company	535,904	408,886
Ratios of dividends to profit for the year	12.60%	16.51%

(in thousands of USD (Note 2))

	2023	2022
Total dividends declared	\$ 52,349	\$ 52,349
Profit attributable to owners of the Parent Company	415,623	317,113
Ratios of dividends to profit for the year	12.60%	16.51%

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(c) Dividend yield ratio

(in Korean won)

	2023		2022	
	Preferred share	Ordinary share	Preferred share	Ordinary share
Dividends per share	₩ 650	₩ 600	₩ 650	₩ 600
Market price per share	51,500	34,900	55,000	34,900
Dividend yield ratio	1.26%	1.72%	1.18%	1.72%

(in USD (Note 2))

	2023		2022	
	Preferred share	Ordinary share	Preferred share	Ordinary share
Dividends per share	\$ 0.504	\$ 0.465	\$ 0.504	\$ 0.465
Market price per share	40	27	43	27
Dividend yield ratio	1.26%	1.72%	1.18%	1.72%

27. Revenue from Contracts with Customers

Revenue arising from contracts with customers other than financial and other income (Notes 30 and 31), for the years ended December 31, 2023 and 2022, is as follows:

(in millions of Korean won)

	2023		2022	
Revenue from contracts with customers	₩	29,583,673	₩	21,171,018
Construction contracts		28,385,850		20,033,786
Asset management		1,065,788		1,010,866
Others		132,035		126,366
Revenue from other sources: rental income		67,684		68,064
	₩	<u>29,651,357</u>	₩	<u>21,239,082</u>

(in thousands of USD (Note 2))

	2023		2022	
Revenue from contracts with customers	\$	22,943,751	\$	16,419,279
Construction contracts		22,014,774		15,537,293
Asset management		826,577		783,982
Others		102,400		98,004
Revenue from other sources: rental income		52,493		52,787
	\$	<u>22,996,244</u>	\$	<u>16,472,066</u>

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28. Construction Contracts

Recognized contract income related to construction contracts for the years ended December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	2023	2022
[Construction contract as a constructor]		
Civil engineering	₩ 2,383,551	₩ 2,264,693
Building/House	18,599,309	11,780,266
Plant/Power	6,573,600	5,415,299
	<u>27,556,460</u>	<u>19,460,258</u>
[Construction contract as a developer & constructor]		
Building/House	829,390	531,982
	<u>829,390</u>	<u>531,982</u>
[Other construction]		
Others	-	41,545
	<u>₩ 28,385,850</u>	<u>₩ 20,033,785</u>

<i>(in thousands of USD (Note 2))</i>	2023	2022
[Construction contract as a constructor]		
Civil engineering	\$ 1,848,574	\$ 1,756,393
Building/House	14,424,778	9,136,239
Plant/Power	5,098,185	4,199,860
	<u>21,371,537</u>	<u>15,092,491</u>
[Construction contract as a developer & constructor]		
Building/House	643,237	412,581
	<u>643,237</u>	<u>412,581</u>
[Other construction]		
Others	-	32,220
	<u>\$ 22,014,774</u>	<u>\$ 15,537,293</u>

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Details of contract assets and liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023			2022		
	Contract assets	Contract liabilities		Contract assets	Contract liabilities	
	Due from customers for contract work	Due to customers for contract work	Advances from customers	Due from customers for contract work	Due to customers for contract work	Advances from customers
[Construction contract as a constructor]						
Civil engineering	₩ 962,762	₩ 102,638	₩ 379,422	₩ 741,190	₩ 97,731	₩ 157,978
Building/House	2,557,379	1,172,905	355,996	1,471,747	2,429,406	205,122
Plant/Power	1,815,093	680,115	503,830	1,521,767	237,193	341,485
	<u>₩ 5,335,234</u>	<u>₩ 1,955,658</u>	<u>₩ 1,239,248</u>	<u>₩ 3,734,704</u>	<u>₩ 2,764,330</u>	<u>₩ 704,585</u>

<i>(in thousands of USD (Note 2))</i>	2023			2022		
	Contract assets	Contract liabilities		Contract assets	Contract liabilities	
	Due from customers for contract work	Due to customers for contract work	Advances from customers	Due from customers for contract work	Due to customers for contract work	Advances from customers
[Construction contract as a constructor]						
Civil engineering	\$ 746,674	\$ 79,601	\$ 294,262	\$ 574,833	\$ 75,796	\$ 122,521
Building/House	1,983,387	909,652	276,094	1,141,420	1,884,137	159,083
Plant/Power	1,407,704	527,466	390,748	1,180,213	183,956	264,840
	<u>\$ 4,137,765</u>	<u>\$ 1,516,719</u>	<u>\$ 961,104</u>	<u>\$ 2,896,467</u>	<u>\$ 2,143,889</u>	<u>\$ 546,444</u>

The Group recognized revenue, amounted to ₩ 3,250,361 million (\$ 2,520,832 thousand) (2022: ₩ 2,956,419 (\$ 2,292,864 thousand)) that was the contract liability balance as at December 31, 2022.

As at December 31, 2023, in relation to construction contract as a developer & constructor, the amount in which the accumulated contract revenue exceeds the accumulated billings is ₩ 59,150 million (\$ 45,874 thousand) (2022: ₩ 108,353 million (\$ 84,034 thousand)), and the amount in which the accumulated billings exceeds the accumulated contract revenue is ₩ 4,898 million (\$ 3,799 thousand) (2022: ₩ 195,910 million (\$ 151,939 thousand)).

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Details of accumulated contract costs, profit(loss) for ongoing or completed construction contracts as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023							
	Accumulated contract costs	Accumulated profit or loss	Accumulated contract revenue	Progress billing	Advances from customers	Due from customers for contract work	Due to customers for contract work	Retentions ¹
[Construction contract as a constructor]								
Civil engineering	₩ 19,054,913	₩ 548,167	₩ 19,603,080	₩ 18,779,406	₩ 379,422	₩ 962,762	₩ 102,638	₩ 172,392
Building/House	34,464,128	2,635,618	37,099,746	35,770,408	355,996	2,557,379	1,172,905	108,407
Plant/Power	38,392,975	2,122,980	40,515,955	39,093,389	503,830	1,815,093	680,115	669,874
	<u>91,912,016</u>	<u>5,306,765</u>	<u>97,218,781</u>	<u>93,643,203</u>	<u>1,239,248</u>	<u>5,335,234</u>	<u>1,955,658</u>	<u>950,673</u>
[Construction contract as a developer & constructor]								
Building/House	1,330,676	492,228	1,822,904	1,822,903	4,898	-	-	-
	<u>₩ 93,242,692</u>	<u>₩ 5,798,993</u>	<u>₩ 99,041,685</u>	<u>₩ 95,466,106</u>	<u>₩ 1,244,146</u>	<u>₩ 5,335,234</u>	<u>₩ 1,955,658</u>	<u>₩ 950,673</u>

(in thousands of USD (Note 2))	2023							
	Accumulated contract costs	Accumulated profit or loss	Accumulated contract revenue	Progress billing	Advances from customers	Due from customers for contract work	Due to customers for contract work	Retentions ¹
[Construction contract as a constructor]								
Civil engineering	\$ 14,778,124	\$ 425,133	\$ 15,203,257	\$ 14,564,453	\$ 294,262	\$ 746,674	\$ 79,601	\$ 133,699
Building/House	26,728,810	2,044,065	28,772,876	27,741,902	276,094	1,983,387	909,652	84,076
Plant/Power	29,775,845	1,646,487	31,422,332	30,319,055	390,748	1,407,704	527,466	519,524
	<u>71,282,780</u>	<u>4,115,686</u>	<u>75,398,465</u>	<u>72,625,409</u>	<u>961,104</u>	<u>4,137,765</u>	<u>1,516,719</u>	<u>737,299</u>
[Construction contract as a developer & constructor]								
Building/House	1,032,012	381,750	1,413,761	1,413,761	3,799	-	-	-
	<u>\$ 72,314,791</u>	<u>\$ 4,497,435</u>	<u>\$ 76,812,227</u>	<u>\$ 74,039,170</u>	<u>\$ 964,903</u>	<u>\$ 4,137,765</u>	<u>\$ 1,516,719</u>	<u>\$ 737,299</u>

¹ In the consolidated statements of financial position, the amount of retention is recorded as other receivables and long-term other receivables.

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	2022							
	Accumulated contract costs	Accumulated profit or loss	Accumulated contract revenue	Progress billing	Advances from customers	Due from customers for contract work	Due to customers for contract work	Retentions ¹
[Construction contract as a constructor]								
Civil engineering	₩ 19,749,492	₩ 874,837	₩ 20,624,329	₩ 19,845,594	₩ 157,735	₩ 741,190	₩ 97,731	₩ 170,274
Building/House	21,671,620	2,442,779	24,114,399	25,117,422	205,122	1,471,747	2,429,406	66,054
Plant/Power	36,494,125	2,112,602	38,606,727	35,310,732	338,666	1,521,767	237,193	684,605
	<u>77,915,237</u>	<u>5,430,218</u>	<u>83,345,455</u>	<u>80,273,748</u>	<u>701,523</u>	<u>3,734,704</u>	<u>2,764,330</u>	<u>920,933</u>
[Construction contract as a developer & constructor]								
Building/House	983,530	395,927	1,379,457	1,397,484	195,910	-	-	-
	<u>₩ 78,898,767</u>	<u>₩ 5,826,145</u>	<u>₩ 84,724,912</u>	<u>₩ 81,671,232</u>	<u>₩ 897,433</u>	<u>₩ 3,734,704</u>	<u>₩ 2,764,330</u>	<u>₩ 920,933</u>

(in thousands of USD
(Note 2))

	2022							
	Accumulated contract costs	Accumulated profit or loss	Accumulated contract revenue	Progress billing	Advances from customers	Due from customers for contract work	Due to customers for contract work	Retentions ¹
[Construction contract as a constructor]								
Civil engineering	\$ 15,316,808	\$ 678,484	\$ 15,995,292	\$ 15,391,340	\$ 122,332	\$ 574,833	\$ 75,796	\$ 132,057
Building/House	16,807,523	1,894,508	18,702,031	19,479,930	159,083	1,141,420	1,884,137	51,228
Plant/Power	28,303,184	1,638,438	29,941,622	27,385,398	262,654	1,180,213	183,956	530,949
	<u>60,427,514</u>	<u>4,211,430</u>	<u>64,638,944</u>	<u>62,256,668</u>	<u>544,069</u>	<u>2,896,467</u>	<u>2,143,889</u>	<u>714,234</u>
[Construction contract as a developer & constructor]								
Building/House	762,781	307,063	1,069,844	1,083,825	151,939	-	-	-
	<u>\$ 61,190,295</u>	<u>\$ 4,518,493</u>	<u>\$ 65,708,789</u>	<u>\$ 63,340,493</u>	<u>\$ 696,008</u>	<u>\$ 2,896,467</u>	<u>\$ 2,143,889</u>	<u>\$ 714,234</u>

¹ In the consolidated statements of financial position, the amount of retention is recorded as other receivables and long-term other receivables.

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Due to the projects changed in accounting estimates during the current period (contracts in progress at the end of prior period applying input method that the proportion that the contract costs incurred for the work performed to date bear to the estimated total contract costs), effects of changes in profit for the year and succeeding period (before net of tax) and due from/to customers for contract work are as follows:

<i>(in millions of Korean won)</i>	2023						
	Changes in estimated total contract revenue	Changes in estimated total contract costs	Effects on profit (loss) for the year	Effects on profit (loss) for the subsequent period	Changes in due from customers for contract work	Changes in due to customers for contract work	Provision for construction loss
Civil engineering	₩ 599,674	₩ 688,378	₩ (153,599)	₩ 64,895	₩ (179,787)	₩ (26,188)	₩ 11,042
Building/House	3,041,184	3,841,867	(794,953)	(5,730)	(747,938)	47,015	5,212
Plant/Power	1,388,860	1,585,843	(293,227)	96,244	(171,889)	121,338	21,605
	<u>₩ 5,029,718</u>	<u>₩ 6,116,088</u>	<u>₩ (1,241,779)</u>	<u>₩ 155,409</u>	<u>₩ (1,099,614)</u>	<u>₩ 142,165</u>	<u>₩ 37,859</u>

<i>(in thousands of USD (Note 2))</i>	2023						
	Changes in estimated total contract revenue	Changes in estimated total contract costs	Effects on profit (loss) for the year	Effects on profit (loss) for the subsequent period	Changes in due from customers for contract work	Changes in due to customers for contract work	Provision for construction loss
Civil engineering	\$ 465,080	\$ 533,875	\$ (119,124)	\$ 50,330	\$ (139,435)	\$ (20,310)	\$ 8,564
Building/House	2,358,604	2,979,577	(616,529)	(4,444)	(580,067)	36,463	4,042
Plant/Power	1,077,137	1,229,908	(227,414)	74,642	(133,309)	94,104	16,756
	<u>\$ 3,900,821</u>	<u>\$ 4,743,360</u>	<u>\$ (963,067)</u>	<u>\$ 120,528</u>	<u>\$ (852,811)</u>	<u>\$ 110,257</u>	<u>\$ 29,362</u>

¹ The changes include the effect of exchange rate fluctuation.

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<i>(in millions of Korean won)</i>	2022						
	Changes in estimated total contract revenue	Changes in estimated total contract costs	Effects on profit (loss) for the year	Effects on profit (loss) for the subsequent period	Changes in due from customers for contract work	Changes in due to customers for contract work	Provision for construction loss
Civil engineering	₩ 832,498	₩ 928,271	₩ (159,019)	₩ 63,246	₩ (192,962)	₩ (33,943)	₩ 5,886
Building/House	1,954,337	2,105,172	(230,589)	79,754	(233,937)	(3,348)	3,145
Plant/Power	1,987,002	2,344,612	(356,120)	(1,490)	(309,120)	47,000	34,885
	₩ 4,773,837	₩ 5,378,055	₩ (745,728)	₩ 141,510	₩ (736,019)	₩ 9,709	₩ 43,916

<i>(in thousands of USD (Note 2))</i>	2022						
	Changes in estimated total contract revenue	Changes in estimated total contract costs	Effects on profit (loss) for the year	Effects on profit (loss) for the subsequent period	Changes in due from customers for contract work	Changes in due to customers for contract work	Provision for construction loss
Civil engineering	\$ 645,648	\$ 719,925	\$ (123,328)	\$ 49,051	\$ (149,653)	\$ (26,325)	\$ 4,565
Building/House	1,515,695	1,632,676	(178,834)	61,854	(181,431)	(2,597)	2,439
Plant/Power	1,541,028	1,818,374	(276,190)	(1,156)	(239,739)	36,451	27,055
	\$ 3,702,371	\$ 4,170,975	\$ (578,353)	\$ 109,749	\$ (570,823)	\$ 7,530	\$ 34,059

¹ The changes include the effect of exchange rate fluctuation.

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Details of major contracts which contract price more than 5% of sales in the prior period and a year before prior period, and recognized revenue in the current and prior period by the stage of completion method for basis of the percentage of total costs incurred to date as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023						
	Contract date	Contractual completion date ¹	Percentage-of-completion (%)	Due from customers		Receivables from construction contracts	
				Gross amount	Provision for impairment	Gross amount	Provision for impairment
Kuwait Aljur LNG port of entry construction	2016-05-15	2023-09-30	100	₩ -	₩ -	₩ -	₩ -
Panama Metro Line 3	2021-02-23	2025-08-22	43	184,810	-	6	-
Kuwait Sheik Jaber Causeway construction	2012-11-14	2024-03-31	99	-	-	-	-
Katar Lusail expressway construction	2012-05-21	2023-12-31	100	8,604	-	-	-
Jurong Rock Cavern Phase 1 - Stage 2 Project	2009-06-15	2024-03-31	99	-	-	-	-
Global Business Center	2020-05-02	2026-12-05	5	8,383	-	3,863	-
Qatar, Lusail Plaza Tower (PLOT 3&4)	2020-01-12	2024-06-30	96	130,546	-	2,951	-
Hillstate the Unjeong	2021-10-07	2025-08-06	34	-	-	11	-
THE H FIRSTIER I PARK	2020-06-03	2023-11-29	100	68,677	-	69,636	-
Hillstate Lagoon interrace	2021-06-07	2025-04-24	41	-	-	8	-
Dunchon Public Apartments Reconstruction	2019-12-01	2024-11-30	57	262,947	-	8	-
Bangbae 5 sector residential redevelopment	2022-07-29	2026-08-28	7	-	-	-	-
U.A.E nuclear power plant construction	2010-03-26	2024-09-30	99	87,561	-	15	-
Iraq Karbala oil refinery construction	2014-04-15	2024-03-31	98	4,802	-	68,188	-
Iraq Basrah oil refinery upgrading construction	2021-02-15	2025-08-14	49	19,911	-	27,271	-
SAUDI JAFURAH PKG 3 U&O, SRU	2021-11-14	2025-08-13	39	5,434	-	34,588	-
S-OIL SHAHEEN PROJECT PKG1	2023-01-02	2026-06-30	11	-	-	-	-
Uzbekistan natural gas liquefaction refinement facility construction	2016-12-01	2024-03-31	99	20,926	-	78,346	-
Saudi Marjan Increment Program Pkg 6	2019-05-27	2024-07-31	87	119,607	-	37,481	-
Saudi Marjan Increment Program Pkg 12	2019-05-27	2024-12-31	80	123,939	-	176	-
Libya Tripoli West thermal power plant construction	2010-07-19	2024-12-31	28	-	-	-	-
Vietnam Quang Trach 1,400MW CCPP	2021-08-01	2025-12-08	39	294,528	-	28,307	-

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	2023						
	Contract date	Contractual completion date ¹	Percentage-of-completion (%)	Due from customers		Receivables from construction contracts	
				Gross amount	Provision for impairment	Gross amount	Provision for impairment
UAE Mirfa IWPP Project	2014-07-02	2023-12-31	100	-	-	-	-
Algeria Oumache 1,300MW CCPP	2020-01-14	2025-01-14	40	58,943	-	93,275	-
Saudi, Ethane Deep Recovery Facility	2016-10-27	2023-12-31	100	1	-	-	-
Shin-Hanul Nuclear Power Plant Units 1 & 2	2010-04-30	2024-04-30	99	6,360	-	-	-
Indonesia RDMP Balikpapan	2018-12-10	2025-09-23	92	483,222	-	6,653	-
PKN Olefins Expansion Project (EPC)	2021-06-22	2027-01-07	46	-	-	30,685	-
Poland Polimery Police PDH/PP Project	2019-05-11	2024-03-31	98	142,387	-	2,675	-
Lotte LINE Project	2022-01-07	2025-08-31	62	-	-	47,660	-
Malaysia Melaka TRACK4B CCGT power plant	2017-05-30	2023-12-31	100	1,221	-	-	-
Ain Arnat 1200MW CCPP Project	2012-11-25	2024-03-31	99	2,054	-	3,335	-
Songdo Landmark City, LLC_A16	2022-04-01	2025-06-30	32	-	-	61,949	-
Songdo Landmark City, LLC_A14	2020-07-12	2023-10-24	100	-	-	29,571	-
S-JV BATTERY CELL GEORGIA PROJECT	2022-10-04	2025-10-31	23	15,979	-	-	-
Philippine, South Railway sections 4, 5, and 6	2023-06-13	2028-03-12	3	-	-	-	-
Saudi Amiral utilities and facilities (PKG4)	2023-06-24	2027-05-23	1	-	-	-	-
Saudi Amiral ethylene production facility (PKG1)	2023-06-24	2027-06-24	1	2,770	-	-	-
US, LG battery factory construction	2023-04-01	2025-10-21	5	-	-	-	-
US, HMGMA Hyundai Motors factory construction	2022-04-13	2024-12-31	69	26,354	-	148,563	-

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	2023						
	Contract date	Contractual completion date ¹	Percentage-of-completion (%)	Due from customers		Receivables from construction contracts	
				Gross amount	Provision for impairment	Gross amount	Provision for impairment
Kuwait Aljur LNG port of entry construction	2016-05-15	2023-09-30	100	\$ -	\$ -	\$ -	\$ -
Panama Metro Line 3	2021-02-23	2025-08-22	43	143,330	-	5	-
Kuwait Sheik Jaber Causeway construction	2012-11-14	2024-03-31	99	-	-	-	-
Katar Lusail expressway construction	2012-05-21	2023-12-31	100	6,673	-	-	-
Jurong Rock Cavern Phase 1 - Stage 2 Project	2009-06-15	2024-03-31	99	-	-	-	-
Global Business Center	2020-05-02	2026-12-05	5	6,501	-	2,996	-
Qatar, Lusail Plaza Tower (PLOT 3&4)	2020-01-12	2024-06-30	96	101,246	-	2,289	-
Hillstate the Unjeong	2021-10-07	2025-08-06	34	-	-	9	-
THE H FIRSTIER I PARK	2020-06-03	2023-11-29	100	53,263	-	54,007	-
Hillstate Lagoon interrace	2021-06-07	2025-04-24	41	-	-	6	-
Dunchon Public Apartments Reconstruction	2019-12-01	2024-11-30	57	203,930	-	6	-
Bangbae 5 sector residential redevelopment	2022-07-29	2026-08-28	7	-	-	-	-
U.A.E nuclear power plant construction	2010-03-26	2024-09-30	99	67,908	-	12	-
Iraq Karbala oil refinery construction	2014-04-15	2024-03-31	98	3,724	-	52,884	-
Iraq Basrah oil refinery upgrading construction	2021-02-15	2025-08-14	49	15,442	-	21,150	-
SAUDI JAFURAH PKG 3 U&O, SRU	2021-11-14	2025-08-13	39	4,214	-	26,825	-
S-OIL SHAHEEN PROJECT PKG1	2023-01-02	2026-06-30	11	-	-	-	-
Uzbekistan natural gas liquefaction refinement facility construction	2016-12-01	2024-03-31	99	16,229	-	60,762	-
Saudi Marjan Increment Program Pkg 6	2019-05-27	2024-07-31	87	92,762	-	29,069	-
Saudi Marjan Increment Program Pkg 12	2019-05-27	2024-12-31	80	96,121	-	136	-
Libya Tripoli West thermal power plant construction	2010-07-19	2024-12-31	28	-	-	-	-
Vietnam Quang Trach 1,400MW CCPP	2021-08-01	2025-12-08	39	228,423	-	21,954	-
UAE Mirfa IWPP Project	2014-07-02	2023-12-31	100	-	-	-	-
Algeria Oumache 1,300MW CCPP	2020-01-14	2025-01-14	40	45,714	-	72,340	-
Saudi, Ethane Deep Recovery Facility	2016-10-27	2023-12-31	100	1	-	-	-
Shin-Hanul Nuclear Power	2010-04-30	2024-04-30	99	4,933	-	-	-

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(Note 2))

	2023						
	Contract date	Contractual completion date ¹	Percentage-of-completion (%)	Due from customers		Receivables from construction contracts	
				Gross amount	Provision for impairment	Gross amount	Provision for impairment
Plant Units 1 & 2							
Indonesia RDMP Balikpapan	2018-12-10	2025-09-23	92	374,765	-	5,160	-
PKN Olefins Expansion Project (EPC)	2021-06-22	2027-01-07	46	-	-	23,798	-
Poland Polimery Police PDH/PP Project	2019-05-11	2024-03-31	98	110,429	-	2,075	-
Lotte LINE Project	2022-01-07	2025-08-31	62	-	-	36,963	-
Malaysia Melaka TRACK4B CCGT power plant	2017-05-30	2023-12-31	100	947	-	-	-
Ain Amat 1200MW CCGP Project	2012-11-25	2024-03-31	99	1,593	-	2,586	-
Songdo Landmark City, LLC_A16	2022-04-01	2025-06-30	32	-	-	48,045	-
Songdo Landmark City, LLC_A14	2020-07-12	2023-10-24	100	-	-	22,934	-
S-JV BATTERY CELL GEORGIA PROJECT	2022-10-04	2025-10-31	23	12,393	-	-	-
Philippine, South Railway sections 4, 5, and 6	2023-06-13	2028-03-12	3	-	-	-	-
Saudi Amiral utilities and facilities (PKG4)	2023-06-24	2027-05-23	1	-	-	-	-
Saudi Amiral ethylene production facility (PKG1)	2023-06-24	2027-06-24	1	2,148	-	-	-
US, LG battery factory construction	2023-04-01	2025-10-21	5	-	-	-	-
US, HMGMA Hyundai Motors factory construction	2022-04-13	2024-12-31	69	20,439	-	115,219	-

¹ Contractual deadlines or expected deadlines by project

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	2022									
	Contract date	Contractual completion date ¹	Percentage-of-completion (%)	Due from customers			Receivables from construction contracts			
				Gross amount	Provision for impairment	Gross amount	Provision for impairment			
Kuwait Aljur LNG port of entry construction	2016-05-15	2023-03-31	99	₩ 51,190	₩ -	₩ 2,596	₩ -			
Panama Metro Line 3	2021-02-23	2025-08-24	24	-	-	36,260	-			
Kuwait Sheik Jaber Causeway construction	2012-11-14	2023-03-31	99	-	-	-	-			
Katar Lusail expressway construction	2012-05-21	2023-03-31	99	9,012	-	-	-			
Jurong Rock Cavern Phase 1 - Stage 2 Project	2009-06-15	2023-03-31	99	-	-	-	-			
Global Business Center	2020-05-02	2026-12-05	4	9,738	-	6,317	-			
Qatar, Lusail Plaza Tower (PLOT 3&4)	2020-01-12	2023-03-31	95	156,919	-	20,412	-			
Hillstate the Unjeong	2021-10-07	2025-08-06	12	-	-	22	-			
THE H FIRSTIER I PARK	2020-06-03	2023-11-02	55	59,422	-	-	-			
Hillstate Lagoon terrrace	2021-06-07	2025-04-24	13	-	-	15	-			
Dunchon Public Apartments Reconstruction	2019-12-01	2024-12-31	30	370,194	-	-	-			
Bangbae 5 sector residential redevelopment	2022-07-29	2026-08-28	3	32,907	-	-	-			
U.A.E nuclear power plant construction	2010-03-26	2023-05-31	99	123,291	-	4,712	-			
Iraq Karbala oil refinery construction	2014-04-15	2023-07-31	95	-	-	39,753	-			
Iraq Basrah oil refinery upgrading construction	2021-02-15	2025-08-14	24	57,310	-	-	-			
SAUDI JAFURAH PKG 3 U&O, SRU	2021-11-14	2025-08-13	14	14,892	-	12,267	-			
HPC PROJECT (PACKAGE-1)	2019-08-01	2022-07-31	100	-	-	33,713	-			
Uzbekistan natural gas liquefaction refinement facility construction	2016-12-01	2023-03-31	98	73,414	-	-	-			
Saudi Marjan Increment Program Pkg 6	2019-05-27	2024-07-31	64	47,744	-	48,184	-			
Saudi Marjan Increment Program Pkg 12	2019-05-27	2024-12-31	48	29,134	-	66,817	-			
Libya Tripoli West thermal power plant construction	2010-07-19	2023-12-31	28	-	-	-	-			
Vietnam Quang Trach 1,400MW CCPP	2021-08-01	2025-12-08	16	66,848	-	2,855	-			
UAE Mirfa IWPP Project	2014-07-02	2023-03-31	99	138,111	(138,111)	99,803	(46,877)			
Algeria Oumache 1,300MW CCPP	2020-01-14	2025-01-14	30	53,416	-	48,068	-			
Saudi, Ethane Deep Recovery Facility	2016-10-27	2023-03-31	99	-	-	519	-			
Shin-Hanul Nuclear Power	2010-04-30	2023-09-30	99	21,832	-	-	-			

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				2022			
			Due from customers		Receivables from construction contracts		
Contract date	Contractual completion date ¹	Percentage-of-completion (%)	Gross amount	Provision for impairment	Gross amount	Provision for impairment	
Plant Units 1 & 2							
Indonesia RDMP Balikpapan	2018-12-10	2023-07-26	72	486,981	-	20,064	-
PKN Olefins Expansion Project (EPC)	2021-06-22	2025-03-07	21	-	-	18,256	-
Poland Polimery Police PDH/PP Project	2019-05-11	2023-08-31	89	216,740	-	-	-
Lotte LINE Project	2022-01-07	2025-08-31	21	-	-	18,810	-
Malaysia Melaka TRACK4B CCGT power plant	2017-05-30	2023-03-31	99	1,552	-	15,085	(4,281)
Ain Amat 1200MW CCGP Project	2012-11-25	2023-03-31	99	2,586	-	185	-
Songdo Landmark City, LLC_A16	2022-04-01	2025-06-30	10	-	-	-	-
Songdo Landmark City, LLC_A14	2020-05-25	2023-10-24	63	-	-	-	-

(in thousands of USD

(Note 2))

				2022			
			Due from customers		Receivables from construction contracts		
Contract date	Contractual completion date ¹	Percentage-of-completion (%)	Gross amount	Provision for impairment	Gross amount	Provision for impairment	
Kuwait Aljur LNG port of entry construction	2016-05-15	2023-03-31	99	\$ 39,701	\$ -	\$ 2,013	\$ -
Panama Metro Line 3	2021-02-23	2025-08-24	24	-	-	28,122	-
Kuwait Sheik Jaber Causeway construction	2012-11-14	2023-03-31	99	-	-	-	-
Katar Lusail expressway construction	2012-05-21	2023-03-31	99	6,989	-	-	-
Jurong Rock Cavern Phase 1 - Stage 2 Project	2009-06-15	2023-03-31	99	-	-	-	-
Global Business Center	2020-05-02	2026-12-05	4	7,552	-	4,899	-
Qatar, Lusail Plaza Tower (PLOT 3&4)	2020-01-12	2023-03-31	95	121,699	-	15,831	-
Hillstate the Unjeong	2021-10-07	2025-08-06	12	-	-	17	-
THE H FIRSTIER I PARK	2020-06-03	2023-11-02	55	46,085	-	-	-
Hillstate Lagoon terrrace	2021-06-07	2025-04-24	13	-	-	12	-
Dunchon Public Apartments Reconstruction	2019-12-01	2024-12-31	30	287,106	-	-	-
Bangbae 5 sector residential redevelopment	2022-07-29	2026-08-28	3	25,521	-	-	-
U.A.E nuclear power plant	2010-03-26	2023-05-31	99	95,619	-	3,654	-

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(Note 2))

	2022						
	Contract date	Contractual completion date ¹	Percentage-of-completion (%)	Due from customers		Receivables from construction contracts	
				Gross amount	Provision for impairment	Gross amount	Provision for impairment
construction							
Iraq Karbala oil refinery construction	2014-04-15	2023-07-31	95	-	-	30,831	-
Iraq Basrah oil refinery upgrading construction	2021-02-15	2025-08-14	24	44,447	-	-	-
SAUDI JAFURAH PKG 3 U&O, SRU	2021-11-14	2025-08-13	14	11,550	-	9,514	-
HPC PROJECT (PACKAGE-1)	2019-08-01	2022-07-31	100	-	-	26,146	-
Uzbekistan natural gas liquefaction refinement facility construction	2016-12-01	2023-03-31	98	56,937	-	-	-
Saudi Marjan Increment Program Pkg 6	2019-05-27	2024-07-31	64	37,028	-	37,369	-
Saudi Marjan Increment Program Pkg 12	2019-05-27	2024-12-31	48	22,595	-	51,820	-
Libya Tripoli West thermal power plant construction	2010-07-19	2023-12-31	28	-	-	-	-
Vietnam Quang Trach 1,400MW CCPP	2021-08-01	2025-12-08	16	51,844	-	2,214	-
UAE Mirfa IWPP Project	2014-07-02	2023-03-31	99	107,113	(107,113)	77,403	(36,356)
Algeria Oumache 1,300MW CCPP	2020-01-14	2025-01-14	30	41,427	-	37,279	-
Saudi, Ethane Deep Recovery Facility	2016-10-27	2023-03-31	99	-	-	403	-
Shin-Hanul Nuclear Power Plant Units 1 & 2	2010-04-30	2023-09-30	99	16,932	-	-	-
Indonesia RDMP Balikpapan	2018-12-10	2023-07-26	72	377,680	-	15,561	-
PKN Olefins Expansion Project (EPC)	2021-06-22	2025-03-07	21	-	-	14,159	-
Poland Polimery Police PDH/PP Project	2019-05-11	2023-08-31	89	168,094	-	-	-
Lotte LINE Project	2022-01-07	2025-08-31	21	-	-	14,588	-
Malaysia Melaka TRACK4B CCGT power plant	2017-05-30	2023-03-31	99	1,204	-	11,699	(3,320)
Ain Arnat 1200MW CCPP Project	2012-11-25	2023-03-31	99	2,006	-	143	-
Songdo Landmark City, LLC_A16	2022-04-01	2025-06-30	10	-	-	-	-
Songdo Landmark City, LLC_A14	2020-05-25	2023-10-24	63	-	-	-	-

¹ Contractual deadlines or expected deadlines by project.

Details of major joint contracts of construction as at December 31, 2023, are as follows:

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	<u>Country</u>	<u>Participation ratio (%)</u>	<u>Lead company</u>
U.A.E nuclear power plant construction	U.A.E	55	Hyundai Engineering & Construction Co., Ltd.
Iraq Karbala oil refinery construction	Iraq	38	Hyundai Engineering & Construction Co., Ltd.
Sri Lanka Colombo Keells City project	Sri Lanka	65	Hyundai Engineering & Construction Co., Ltd.
Indonesia RDMP Balikpapan	Indonesia	55	Hyundai Engineering Co., Ltd.
PKN Olefins Expansion Project (EPC)	Poland	55	Hyundai Engineering Co., Ltd.
Shin-Hanul Nuclear Power Plant Units 1 & 2	Korea	45	Hyundai Engineering & Construction Co., Ltd.
Kuwait KNPC, NRP PKG 5 construction	Kuwait	40	Hyundai Engineering & Construction Co., Ltd.
Saudi Neom Running Tunnel Construction	Saudi Arabia	35	SAMSUNG C&T CORPORATION
Philippine, North-South Railway section 1	Philippine	58	Hyundai Engineering & Construction Co., Ltd.
Philippine, South Railway sections 4, 5, and 6	Philippine	90	Hyundai Engineering & Construction Co., Ltd.

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29. Selling and Administrative Expenses

Details of selling and administrative expenses for the years ended December 31, 2023, and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Salaries	₩	474,675	₩	438,587
Post-employment benefits		28,135		31,397
Employee welfare benefits		80,343		68,393
Travel		6,955		5,057
Utility expenses		6,115		5,537
Taxes and dues		14,176		15,585
Depreciation		11,274		9,641
Amortization		5,013		3,807
Depreciation of right-of-use assets		26,475		25,218
Ordinary development expense and others		138,787		178,612
Commissions and fees		50,619		57,964
Rental		15,709		12,175
Impairment loss		(8,434)		22,687
Others		67,536		63,186
	₩	<u>917,378</u>	₩	<u>937,846</u>

<i>(in thousands of USD (Note 2))</i>	2023		2022	
Salaries	\$	368,136	\$	340,148
Post-employment benefits		21,820		24,350
Employee welfare benefits		62,310		53,043
Travel		5,394		3,922
Utility expenses		4,743		4,294
Taxes and dues		10,994		12,087
Depreciation		8,744		7,477
Amortization		3,888		2,953
Depreciation of right-of-use assets		20,533		19,558
Ordinary development expense and others		107,637		138,523
Commissions and fees		39,258		44,954
Rental		12,183		9,442
Impairment loss		(6,541)		17,595
Others		52,378		49,004
	\$	<u>711,477</u>	\$	<u>727,351</u>

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30. Finance Income and Costs

Finance income for the years ended December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	2023	2022
Interest income	₩ 179,519	₩ 162,193
Dividend income	20,599	6,187
Gain on foreign currency transactions	70,159	82,906
Gain on foreign currency translation	17,350	36,575
Gain on disposal of financial assets at fair value through profit or loss	185	6,513
Gain on valuation of financial assets at fair value through profit or loss	6,373	6,761
Gain on derivative transactions	218	100,293
Gain on valuation of derivatives	182	-
	<u>₩ 294,585</u>	<u>₩ 401,428</u>

<i>(in thousands of USD (Note 2))</i>	2023	2022
Interest income	\$ 139,227	\$ 125,790
Dividend income	15,976	4,798
Gain on foreign currency transactions	54,412	64,298
Gain on foreign currency translation	13,456	28,366
Gain on disposal of financial assets at fair value through profit or loss	143	5,051
Gain on valuation of financial assets at fair value through profit or loss	4,943	5,244
Gain on derivative transactions	169	77,783
Gain on valuation of derivatives	141	-
	<u>\$ 228,467</u>	<u>\$ 311,329</u>

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Finance costs for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Interest expenses	₩	64,062	₩	43,727
Loss on foreign currency transactions		57,635		81,659
Loss on foreign currency translation		7,409		25,495
Loss on disposal of financial assets at fair value through profit or loss		697		10
Loss on valuation of financial assets at fair value through profit or loss		10,011		15,236
Loss on disposal of financial assets measured at amortized cost		123		-
Loss on derivative transactions		715		-
Loss on valuation of derivatives		527		10,650
	₩	<u>141,179</u>	₩	<u>176,777</u>

<i>(in thousands of USD (Note 2))</i>	2023		2022	
Interest expenses	\$	49,684	\$	33,913
Loss on foreign currency transactions		44,699		63,331
Loss on foreign currency translation		5,746		19,773
Loss on disposal of financial assets at fair value through profit or loss		541		8
Loss on valuation of financial assets at fair value through profit or loss		7,764		11,816
Loss on disposal of financial assets measured at amortized cost		95		-
Loss on derivative transactions		555		-
Loss on valuation of derivatives		409		8,260
	\$	<u>109,492</u>	\$	<u>137,100</u>

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31. Other Income and Expenses

Other income for the years ended December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Gain on foreign currency transactions	₩	196,655	₩	167,223
Gain on foreign currency translation		55,430		123,226
Reversal of other provision for impairment		56,134		17,304
Gain on disposal of property, plant and equipment		12,426		2,812
Gain on disposal of investment property		-		3,900
Gain on disposal of intangible assets		-		1,260
Reversal of impairment loss on intangible assets		39		-
Gain on from foreign operations translation		87,244		2,960
Gain on disposal of investments in associates		-		16,908
Gain on lease modification		190		185
Commission income		45,946		44,710
Miscellaneous income		50,724		55,298
	₩	<u>504,788</u>	₩	<u>435,786</u>

<i>(in thousands of USD (Note 2))</i>	2023		2022	
Gain on foreign currency transactions	\$	152,517	\$	129,691
Gain on foreign currency translation		42,989		95,568
Reversal of other provision for impairment		43,535		13,420
Gain on disposal of property, plant and equipment		9,637		2,181
Gain on disposal of investment property		-		3,025
Gain on disposal of intangible assets		-		977
Reversal of impairment loss on intangible assets		30		-
Gain on from foreign operations translation		67,662		2,296
Gain on disposal of investments in associates		-		13,113
Gain on lease modification		147		143
Commission income		35,634		34,675
Miscellaneous income		39,339		42,887
	\$	<u>391,491</u>	\$	<u>337,976</u>

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Other expenses for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Loss on foreign currency transactions	₩	189,759	₩	180,959
Loss on foreign currency translation		66,257		60,083
Commission expenses		120,932		53,749
Other impairment loss		18,969		50,833
Donations and contributions		10,349		16,912
Loss on disposal of property, plant and equipment		2,710		2,003
Loss on disposal of intangible assets		49		58
Impairment loss on intangible assets		3		155
Depreciation on assets not in use		6,873		4,732
Impairment loss on equity method investments		-		389
Loss on disposal of investments in subsidiaries		-		7,002
Loss on lease modification		697		239
Miscellaneous expenses		82,201		91,738
	₩	<u>498,799</u>	₩	<u>468,852</u>

<i>(in thousands of USD (Note 2))</i>	2023		2022	
Loss on foreign currency transactions	\$	147,168	\$	140,344
Loss on foreign currency translation		51,386		46,598
Commission expenses		93,789		41,685
Other impairment loss		14,711		39,424
Donations and contributions		8,026		13,116
Loss on disposal of property, plant and equipment		2,102		1,553
Loss on disposal of intangible assets		38		45
Impairment loss on intangible assets		2		120
Depreciation on assets not in use		5,330		3,670
Impairment loss on equity method investments		-		302
Loss on disposal of investments in subsidiaries		-		5,430
Loss on lease modification		541		185
Miscellaneous expenses		63,751		71,148
	\$	<u>386,846</u>	\$	<u>363,620</u>

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32. Breakdown of Expenses by Nature

Breakdown of expenses by nature for the years ended December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	2023	2022
Use of inventories (land for construction, supplies, and raw materials)	₩ 8,217,883	₩ 7,092,907
Changes in other inventories	(157,774)	(86,048)
Employee benefit expenses	2,223,599	1,979,028
Outside processing expenses	15,634,193	9,986,280
Depreciation, amortization and others	186,602	172,274
Impairment loss	(8,434)	23,025
Financial costs	29,689	37,966
Others	2,740,169	1,458,748
	<u>₩ 28,865,927</u>	<u>₩ 20,664,180</u>

<i>(in thousands of USD (Note 2))</i>	2023	2022
Use of inventories (land for construction, supplies, and raw materials)	\$ 6,373,416	\$ 5,500,936
Changes in other inventories	(122,362)	(66,735)
Employee benefit expenses	1,724,522	1,534,844
Outside processing expenses	12,125,169	7,744,905
Depreciation, amortization and others	144,720	133,608
Impairment loss	(6,541)	17,857
Financial costs	23,025	29,445
Others	2,125,150	1,131,339
	<u>\$ 22,387,100</u>	<u>\$ 16,026,198</u>

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33. Income Tax Expense

Income tax expense for the years ended December 31, 2023 and 2022, consists of:

<i>(in millions of Korean won)</i>	<u>2023</u>	<u>2022</u>
Current tax on profits for the year	₩ 234,708	₩ 262,637
Changes in deferred income tax due to temporary differences	30,394	31,681
Income tax expense directly charged to equity	20,163	(11,379)
Income tax expense	<u>₩ 285,265</u>	<u>₩ 282,939</u>

<i>(in thousands of USD (Note 2))</i>	<u>2023</u>	<u>2022</u>
Current tax on profits for the year	\$ 182,029	\$ 203,689
Change in deferred income tax due to temporary differences	23,572	24,570
Income tax expense directly charged to equity	15,638	(8,825)
Income tax expense	<u>\$ 221,239</u>	<u>\$ 219,435</u>

The differences between income before income tax expense in financial accounting and income tax expense pursuant to Corporate Income Tax Law of Korea for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<u>2023</u>	<u>2022</u>
Profit before income tax expense	₩ 939,544	₩ 753,815
Tax at domestic tax rates applicable to profits	233,219	240,853
Adjustments:		
Income not subject to tax	(27,767)	(2,819)
Expenses not deductible for tax purposes	499	10,426
Tax credit and tax exempt for the year	(1,780)	(20,344)
Others	81,094	54,823
Income tax expense	<u>₩ 285,265</u>	<u>₩ 282,939</u>
Effective tax rate	30.36%	37.53%

<i>(in thousands of USD (Note 2))</i>	<u>2023</u>	<u>2022</u>
Profit before income tax expense	\$ 728,668	\$ 584,625
Tax at domestic tax rates applicable to profits	180,874	186,795
Adjustments:		
Income not subject to tax	(21,535)	(2,186)
Expenses not deductible for tax purposes	387	8,086
Tax credit and tax exempt for the year	(1,380)	(15,778)
Others	62,893	42,518
Income tax expense	<u>\$ 221,239</u>	<u>\$ 219,435</u>
Effective tax rate	30.36%	37.53%

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The changes in deferred income tax due to temporary differences for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		
	Beginning balance	Changes	Ending balance
Asset revaluation	₩ (1,997)	₩ 126	₩ (1,871)
Trade and other receivables	112,002	(71,651)	40,351
Inventories	853	(217)	636
Financial assets at FVPL	10,762	15,573	26,335
Investment property	(839)	51	(788)
Property, plant and equipment	3,166	397	3,563
Unrealized gain (loss) on the merger and others	15	(1)	14
Long-term borrowings	(762)	103	(659)
Post-employment benefits	145,662	15,135	160,797
Provision for long-term employee benefits	(5,946)	(10,506)	(16,452)
Provisions and others	84,936	24,594	109,530
Other non-current liabilities	96,025	(30,605)	65,420
Reserves	34	6	40
Interest income	(12,542)	(2,355)	(14,897)
Retirement insurance fee	(178,730)	(13,228)	(191,958)
Valuation of derivatives	2,490	187	2,677
Gain (loss) on foreign currency translation	(30,707)	15,461	(15,246)
Borrowing costs	(893)	(634)	(1,527)
Revaluation profit (loss)	(53,275)	4,155	(49,120)
Accrued expenses and others	15,305	(5,919)	9,386
Others	32,529	8,771	41,300
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	(221)	575	354
Remeasurements of defined benefit plan	24,624	19,588	44,212
Deferred income tax assets (liabilities)	₩ 242,491	₩ (30,394)	₩ 212,097

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(in thousands of USD (Note 2))

	2023		
	Beginning balance	Changes	Ending balance
Asset revaluation	\$ (1,549)	\$ 98	\$ (1,451)
Trade and other receivables	86,864	(55,569)	31,294
Inventories	662	(168)	493
Financial assets at FVPL	8,347	12,078	20,424
Investment property	(651)	40	(611)
Property, plant and equipment	2,455	308	2,763
Unrealized gain (loss) on the merger and others	12	(1)	11
Long-term borrowings	(591)	80	(511)
Post-employment benefits	112,969	11,738	124,707
Provision for long-term employee benefits	(4,611)	(8,148)	(12,759)
Provisions and others	65,872	19,074	84,946
Other non-current liabilities	74,473	(23,736)	50,737
Reserves	26	5	31
Interest income	(9,727)	(1,826)	(11,553)
Retirement insurance fee	(138,615)	(10,259)	(148,874)
Valuation of derivatives	1,931	145	2,076
Gain (loss) on foreign currency translation	(23,815)	11,991	(11,824)
Borrowing costs	(693)	(492)	(1,184)
Revaluation profit (loss)	(41,318)	3,222	(38,095)
Accrued expenses and others	11,870	(4,591)	7,279
Others	25,228	6,802	32,030
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	(171)	446	275
Remeasurements of defined benefit plan	19,097	15,192	34,289
Deferred income tax assets (liabilities)	\$ 188,065	\$ (23,572)	\$ 164,493

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<i>(in millions of Korean won)</i>	2022		
	Beginning balance	Changes	Ending balance
Asset revaluation	₩ (2,099)	₩ 102	₩ (1,997)
Trade and other receivables	136,767	(24,765)	112,002
Inventories	1,097	(244)	853
Financial assets at FVPL	23,851	(13,089)	10,762
Investment property	(927)	88	(839)
Property, plant and equipment	3,264	(98)	3,166
Unrealized gain on the merger and others	47	(32)	15
Long-term borrowings	(861)	99	(762)
Post-employment benefits	163,492	(17,830)	145,662
Provision for long-term employee benefits	(11,518)	5,572	(5,946)
Provisions and others	89,808	(4,872)	84,936
Other non-current liabilities	95,192	833	96,025
Reserves	34	-	34
Interest income	(10,708)	(1,834)	(12,542)
Retirement insurance fee	(191,341)	12,611	(178,730)
Valuation of derivatives	(1,188)	3,678	2,490
Loss on foreign currency translation	(18,787)	(11,920)	(30,707)
Borrowing costs	(393)	(500)	(893)
Revaluation gain (loss)	(55,543)	2,268	(53,275)
Accrued expenses and others	12,819	2,486	15,305
Others	5,004	27,525	32,529
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	(1,730)	1,509	(221)
Remeasurements of defined benefit plan	37,855	(13,231)	24,624
Deferred income tax assets (liabilities)	₩ 274,135	₩ (31,644)	₩ 242,491

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(in thousands of USD (Note 2))

	2022		
	Beginning balance	Changes	Ending balance
Asset revaluation	\$ (1,628)	\$ 79	\$ (1,549)
Trade and other receivables	106,070	(19,207)	86,864
Inventories	851	(189)	662
Financial assets at FVPL	18,498	(10,151)	8,347
Investment property	(719)	68	(651)
Property, plant and equipment	2,531	(76)	2,455
Unrealized gain on the merger and others	36	(25)	12
Long-term borrowings	(668)	77	(591)
Post-employment benefits	126,797	(13,828)	112,969
Provision for long-term employee benefits	(8,933)	4,321	(4,611)
Provisions and others	69,651	(3,779)	65,872
Other non-current liabilities	73,827	646	74,473
Reserves	26	-	26
Interest income	(8,305)	(1,422)	(9,727)
Retirement insurance fee	(148,395)	9,781	(138,615)
Valuation of derivatives	(921)	2,852	1,931
Loss on foreign currency translation	(14,570)	(9,245)	(23,815)
Borrowing costs	(305)	(388)	(693)
Revaluation gain (loss)	(43,077)	1,759	(41,318)
Accrued expenses and others	9,942	1,928	11,870
Others	3,881	21,347	25,228
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	(1,342)	1,170	(171)
Remeasurements of defined benefit plan	29,359	(10,261)	19,097
Deferred income tax assets (liabilities)	\$ 212,607	\$ (24,542)	\$ 188,065

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Unrecognized deferred income tax assets (liabilities) as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		2022	
	Temporary differences and others	Deferred income tax assets (liabilities)	Temporary differences and others	Deferred income tax assets (liabilities)
Deferred income tax assets:				
Investments in subsidiaries	₩ 366,730	₩ 85,218	₩ 317,809	₩ 76,206
Investments in associates	176,954	40,641	176,980	42,910
Loss on foreign operations translation	494,480	113,137	504,257	122,654
	<u>₩ 1,038,164</u>	<u>₩ 238,996</u>	<u>₩ 999,046</u>	<u>₩ 241,770</u>
Deferred income tax liabilities:				
Investments in subsidiaries	₩ (858,829)	₩ (196,291)	₩ (858,829)	₩ (209,245)
	<u>₩ (858,829)</u>	<u>₩ (196,291)</u>	<u>₩ (858,829)</u>	<u>₩ (209,245)</u>

*(in thousands of USD
(Note 2))*

	2023		2022	
	Temporary differences and others	Deferred income tax assets (liabilities)	Temporary differences and others	Deferred income tax assets (liabilities)
Deferred income tax assets:				
Investments in subsidiaries	\$ 284,419	\$ 66,091	\$ 246,478	\$ 59,102
Investments in associates	137,237	31,519	137,258	33,279
Loss on foreign operations translation	383,496	87,744	391,079	95,125
	<u>\$ 805,153</u>	<u>\$ 185,354</u>	<u>\$ 774,815</u>	<u>\$ 187,506</u>
Deferred income tax liabilities:				
Investments in subsidiaries	\$ (666,069)	\$ (152,234)	\$ (666,069)	\$ (162,281)
	<u>\$ (666,069)</u>	<u>\$ (152,234)</u>	<u>\$ (666,069)</u>	<u>\$ (162,281)</u>

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Income tax expense directly charged to equity for the years ended December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	<u>2023</u>	<u>2022</u>
Deferred income tax assets (liabilities) directly charged to equity:		
Gain on valuation of financial assets at fair value	₩ 575	₩ 1,509
Remeasurements of defined benefit plan	19,588	(12,888)
	<u>₩ 20,163</u>	<u>₩ (11,379)</u>
 <i>(in thousands of USD (Note 2))</i>	 <u>2023</u>	 <u>2022</u>
Deferred income tax assets (liabilities) directly charged to equity:		
Gain on valuation of financial assets at fair value	\$ 446	\$ 1,170
Remeasurements of defined benefit plan	15,192	(9,995)
	<u>\$ 15,638</u>	<u>\$ (8,825)</u>

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The settlement time analysis of deferred tax assets and liabilities as at December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	2023	2022
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	₩ 418,100	400,065
Deferred tax asset to be recovered within 12 months	114,090	145,018
	<u>532,190</u>	<u>545,083</u>
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	(265,940)	(275,573)
Deferred tax liability to be recovered within 12 months	(54,153)	(27,019)
	<u>(320,093)</u>	<u>(302,592)</u>
Deferred tax assets, net	₩ <u>212,097</u>	<u>242,491</u>

<i>(in thousands of USD (Note 2))</i>	2023	2022
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	\$ 324,259	\$ 310,272
Deferred tax asset to be recovered within 12 months	88,483	112,469
	<u>412,742</u>	<u>422,742</u>
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	(206,251)	(213,722)
Deferred tax liability to be recovered within 12 months	(41,999)	(20,955)
	<u>(248,250)</u>	<u>(234,677)</u>
Deferred tax assets, net	\$ <u>164,493</u>	<u>\$ 188,065</u>

Impact of Pillar Two income taxes

Under the Pillar Two legislation, the Group is liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate. The Group is in review for the impact of the implementation of Pillar Two legislation on the consolidated financial statements.

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34. Earnings per Share

Basic earnings per share of ordinary share for the years ended December 31, 2023 and 2022, are computed as follows. The Group does not compute diluted earnings per share of ordinary share for the years ended December 31, 2023 and 2022, because there is no dilution effect.

<i>(in millions of Korean won)</i>	2023	2022
Profit attributable to the ordinary equity holders of the Parent Company	₩ 535,903	₩ 408,886
Profit available to ordinary share	530,822	404,998
Weighted-average number of ordinary shares outstanding (shares)	111,355,765	111,355,765
Basic earnings per share of ordinary share <i>(in Korean won)</i>	₩ 4,767	₩ 3,637

<i>(in thousands of USD (Note 2))</i>	2023	2022
Profit attributable to the ordinary equity holders of the Parent Company	\$ 415,622	\$ 317,114
Profit available to ordinary share	411,682	314,098
Weighted-average number of ordinary shares outstanding (shares)	111,355,765	111,355,765
Basic earnings per share of ordinary share <i>(in USD)</i>	\$ 3.697	\$ 2.821

Basic earnings per share of preferred share for the years ended December 31, 2023 and 2022, are computed as follows. The Parent Company does not compute diluted earnings per share of preferred share for the years ended December 31, 2023 and 2022, because there is no dilution effect.

<i>(in millions of Korean won)</i>	2023	2022
Profit available to preferred share	₩ 5,080	₩ 3,889
Weighted-average number of preferred shares outstanding (shares)	1,054,693	1,054,693
Basic earnings per share of preferred share <i>(in Korean won)</i>	₩ 4,817	₩ 3,687

<i>(in thousands of USD (Note 2))</i>	2023	2022
Profit available to preferred share	\$ 3,940	\$ 3,016
Weighted-average number of preferred shares outstanding (shares)	1,054,693	1,054,693
Basic earnings per share of preferred share <i>(in USD)</i>	\$ 3.736	\$ 2.859

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35. Related Party Transactions

Sales and purchases with related parties for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023			
	Sales and other income	Disposal of property, plant and equipment, etc.	Purchases and other expenses	Acquisition of property, plant and equipment, etc.
Entities with significant influence over the Group ¹ :				
Hyundai Motor Company	₩ 902,452	₩ -	₩ 24,431	₩ 531
KIA CORPORATION	451,741	-	17,163	80
Hyundai Mobis Co., Ltd.	255,133	-	7,516	-
	<u>₩ 1,609,326</u>	<u>₩ -</u>	<u>₩ 49,110</u>	<u>₩ 611</u>
Associates ¹ :				
Daesang Park Development Company	₩ 86,547	₩ -	₩ -	₩ -
Hyunson Engineering & Construction spa.	90,425	-	-	-
YD427 PFV Co., Ltd. ¹	19,468	-	-	-
H Energy Co., Ltd.	17,264	-	-	-
Asan Tangeong Goyang Samsung Real Estate Investment Trusts	22,552	-	-	-
PIA Guro station PFV.CO.,Ltd.	17,110	-	-	-
Koramco Gyeongsan Logistics PFV Co., Ltd.	116,710	-	-	-
Others	23,279	-	1,114	-
	<u>₩ 393,355</u>	<u>₩ -</u>	<u>₩ 1,114</u>	<u>₩ -</u>
Other related parties ¹ :				
HYUNDAI MOTOR INDIA LIMITED	₩ 14,630	₩ -	₩ -	₩ -
Hyundai Motor Manufacturing Alabama, LLC	38,619	-	-	-
KIA MOTORS MEXICO SA DE CV	18,767	-	-	-
HYUNDAI MOTOR BRASIL MONTADORA DE AUTOMOVEIS LTDA	15,061	-	934	-
HYUNDAI MOTOR MANUFACTURING RUS	6,631	-	937	-
Hyundai Card Co., Ltd.	11,222	-	76,610	-
Hyundai Motor Manufacturing Czech, s.r.o.	14,789	-	2	-
Kia Motors Slovakia s.r.o.	16,684	-	3	-
Hyundai Rotem Company	10,431	-	174	-

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
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(in millions of Korean won)

	2023			
	Sales and other income	Disposal of property, plant and equipment, etc.	Purchases and other expenses	Acquisition of property, plant and equipment, etc.
Hyundai Capital Services, Inc	6,430	-	3,518	-
Others	80,357	-	233	-
	<u>₩ 233,621</u>	<u>₩ -</u>	<u>₩ 82,411</u>	<u>₩ -</u>
Affiliates by the Act ^{1,2} :				
Hyundai Glovis Co., Ltd.	₩ 15,535	₩ -	₩ 13,736	₩ -
Hyundai Steel Company	155,750	-	1,083,482	-
Hyundai Autoever Corp.	6,521	-	127,869	13,314
Hyundai Motor Singapore	81,776	-	-	-
Hyundai Motor Guangzhou	19,582	-	-	-
PT. HLI Green Power	69,712	-	-	-
HYUNDAI TRANSYS INC. Georgia	114,621	-	-	-
HYUNDAI DE MEXICO, S.A. DE C.V.	22,731	-	-	-
PT.Hyundai Motor Manufacturing Indo	9,339	-	-	-
Hyundai Wia Rus	21,665	-	16	-
HMG Global LLC	882,759	-	-	-
Hyundai Motor Group Metaplant America, LLC	1,314,746	-	-	-
Mobis North America Electrified Powertrain	619,654	-	-	-
HL-GA Battery Company LLC	56,058	-	-	-
MOBIS ALABAMA LLC.	24,200	-	-	-
HYUNDAI TRANSYS INC.	13,286	-	4	-
Others	170,544	-	4,935	-
	<u>₩ 3,598,479</u>	<u>₩ -</u>	<u>₩ 1,230,042</u>	<u>₩ 13,314</u>

(in thousands of USD (Note 2))

	2023			
	Sales and other income	Disposal of property, plant and equipment, etc.	Purchases and other expenses	Acquisition of property, plant and equipment, etc.
Entities with significant influence over the Group ¹ :				
Hyundai Motor Company	\$ 699,901	\$ -	\$ 18,948	\$ 412
KIA CORPORATION	350,350	-	13,311	62
Hyundai Mobis Co., Ltd.	197,870	-	5,829	-
	<u>\$ 1,248,120</u>	<u>\$ -</u>	<u>\$ 38,087</u>	<u>\$ 474</u>

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
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(in thousands of USD (Note 2))

	2023			
	Sales and other income	Disposal of property, plant and equipment, etc.	Purchases and other expenses	Acquisition of property, plant and equipment, etc.
Associates¹:				
Daesang Park Development Company	\$ 67,122	\$ -	\$ -	\$ -
Hyunson Engineering & Construction spa.	70,130	-	-	-
YD427 PFV Co., Ltd. ¹	15,098	-	-	-
H Energy Co., Ltd.	13,389	-	-	-
Asan Tangeong Goyang Samsung Real Estate Investment Trusts	17,490	-	-	-
PIA Guro station PFV.CO.,Ltd.	13,270	-	-	-
Koramco Gyeongsan Logistics PFV Co., Ltd.	90,515	-	-	-
Others	18,054	-	864	-
	<u>\$ 305,068</u>	<u>\$ -</u>	<u>\$ 864</u>	<u>\$ -</u>
Other related parties¹:				
HYUNDAI MOTOR INDIA LIMITED	\$ 11,346	\$ -	\$ -	\$ -
Hyundai Motor Manufacturing Alabama, LLC	29,951	-	-	-
KIA MOTORS MEXICO SA DE CV	14,555	-	-	-
HYUNDAI MOTOR BRASIL MONTADORA DE AUTOMOVEIS LTDA	11,681	-	724	-
HYUNDAI MOTOR MANUFACTURING RUS	5,143	-	727	-
Hyundai Card Co., Ltd.	8,703	-	59,415	-
Hyundai Motor Manufacturing Czech, s.r.o.	11,470	-	2	-
Kia Motors Slovakia s.r.o.	12,939	-	2	-
Hyundai Rotem Company	8,090	-	135	-
Hyundai Capital Services, Inc	4,987	-	2,728	-
Others	62,321	-	181	-
	<u>\$ 181,186</u>	<u>\$ -</u>	<u>\$ 63,914</u>	<u>\$ -</u>
Affiliates by the Act ^{1,2}:				
Hyundai Glovis Co., Ltd.	\$ 12,048	\$ -	\$ 10,653	\$ -
Hyundai Steel Company	120,793	-	840,299	-
Hyundai Autoever Corp.	5,057	-	99,169	10,326
Hyundai Motor Singapore	63,422	-	-	-
Hyundai Motor Guangzhou	15,187	-	-	-
PT. HLI Green Power	54,065	-	-	-
HYUNDAI TRANSYS INC.	88,895	-	-	-

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

(in thousands of USD (Note 2))

	2023			
	Sales and other income	Disposal of property, plant and equipment, etc.	Purchases and other expenses	Acquisition of property, plant and equipment, etc.
Georgia				
HYUNDAI DE MEXICO, S.A. DE C.V.	17,629	-	-	-
PT.Hyundai Motor Manufacturing Indo	7,243	-	-	-
Hyundai Wia Rus	16,802	-	12	-
HMG Global LLC	684,628	-	-	-
Hyundai Motor Group Metaplant America, LLC	1,019,657	-	-	-
Mobis North America Electrified Powertrain	480,575	-	-	-
HL-GA Battery Company LLC	43,476	-	-	-
MOBIS ALABAMA LLC.	18,768	-	-	-
HYUNDAI TRANSYS INC.	10,304	-	3	-
Others	132,266	-	3,827	-
	\$ 2,790,817	\$ -	\$ 953,965	\$ 10,326

¹ The performance obligations satisfied over time among the sales to related parties are calculated based on the percentage of completion.

² Entities belong to the Enterprise Group to which Hyundai Motor Company also belongs in accordance with the Monopoly Regulation and Fair Trade Act.

(in millions of Korean won)

	2022			
	Sales and other income	Disposal of property, plant and equipment, etc.	Purchases and other expenses	Acquisition of property, plant and equipment, etc.
Entities with significant influence over the Group:				
Hyundai Motor Company	₩ 612,255	₩ 33	₩ 23,922	₩ 817
KIA CORPORATION	151,503	-	808	38
Hyundai Mobis Co., Ltd.	156,182	-	6,643	-
	₩ 919,940	₩ 33	₩ 31,373	₩ 855
Associates:				
Daesang Park Development Company	₩ 7,691	₩ -	₩ -	₩ -
Hyunson Engineering & Construction spa.	128,087	-	-	-
YD427 PFV Co., Ltd. ¹	18,038	-	-	-
H Energy Co., Ltd.	13,877	-	-	-

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
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(in millions of Korean won)

	2022			
	Sales and other income	Disposal of property, plant and equipment, etc.	Purchases and other expenses	Acquisition of property, plant and equipment, etc.
Dongbuk LRT	28,210	-	-	-
Haevichi Country Club., Ltd.	-	-	929	-
Others	13,347	-	202	-
	<u>₩ 209,250</u>	<u>₩ -</u>	<u>₩ 1,131</u>	<u>₩ -</u>
Other related parties:				
HYUNDAI MOTOR INDIA LIMITED	₩ 39,719	₩ -	₩ 41	₩ -
Hyundai Motor Manufacturing Alabama, LLC	72,490	-	-	-
KIA MOTORS MEXICO SA DE CV	14,490	-	-	-
HYUNDAI MOTOR BRASIL MONTADORA DE AUTOMOVEIS LTDA	22,126	-	964	-
HYUNDAI MOTOR MANUFACTURING RUS	22,373	-	1,394	-
Hyundai Card Co., Ltd.	11,916	-	73,766	-
Hyundai Motor Manufacturing Czech, s.r.o.	13,815	-	41	-
Kia Motors Slovakia s.r.o.	14,092	-	21	-
Hyundai Rotem Company	9,361	-	9,454	-
Others	41,796	-	3,885	-
	<u>₩ 262,178</u>	<u>₩ -</u>	<u>₩ 89,566</u>	<u>₩ -</u>
Affiliates by the Act ¹ :				
Hyundai Glovis Co., Ltd.	₩ 13,345	₩ -	₩ 14,968	₩ -
Hyundai Steel Company	115,029	-	928,190	-
Hyundai Autoever Corp.	5,528	-	110,223	17,424
Hyundai Motor Singapore	42,793	-	-	-
Hyundai Motor Guangzhou	93,422	-	-	-
PT. HLI Green Power	160,704	-	-	-
HYUNDAI TRANSYS INC. Georgia	61,644	-	-	-
HYUNDAI DE MEXICO, S.A. DE C.V.	17,278	-	-	-
PT.Hyundai Motor Manufacturing Indo	11,409	-	-	-
Hyundai Wia Rus	16,451	-	14	-
Others	197,336	-	47,156	-
	<u>₩ 734,939</u>	<u>₩ -</u>	<u>₩ 1,100,551</u>	<u>₩ 17,424</u>

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
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(in thousands of USD (Note 2))

	2022			
	Sales and other income	Disposal of property, plant and equipment, etc.	Purchases and other expenses	Acquisition of property, plant and equipment, etc.
Entities with significant influence over the Group:				
Hyundai Motor Company	\$ 474,837	\$ 26	\$ 18,553	\$ 634
KIA CORPORATION	117,499	-	627	29
Hyundai Mobis Co., Ltd.	121,128	-	5,152	-
	<u>\$ 713,464</u>	<u>\$ 26</u>	<u>\$ 24,331</u>	<u>\$ 663</u>
Associates:				
Daesang Park Development Company	\$ 5,965	\$ -	\$ -	\$ -
Hyunson Engineering & Construction spa.	99,338	-	-	-
YD427 PFV Co., Ltd. ¹	13,989	-	-	-
H Energy Co., Ltd.	10,762	-	-	-
Dongbuk LRT	21,878	-	-	-
Haevichi Country Club., Ltd.	-	-	720	-
Others	10,351	-	157	-
	<u>\$ 162,285</u>	<u>\$ -</u>	<u>\$ 877</u>	<u>\$ -</u>
Other related parties:				
HYUNDAI MOTOR INDIA LIMITED	\$ 30,804	\$ -	\$ 32	\$ -
Hyundai Motor Manufacturing Alabama, LLC	56,220	-	-	-
KIA MOTORS MEXICO SA DE CV	11,238	-	-	-
HYUNDAI MOTOR BRASIL MONTADORA DE AUTOMOVEIS LTDA	17,160	-	748	-
HYUNDAI MOTOR MANUFACTURING RUS	17,351	-	1,081	-
Hyundai Card Co., Ltd.	9,242	-	57,210	-
Hyundai Motor Manufacturing Czech, s.r.o.	10,714	-	32	-
Kia Motors Slovakia s.r.o.	10,929	-	16	-
Hyundai Rotem Company	7,260	-	7,332	-
Others	32,415	-	3,013	-
	<u>\$ 203,333</u>	<u>\$ -</u>	<u>\$ 69,463</u>	<u>\$ -</u>
Affiliates by the Act ¹ :				
Hyundai Glovis Co., Ltd.	\$ 10,350	\$ -	\$ 11,609	\$ -
Hyundai Steel Company	89,211	-	719,862	-
Hyundai Autoever Corp.	4,287	-	85,484	13,513
Hyundai Motor Singapore	33,188	-	-	-
Hyundai Motor Guangzhou	72,454	-	-	-

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
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(in thousands of USD (Note 2))

	2022		
	Sales and other income	Disposal of property, plant and equipment, etc.	Acquisition of property, plant and equipment, etc.
PT. HLI Green Power	124,635	-	-
HYUNDAI TRANSYS INC. Georgia	47,808	-	-
HYUNDAI DE MEXICO, S.A. DE C.V.	13,400	-	-
PT. Hyundai Motor Manufacturing Indo	8,848	-	-
Hyundai Wia Rus	12,759	-	11
Others	153,045	-	36,572
	<u>\$ 569,985</u>	<u>\$ -</u>	<u>\$ 853,537</u>
			<u>\$ 13,513</u>

¹ Entities belong to the Enterprise Group to which Hyundai Motor Company also belongs in accordance with the Monopoly Regulation and Fair Trade Act.

Significant financing and equity transactions for the years ended December 31, 2023 and 2022, between the Group and related parties or affiliates belong to the Large Enterprise Group are as follows:

(in millions of Korean won)

	2023								
	Loan transactions		Borrowing transactions		Financial instruments		Contributions in cash and kind	Dividends	
	Loans	Collections	Borrowings	Repayments	Investments	Collection		Received	Paid
Associates:									
K square Yongsan PFV	₩ 3,000	₩ 11,500	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
Mastern No.116 Gangnam Premiere PFV Co., Ltd.	-	70,000	-	-	-	-	-	-	-
PIA Guro station PFV.CO.,Ltd.	-	-	-	-	-	-	-	21,381	-
Project of Development Bangbae Station Area PFV.	-	-	-	-	-	-	1,495	-	-
ANYANGASAM POWER CO.,LTD.	-	-	-	-	-	-	720	-	-
60 HERTZ INC.	-	-	-	-	-	-	1,200	-	-
EIP PIS US Solar General Private Placement Special Asset Investment Trust No.1 for Professional Investors	-	-	-	-	-	-	941	-	-
Hyundai AI Rashid Construction Company Limited ¹	-	-	-	-	-	-	3,581	-	-
Smart Valley Co., Ltd.	-	-	-	-	-	-	-	200	-
Tina Hydropower Limited ¹	-	-	-	-	-	-	664	-	-
WONJU BURON INDUSTRIAL COMPLEX CO., LTD. ¹	-	-	-	-	-	-	20	-	-
HANGANG ESG SOLAR POWER GENERATION PRIVATE EQUITY SPECIAL ASSET INVESTMENT TRUST NO.1 ¹	-	-	-	-	-	-	197	-	-
HIGHLAND LNDUSTRIAL COMPLEX DEVELOPMENT CO.,LTD ¹	-	-	-	-	-	-	2	-	-
Entities with significant influence over the Company:									

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

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(in millions of Korean won)

	2023								
	Loan transactions		Borrowing transactions		Financial instruments		Contributions in cash and kind	Dividends	
	Loans	Collections	Borrowings	Repayments	Investments	Collection		Received	Paid
Hyundai Motor Company	-	-	-	-	-	-	-	-	13,996
KIA CORPORATION	-	-	-	-	-	-	-	-	7,759
Hyundai Mobis Co., Ltd.	-	-	-	-	-	-	-	-	10,092
Affiliates by the Act ² :									
Hyundai Motor Investment & Securities ³	-	-	40,000	105,000	150,000	-	-	-	-
Hyundai Glovis Co., Ltd.	-	-	-	-	-	-	-	-	5,320

(in thousands of USD (Note 2))

	2023								
	Loan transactions		Borrowing transactions		Financial instruments		Contributions in cash and kind	Dividends	
	Loans	Collections	Borrowings	Repayments	Investments	Collection		Received	Paid
Associates:									
K square Yongsan PFV	\$ 2,327	\$ 8,919	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mastern No.116 Gangnam Premiere PFV Co., Ltd.	-	54,289	-	-	-	-	-	-	-
PIA Guro station PFV.CO.,Ltd.	-	-	-	-	-	-	-	16,582	-
Project of Development Bangbae Station Area PFV.	-	-	-	-	-	-	1,159	-	-
ANYANGASAM POWER CO.,LTD.	-	-	-	-	-	-	558	-	-
60 HERTZ INC.	-	-	-	-	-	-	931	-	-
EIP PIS US Solar General Private Placement Special Asset Investment Trust No.1 for Professional Investors	-	-	-	-	-	-	730	-	-
Hyundai AI Rashid Construction Company Limited ¹	-	-	-	-	-	-	2,777	-	-
Smart Valley Co., Ltd.	-	-	-	-	-	-	-	155	-
Tina Hydropower Limited ¹	-	-	-	-	-	-	515	-	-
WONJU BURON INDUSTRIAL COMPLEX CO., LTD. ¹	-	-	-	-	-	-	16	-	-
HANGANG ESG SOLAR POWER GENERATION PRIVATE EQUITY SPECIAL ASSET INVESTMENT TRUST NO.1 ¹	-	-	-	-	-	-	153	-	-
HIGHLAND LNDUSTRIAL COMPLEX DEVELOPMENT CO.,LTD ¹	-	-	-	-	-	-	2	-	-
Entities with significant influence over the Company:									
Hyundai Motor Company	-	-	-	-	-	-	-	-	10,855
KIA CORPORATION	-	-	-	-	-	-	-	-	6,018
Hyundai Mobis Co., Ltd.	-	-	-	-	-	-	-	-	7,827
Affiliates by the Act ² :									
Hyundai Motor Investment & Securities ³	-	-	31,022	81,433	116,333	-	-	-	-
Hyundai Glovis Co., Ltd.	-	-	-	-	-	-	-	-	4,126

¹ The Group participated in the establishment of equity capital investment and capital increase during the year ended December 31, 2023.

² Entities belong to the Enterprise Group to which Hyundai Motor Company also belongs in accordance with the Monopoly Regulation and Fair Trade Act

³ The amount acquired by Hyundai Motor Securities Co., Ltd. among the bonds issued by the Group is ₩ 40,000 million (\$ 31,022 thousand), and the amount the Group repaid to Hyundai Motor Securities Co., Ltd. is ₩ 105,000 million (\$ 81,433 thousand), and amount of financial instruments invested by the Group in Hyundai Motor Securities Co., Ltd. was ₩ 150,000

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries

Notes to the Consolidated Financial Statements

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million(\$ 116,333 thousand) during the year ended December 31, 2023.

As at December 31, 2023, right-of-use assets of ₩ 14,648 million (\$ 11,360 thousand) and lease liabilities of ₩ 14,800 million (\$ 11,478 thousand) are recognized in respect to lease agreements which the Group has entered with related parties including Hyundai Motor Company. The repayment of lease liabilities made during the year ended December 31, 2023 is ₩ 12,300 million (\$ 9,539 thousand) and interest expenses amount to ₩ 205 million (\$ 159 thousand).

Meanwhile, HYUNDAI AMERICA INC. was additionally contributed of ₩ 2,769 million (\$ 2,148 thousand) and was transferred to a subsidiary for the year ended December 31, 2023.

(in millions of Korean won)

	2022									
	Loan transactions		Borrowing transactions		Financial instruments		Contributions in cash and kind	Dividends		
	Loans	Collections	Borrowings	Repayments	Investments	Collection		Received	Paid	
Associates:										
K square Yongsan PFV ⁴	₩ 38,500	₩ 30,000	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
K Square Grand Gangseo PFV ⁴	4,000	4,000	-	-	-	-	-	-	-	-
HYUNDAI AMERICA INC. ¹	-	-	-	-	-	-	950	-	-	-
Hyundai HD Real Estate Development Blind Specialized Investment Trust No.1 ¹	-	-	-	-	-	-	2,160	160	-	-
Kansus Development Specialized Investment Real Estate Investment Trust No.1 ¹	-	-	-	-	-	-	4,960	340	-	-
Aegis Neo Value General Real Estate Private Company No.8 ¹	-	-	-	-	-	-	2,500	-	-	-
Hana Alternative Investment Blind General Private Real Estate Investment Trust No.172 ¹	-	-	-	-	-	-	1,400	29	-	-
Eunpyeong Jingwandong PFV . CO ltd ¹	2,500	2,500	-	-	-	-	1,495	-	-	-
Baegot bridge	-	-	-	-	-	-	366	-	-	-
Korate KNK Eco-Private Investment ¹	-	-	-	-	-	-	11,800	-	-	-
Tina Hydropower Limited	-	-	-	-	-	-	641	-	-	-
NHD HOLDINGS CO., LTD. ¹	-	-	-	-	-	-	10	-	-	-
WOLSEONG GREEN Environment ¹	-	-	-	-	-	-	2,400	-	-	-
Entities with significant influence over the Company:										
Hyundai Motor Company	-	-	-	-	-	-	-	-	-	13,996
KIA CORPORATION	-	-	-	-	-	-	-	-	-	11,309
Hyundai Mobis Co., Ltd.	-	-	-	-	-	-	-	-	-	13,642
Affiliates by the Act ³ :										
Hyundai Motor Investment & Securities ²	-	-	-	80,000	1,985	1,985	-	-	-	-
Hyundai Glovis Co., Ltd.	-	-	-	-	-	-	-	-	-	9,754

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries

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December 31, 2023 and 2022

(in thousands of USD (Note 2))	2022								
	Loan transactions		Borrowing transactions		Financial instruments		Contributions	Dividends	
	Loans	Collections	Borrowings	Repayments	Investments	Collection	in cash and kind	Received	Paid
Associates:									
K square Yongsan PFV ⁴	\$ 29,859	\$ 23,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
K Square Grand Gangseo PFV ⁴	3,102	3,102	-	-	-	-	-	-	-
HYUNDAI AMERICA INC. ¹	-	-	-	-	-	-	737	-	-
Hyundai HD Real Estate Development Blind Specialized Investment Trust No.1 ¹	-	-	-	-	-	-	1,675	124	-
Kansus Development Specialized Investment Real Estate Investment Trust No.1 ¹	-	-	-	-	-	-	3,847	264	-
Aegis Neo Value General Real Estate Private Company No.8 ¹	-	-	-	-	-	-	1,939	-	-
Hana Alternative Investment Blind General Private Real Estate Investment Trust No.172 ¹	-	-	-	-	-	-	1,086	22	-
Eunpyeong Jingwandong PFV . CO ltd ¹	1,939	1,939	-	-	-	-	1,159	-	-
Baegot bridge	-	-	-	-	-	-	284	-	-
Korate KNK Eco-Private Investment ¹	-	-	-	-	-	-	9,152	-	-
Tina Hydropower Limited	-	-	-	-	-	-	497	-	-
NHD HOLDINGS CO., LTD. ¹	-	-	-	-	-	-	8	-	-
WOLSEONG GREEN Environment ¹	-	-	-	-	-	-	1,861	-	-
Entities with significant influence over the Company:									
Hyundai Motor Company	-	-	-	-	-	-	-	-	10,855
KIA CORPORATION	-	-	-	-	-	-	-	-	8,771
Hyundai Mobis Co., Ltd.	-	-	-	-	-	-	-	-	10,580
Affiliates by the Act ³ :									
Hyundai Motor Investment & Securities ²	-	-	-	62,044	1,539	1,539	-	-	-
Hyundai Glovis Co., Ltd.	-	-	-	-	-	-	-	-	7,565

¹ Newly established during the year ended December 31, 2022.

² The amount of debentures repaid to Hyundai Motor Securities Co., Ltd. is ₩ 80,000 million (\$ 62,044 thousand) during the year ended December 31, 2022. The amount of plan assets contributed to Hyundai Motor Securities Co., Ltd. is ₩ 529 million (\$ 410 thousand) and the amount of benefit paid is ₩ 137 million (\$ 106 thousand) for the year ended December 31, 2022.

³ Entities belong to the Enterprise Group to which Hyundai Motor Company also belongs in accordance with the Monopoly Regulation and Fair Trade Act

⁴ Hana Alternative Investment Yongsan PFV Co., Ltd. was changed its name to K Square Yongsan PFV Co., Ltd., and HANA ALTERNATIVE INVESTMENT GRAND GANGSEO PFV Co., Ltd. was changed its name to K Square Grand Gangseo PFV during the year ended December 31, 2022.

As at December 31, 2022, right-of-use assets of ₩ 13,063 million (\$ 10,131 thousand) and lease liabilities of ₩ 13,214 million (\$ 10,248 thousand) are recognized in respect to lease agreements which the Group has entered with related parties including Hyundai Motor Company. The repayment of lease liabilities made during the year ended December 31, 2022

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is ₩ 12,176 million (\$ 9,443 thousand) and interest expenses amount to ₩ 223 million (\$ 173 thousand).

Outstanding balances arising from sales/purchases of goods and services as at December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023			
	Receivables		Payables	
	Trade receivables	Other receivables	Trade payables	Other payables
Entities with significant influence over the Group:				
Hyundai Motor Company ¹	₩ 235,851	₩ 11,742	₩ 25	₩ 17,280
KIA CORPORATION	235,143	16,864	-	3,032
Hyundai Mobis Co., Ltd. ¹	121,377	2,025	1	3,829
	<u>₩ 592,371</u>	<u>₩ 30,631</u>	<u>₩ 26</u>	<u>₩ 24,141</u>
Associates:				
HYUNDAI ENGINEERING(THAILAND) CO., LTD.	₩ -	₩ 5,982	₩ -	₩ -
Hyunson Engineering & Construction spa	32,445	-	-	-
Mastern No.116 Gangnam Premiere PFV Co., Ltd.	-	6,818	-	-
YD427 PFV Co., Ltd.	-	218,576	-	2,963
Asan Tangjeong Goyang Samsung Real Estate Investment Trusts	5,998	-	-	-
Others ¹	1,837	400	-	7,916
	<u>₩ 40,280</u>	<u>₩ 231,776</u>	<u>₩ -</u>	<u>₩ 10,879</u>
Other related parties:				
HYUNDAI MOTOR AMERICA	₩ 3,149	₩ 170	₩ -	₩ 2,137
HYUNDAI MOTOR EUROPE TECHNICAL CENTER GmbH	2,337	-	-	10,316
HYUNDAI MOTOR INDIA LIMITED	2,675	264	-	2,431
Hyundai Motor Manufacturing Alabama, LLC	2,153	1,074	-	-
Kia Motors Manufacturing Georgia, Inc	12,545	266	-	-
KIA MOTORS MEXICO SA DE CV	2,297	-	-	-
Kia Motors Slovakia s.r.o.	4,001	-	-	2,267
Hyundai Rotem Company	808	503	-	3,094
Hyundai Card Co., Ltd.	326	-	-	8,687
Hyundai Capital Services, Inc. ¹	277	-	116	103
Others	1,513	282	23	-
	<u>₩ 32,081</u>	<u>₩ 2,559</u>	<u>₩ 139</u>	<u>₩ 29,035</u>

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	2023			
	Receivables		Payables	
	Trade receivables	Other receivables	Trade payables	Other payables
Affiliates by the Act ² :				
Hyundai Glovis Co., Ltd.	₩ 6,611	₩ -	₩ 124	₩ 280
Hyundai Autoever Corp.	1,420	164	19,792	6,448
Hyundai Steel Company	76,893	1,049	244,005	1,603
HL-GA Battery Company LLC	-	4,175	-	-
HMG Global LLC	-	-	-	322,350
Hyundai Motor Group Metaplant America, LLC	148,563	-	-	15,410
Mobis North America Electrified Powertrain	12,528	30,032	-	-
Hyundai Wia Rus	1,182	87	-	-
HYUNDAI TRANSYS INC. Georgia	-	6,991	-	2,854
INNOCEAN WORLDWIDE	21	-	1,629	2,359
Others	23,841	5,201	48	10,929
	<u>₩ 271,059</u>	<u>₩ 47,699</u>	<u>₩ 265,598</u>	<u>₩ 362,233</u>

(in thousands of USD (Note 2))

	2023			
	Receivables		Payables	
	Trade receivables	Other receivables	Trade payables	Other payables
Entities with significant influence over the Group:				
Hyundai Motor Company ¹	\$ 182,915	\$ 9,107	\$ 19	\$ 13,402
KIA CORPORATION	182,366	13,079	-	2,351
Hyundai Mobis Co., Ltd. ¹	94,134	1,570	1	2,970
	<u>\$ 459,416</u>	<u>\$ 23,756</u>	<u>\$ 20</u>	<u>\$ 18,723</u>
Associates:				
HYUNDAI ENGINEERING(THAILAND) CO., LTD.	\$ -	\$ 4,639	\$ -	\$ -
Hyunson Engineering & Construction spa	25,163	-	-	-
Mastern No.116 Gangnam Premiere PFV Co., Ltd.	-	5,288	-	-
YD427 PFV Co., Ltd.	-	169,518	-	2,298
Asan Tangjeong Goyang Samsung Real Estate Investment Trusts	4,652	-	-	-
Others ¹	1,425	310	-	6,139
	<u>\$ 31,239</u>	<u>\$ 179,755</u>	<u>\$ -</u>	<u>\$ 8,437</u>

Other related parties:

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	2023			
	Receivables		Payables	
	Trade receivables	Other receivables	Trade payables	Other payables
(in thousands of USD (Note 2))				
HYUNDAI MOTOR AMERICA	\$ 2,442	\$ 132	\$ -	\$ 1,657
HYUNDAI MOTOR EUROPE TECHNICAL CENTER GmbH	1,812	-	-	8,001
HYUNDAI MOTOR INDIA LIMITED	2,075	205	-	1,885
Hyundai Motor Manufacturing Alabama, LLC	1,670	833	-	-
Kia Motors Manufacturing Georgia, Inc	9,729	206	-	-
KIA MOTORS MEXICO SA DE CV	1,781	-	-	-
Kia Motors Slovakia s.r.o.	3,103	-	-	1,758
Hyundai Rotem Company	627	390	-	2,400
Hyundai Card Co., Ltd.	253	-	-	6,737
Hyundai Capital Services, Inc. ¹	215	-	90	80
Others	1,173	219	18	-
	\$ 24,881	\$ 1,985	\$ 108	\$ 22,518
Affiliates by the Act ² :				
Hyundai Glovis Co., Ltd.	\$ 5,127	\$ -	\$ 96	\$ 217
Hyundai Autoever Corp.	1,101	127	15,350	5,001
Hyundai Steel Company	59,635	814	189,239	1,243
HL-GA Battery Company LLC	-	3,238	-	-
HMG Global LLC	-	-	-	250,000
Hyundai Motor Group Metaplant America, LLC	115,219	-	-	11,951
Mobis North America Electrified Powertrain	9,716	23,291	-	-
Hyundai Wia Rus	917	67	-	-
HYUNDAI TRANSYS INC. Georgia	-	5,422	-	2,213
INNOCEAN WORLDWIDE	16	-	1,263	1,830
Others	18,490	4,034	37	8,476
	\$ 210,221	\$ 36,993	\$ 205,986	\$ 280,931

¹ Lease liabilities are included in other payables.

² Entities belong to the Enterprise Group to which Hyundai Motor Company also belongs in accordance with the Monopoly Regulation and Fair Trade Act.

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	2022							
	Receivables				Payables			
	Trade receivables		Other receivables		Trade payables		Other payables	
Entities with significant influence over the Group:								
Hyundai Motor Company ¹	₩	225,258	₩	11,166	₩	31	₩	15,083
KIA CORPORATION		67,544		148		-		34,947
Hyundai Mobis Co., Ltd. ¹		38,645		1,840		2		3,487
	₩	331,447	₩	13,154	₩	33	₩	53,517
Associates:								
Sejong Mirae Industrial Complex Co., Ltd.	₩	2,054	₩	-	₩	-	₩	-
Hyunson Engineering & Construction spa		37,822		-		-		-
Mastern No.116 Gangnam Premiere PFV Co., Ltd.		-		76,818		-		-
YD427 PFV Co., Ltd.		-		209,376		-		11,852
K square Yongsan PFV ³		-		8,552		-		-
Others ¹		1,277		6,543		-		10,141
	₩	41,153	₩	301,289	₩	-	₩	21,993
Other related parties:								
KIA MOTORS MEXICO SA DE CV	₩	2,567	₩	-	₩	-	₩	-
HYUNDAI MOTOR INDIA LIMITED		5,768		286		-		3,754
HYUNDAI MOTOR MANUFACTURING RUS		600		66		-		540
Hyundai Motor Manufacturing Czech, s.r.o.		4,109		1		-		176
Hyundai Rotem Company		516		42		-		3,995
Hyundai Card Co., Ltd.		1,708		-		-		5,396
Hyundai Motor Manufacturing Alabama, LLC		5,682		540		-		-
Kia Motors Slovakia s.r.o.		2,511		5		154		2,195
Hyundai Capital Services, Inc. ¹		891		-		115		1,130
Others		4,802		1,023		21		43
	₩	29,154	₩	1,963	₩	290	₩	17,229
Affiliates by the Act ² :								
Hyundai Glovis Co., Ltd.	₩	853	₩	-	₩	106	₩	91
Hyundai Autoever Corp.		1,130		285		14,260		5,279
Hyundai Steel Company		39,059		705		241,591		463
HYUNDAI DE MEXICO, S.A. DE C.V.		1,065		-		-		-
PT.Hyundai Motor Manufacturing Indo		1,347		-		-		-
PT. HLI Green Power		14,705		-		-		5,532
Hyundai Wia Rus		4,371		120		-		-

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	2022			
	Receivables		Payables	
	Trade receivables	Other receivables	Trade payables	Other payables
HYUNDAI TRANSYS INC.	1,810	-	-	-
HYUNDAI TRANSYS INC. Georgia	13,743	1,358	-	-
INNOCEAN WORLDWIDE	35	-	1,573	2,621
Others	12,822	3,081	187	7,987
	<u>₩ 90,940</u>	<u>₩ 5,549</u>	<u>₩ 257,717</u>	<u>₩ 21,973</u>

(in thousands of USD (Note 2))

	2022			
	Receivables		Payables	
	Trade receivables	Other receivables	Trade payables	Other payables
Entities with significant influence over the Group:				
Hyundai Motor Company ¹	\$ 174,700	\$ 8,660	\$ 24	\$ 11,698
KIA CORPORATION	52,384	115	-	27,103
Hyundai Mobis Co., Ltd. ¹	29,971	1,427	2	2,704
	<u>\$ 257,055</u>	<u>\$ 10,202</u>	<u>\$ 26</u>	<u>\$ 41,505</u>
Associates:				
Sejong Mirae Industrial Complex Co., Ltd.	\$ 1,593	\$ -	\$ -	\$ -
Hyunson Engineering & Construction spa	29,333	-	-	-
Mastern No.116 Gangnam Premiere PFV Co., Ltd.	-	59,577	-	-
YD427 PFV Co., Ltd.	-	162,383	-	9,192
K square Yongsan PFV ³	-	6,633	-	-
Others ¹	990	5,074	-	7,865
	<u>\$ 31,916</u>	<u>\$ 233,666</u>	<u>\$ -</u>	<u>\$ 17,057</u>
Other related parties:				
KIA MOTORS MEXICO SA DE CV	\$ 1,991	\$ -	\$ -	\$ -
HYUNDAI MOTOR INDIA LIMITED	4,473	222	-	2,911
HYUNDAI MOTOR MANUFACTURING RUS	465	51	-	419
Hyundai Motor Manufacturing Czech, s.r.o.	3,187	1	-	136
Hyundai Rotem Company	400	33	-	3,098
Hyundai Card Co., Ltd.	1,325	-	-	4,185
Hyundai Motor Manufacturing Alabama, LLC	4,407	419	-	-
Kia Motors Slovakia s.r.o.	1,947	4	119	1,702
Hyundai Capital Services, Inc. ¹	691	-	89	876

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(in thousands of USD (Note 2))

	2022			
	Receivables		Payables	
	Trade receivables	Other receivables	Trade payables	Other payables
Others	3,724	793	16	33
	\$ 22,611	\$ 1,522	\$ 225	\$ 13,362
Affiliates by the Act ² :				
Hyundai Glovis Co., Ltd.	\$ 662	\$ -	\$ 82	\$ 71
Hyundai Autoever Corp.	876	221	11,059	4,094
Hyundai Steel Company	30,292	547	187,367	359
HYUNDAI DE MEXICO, S.A. DE C.V.	826	-	-	-
PT.Hyundai Motor Manufacturing Indo	1,045	-	-	-
PT. HLI Green Power	11,405	-	-	4,290
Hyundai Wia Rus	3,390	93	-	-
HYUNDAI TRANSYS INC.	1,404	-	-	-
HYUNDAI TRANSYS INC. Georgia	10,658	1,053	-	-
INNOCEAN WORLDWIDE	27	-	1,220	2,033
Others	9,944	2,389	145	6,194
	\$ 70,529	\$ 4,304	\$ 199,874	\$ 17,041

¹ Lease liabilities are included in other payables.

² Entities belong to the Enterprise Group to which Hyundai Motor Company also belongs in accordance with the Monopoly Regulation and Fair Trade Act.

³ Hana Alternative Investment Yongsan PFV Co., Ltd. was changed its name to K Square Yongsan PFV Co., Ltd., during the year ended December 31, 2022.

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Details of impairment loss and provision for impairment related to receivables with related parties as at and for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

		2023		2022	
		Provision for impairment	Impairment loss	Provision for impairment	Impairment loss
Associates (other receivables)	HYUNDAI ENGINEERING (THAILAND) CO., LTD.	₩ 5,982	₩ 110	₩ 5,872	₩ 367
Associates (loans)		19,049	-	19,049	-
		₩ 25,031	₩ 110	₩ 24,921	₩ 367

(in thousands of USD (Note 2))

		2023		2022	
		Provision for impairment	Impairment loss	Provision for impairment	Impairment loss
Associates (other receivables)	HYUNDAI ENGINEERING (THAILAND) CO., LTD.	\$ 4,639	\$ 85	\$ 4,554	\$ 285
Associates (loans)		14,774	-	14,774	-
		\$ 19,413	\$ 85	\$ 19,328	\$ 285

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Pledged assets provided as collateral for related parties as at December 31, 2023, are as follows:

(in millions of Korean won and in thousands of USD (Note 2))

	Description of pledged assets	Book amount		Security holder	Remarks
		Korean won	US dollars		
Associates:					
The Gyeongnam Highway Co., Ltd.	Investment in associate	₩ -	\$ -	Kookmin Bank and others	Loan guarantee
The Ulsan Harbour Bridge Co., Ltd.	Investment in associate	-	-	Kookmin Bank and others	Loan guarantee
H Energy Co., Ltd.	Investment in associate	67	52	Korea Development Bank and others	Loan guarantee
Koramco Gyeongsan Logistics PFV Co., Ltd.	Investment in associate	-	-	Hana Financial Investment	Loan guarantee
Mastern No.116 Gangnam Premiere PFV Co., Ltd.	Investment in associate	-	-	SAEMAULKEUM GO and others	Loan guarantee
YD427 PFV Co., Ltd	Investment in associate	-	-	INDUSTRIAL BANK OF KOREA and others	Loan guarantee
Tina Hydropower Limited	Investment in associate	2,483	1,926	AMAL Security Servives Pty Ltd. INDUSTRIAL	Loan guarantee
Eumseong Yongsan Industrial Complex Co., Ltd.	Investment in associate	100	78	BANK OF KOREA and others	Loan guarantee
WONJU BURON INDUSTRIAL COMPLEX CO., LTD.	Investment in associate	20	16	INDUSTRIAL BANK OF KOREA and others	Loan guarantee
		₩ 2,670	\$ 2,071		

Supplemental funding arrangements and others provided to related parties as at December 31, 2023, are as follows:

(in millions of Korean won)

	Limits	Amount used	Remarks
Associates:			
K Square Grand Gangseo PFV	₩ 1,018,000	₩ 952,100	Borrowings payment guarantee
Mastern No.116 Gangnam Premiere PFV Co., Ltd.	265,000	220,000	Borrowings payment guarantee and others
YD427 PFV Co., Ltd	200,000	200,000	Borrowings payment guarantee
Aegis Neo Value General Real Estate Private Company No.8	156,650	146,500	Borrowings payment guarantee
K square Yongsan PFV	141,005	141,005	Supplemental funding arrangements of borrowings
Project of Development Bangebae Station Area PFV.	30,000	30,000	Supplemental funding arrangements of borrowings
Eunpyeong Jingwandong PFV . CO ltd	35,430	35,430	Supplemental funding arrangements of borrowings
	₩ 1,846,085	₩ 1,725,035	

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<i>(in thousands of USD (Note 2))</i>	Limits	Amount used	Remarks
Associates:			
K Square Grand Gangseo PFV	\$ 789,515	\$ 738,405	Borrowings payment guarantee
Mastern No.116 Gangnam Premiere PFV Co., Ltd.	205,522	170,622	Borrowings payment guarantee and others
YD427 PFV Co., Ltd	155,111	155,111	Borrowings payment guarantee
Aegis Neo Value General Real Estate Private Company No.8	121,491	113,619	Borrowings payment guarantee
K square Yongsan PFV	109,357	109,357	Supplemental funding arrangements of borrowings
Project of Development Bangebae Station Area PFV.	23,267	23,267	Supplemental funding arrangements of borrowings
Eunpyeong Jingwandong PFV . CO ltd	27,478	27,478	Supplemental funding arrangements of borrowings
	<u>\$ 1,431,740</u>	<u>\$ 1,337,859</u>	

The Group provides joint guarantees of ₩ 745,322 million (\$ 578,038 thousand) and ₩ 237,549 million (\$ 184,232 thousand), respectively, for the housing guarantee issued by the Songdo Landmark City, LLC, Hana Asset Trust Co.,Ltd (the trust company of Daesang Park Development Company) and Asan Tangeong Goyang Samsung Housing Development REITs's Housing and Urban Guarantee Corporation and others. In addition, as at December 31, 2023, the Group provides a joint and several guarantee of ₩ 4,487 million (\$ 3,480 thousand) for H Energy Co., Ltd.'s business performance guarantee, issued by the Construction Guarantee Cooperative.

As at December 31, 2023, the Group has entered into an agreement for conditional takeover of debt for completion and indemnification agreement of Hillstate XI Asan Senturm (Asan Tangeong Goyang Samsung Housing Development REITs), Hillstate Changwon The First (Daesang Park Development Company), Gyeongsan Complex Logistics Center (KORAMCO Gyeongsan Logistics PFV Co., Ltd) and Eumseong Yongsan Industrial Complex Co., Ltd. (Eumseong Yongsan Industrial Complex Co., Ltd.) amounting to ₩ 59,070 million (\$ 45,812 thousand) [limit: ₩ 181,500 million (\$ 140,763 thousand) and total limit considering joint contract sites is ₩ 330,000 million (\$ 255,933 thousand)], ₩ 236,000 million (\$ 183,031 thousand) (limit: ₩ 300,000 million (\$ 232,666 thousand), ₩ 192,000 million (\$ 148,906 thousand) (limit: ₩ 269,000 million(\$ 208,624 thousand)) and ₩ 66,000 million (\$ 51,187 thousand) (limit: ₩ 88,300 million(\$ 68,481 thousand)), respectively.

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The compensation paid or payable to key management (executive and non-executive directors) for employee services for the years ended December 31, 2023 and 2022, consists of the following:

<i>(in millions of Korean won)</i>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	₩ 52,589	₩ 53,222
Post-employment benefits	6,496	6,343
Long-term employee benefits	52	47
	<u>₩ 59,137</u>	<u>₩ 59,612</u>

<i>(in thousands of USD (Note 2))</i>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 40,786	\$ 41,277
Post-employment benefits	5,038	4,919
Long-term employee benefits	40	36
	<u>\$ 45,864</u>	<u>\$ 46,232</u>

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36. Pledged Assets

Pledged assets provided as collaterals for the Group's borrowings and guarantees as at December 31, 2023, are as follows:

(in millions of Korean won and in thousands of USD (Note 2))

Description	Detailed title	Book amount		Security holder	Remarks
		Korean won	US dollars		
Financial assets at fair value through profit or loss	Investments in partnership	₩ 82,445	\$ 63,941	Construction Guarantee Cooperative	For construction payment guarantee and others
Financial assets at fair value through profit or loss	Investments in partnership	9,832	7,625	Engineering Financial Cooperative	Guarantee for contract and guarantee for advance payment and others
Financial assets at fair value through profit or loss	Investments in partnership	1,215	942	Certified Architects Financial Cooperative	For borrowings and collateral for guarantee for contract
Financial assets at fair value through profit or loss	Ordinary shares in unlisted entity	7,257	5,628	B.Grimm Power Korea Limited Korea	For right of pledge on shares
Short-term financial instruments	Financial deposits	19,916	15,446	Development Bank and others	For borrowings
Short-term financial instruments	Financial deposits	96	74	-	For seizure related to lawsuit
Long-term financial instruments	Financial deposits	73	57	Seoul Guarantee Insurance Co., Ltd.	Deposit for license
Long-term financial instruments	Financial deposits	41	32	KEB Hana Bank and others	Deposit for bank account
Long-term financial instruments	Financial deposits	44	34	First Abu Dhabi Bank	For construction payment guarantee
Long-term financial instruments	Financial deposits	149	116	ING Group Turkey	Deposit
Other receivables	Court deposits	1,604	1,244	-	Court deposit
Construction in progress	Construction in progress	57,311	44,448	NongHyup Bank	For borrowings (collateral security)
Inventories	Uncompleted building	75,948	58,902		
Investment property	Land	40,598	31,486	ROYAL LINKS country club CO., LTD.	Guarantee for business performance
		<u>₩ 296,529</u>	<u>\$ 229,975</u>		

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In relation to its borrowings, Hyundai Eco Energy Co., Ltd., one of the subsidiaries of the Group, entered into agreements related to solar energy development business, such as construction contracts, Renewable Energy Certificate (REC) purchase agreement, and others. Among these agreements in which Hyundai Eco Energy Co., Ltd. will receive a cash or acquire property rights, Hyundai Eco Energy Co., Ltd. entered into security transfer agreement which transfers all the rights in the contract to the creditors as collateral.

In addition, ordinary shares issued by Hyundai Eco Energy Co., Ltd. are pledged as collateral and the right of pledge on shares are provided from its shareholders. Insurance for construction in relation to guarantee for property risk are pledged up to ₩ 216,283 million (\$ 167,739 thousand)).

Meanwhile, Hyundai Eco Energy Co., Ltd. pledged rights of claim receivables that it holds or will acquire in the future for the obligator for the sale of power as collateral. As at the end of the reporting date, a procedure for collateral security in factory foundation was completed. The related loan arrangements' limit amount to ₩ 161,000 million (\$ 124,864 thousand) with executed amount of ₩ 116,053 million (\$ 90,005 thousand).

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Pledged assets provided as collateral by the Group to other parties, excluding the Group's related parties, as at December 31, 2023, are as follows:

(in millions of Korean won and in thousands of USD (Note 2))

Company	Description of pledged assets	Detailed title	Book amount		Security holder	Remarks
			Korean won	US dollars		
Kaya Railroad Co., Ltd.	FVPL	Shares of Kaya Railroad Co., Ltd.	₩	- \$	-	National Pension Service and others For borrowings
Kwangkyo Baumteo Co., Ltd.	FVPL	Shares of Kwangkyo Baumteo Co., Ltd.	-	-	-	Korea BTL Infra Investment Co., Ltd. and others For borrowings
Daejeon Clean Water Co., Ltd	FVPL	Shares of Daejeon Clean Water Co., Ltd	-	-	-	Samsung life insurance and others For borrowings
Mileseum Co., Ltd.	FVPL	Shares of Mileseum Co., Ltd.	-	-	-	Korea Development Bank and others For borrowings
Miraeseum 2nd Co., Ltd	FVPL	Shares of Miraeseum 2nd Co., Ltd	-	-	-	Hanwha General Insurance Co., Ltd. and others For borrowings
Miraeseum 3rd Co., Ltd.	FVPL	Shares of Miraeseum 3rd Co., Ltd.	-	-	-	Kyongnam Bank and others For borrowings
Miraeseum 4th Co., Ltd.	FVPL	Shares of Miraeseum 4th Co., Ltd.	-	-	-	Korea Development Bank and others For borrowings
Sangju-Yeongcheon Expressway Co., Ltd.	FVPL	Shares of Sangju-Yeongcheon Expressway Co., Ltd.	-	-	-	Korea Development Bank and others For borrowings
WESTERN Metro Co., Ltd	FVPL	Shares of WESTERN Metro Co., Ltd	-	-	-	Korea Development Bank and others For borrowings
Seosan Chongchun Co., Ltd	FVPL	Shares of Seosan Chongchun Co., Ltd	-	-	-	Korea Development Bank and others For borrowings
West Seoul Urban Expressway Co., Ltd.	FVPL	Shares of West Seoul Urban Expressway Co., Ltd.	51,302	39,787	-	NongHyup Bank and others For borrowings
Seoul tunnel Co., Ltd.	FVPL	Shares of Seoul tunnel Co., Ltd.	13,942	10,813	-	Korea Development Bank and others For borrowings
Capital Region Ring Expressway Co., Ltd.	FVPL	Capital Region Ring Expressway Co., Ltd.	9,131	7,082	-	Lotte Non-Life Insurance Co., Ltd. and others For borrowings
Yeolin ChangJo Kyoyook Co., Ltd.	FVPL	Yeolin ChangJo Kyoyook Co., Ltd.	-	-	-	NongHyup Bank and others For borrowings
Yongin Heemang Co., Ltd.	FVPL	Yongin Heemang Co., Ltd.	-	-	-	Heungkuk Life Insurance Co., Ltd. and others For borrowings
Ulsan Chongchun Co., Ltd	FVPL	Shares of Ulsan Chongchun Co., Ltd	-	-	-	Industrial Bank of Korea and others For borrowings
Ulju Chongchun Co., Ltd	FVPL	Shares of Ulju Chongchun Co., Ltd	-	-	-	Kyobo Life Insurance Co., Ltd. and others For borrowings
ERail Co., Ltd.	FVPL	Shares of ERail Co., Ltd.	-	-	-	Korea Development Bank and others For borrowings
The 2nd Seoul-Incheon Linking Highway Co.,	FVPL	Shares of The 2nd Seoul-Incheon	-	-	-	Kookmin Bank and others For borrowings

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(in millions of Korean won and in thousands of USD (Note 2))

Company	Description of pledged assets	Detailed title	Book amount		Security holder	Remarks
			Korean won	US dollars		
Ltd.		Linking Highway Co., Ltd.				
The 2nd Youngdong Highway Co., Ltd.	FVPL	Shares of The 2nd Youngdong Highway Co., Ltd.	-	-	Shinhan Bank and others	For borrowings
Jinju Chongchun Co., Ltd.	FVPL	Shares of Jinju Chongchun Co., Ltd.	-	-	Industrial Bank of Korea and others	For borrowings
Cham Daun Changjo Co., Ltd.	FVPL	Cham Daun Changjo Co., Ltd.	-	-	Kyobo Life Insurance Co., Ltd. and others	For borrowings
Heemangsewoom Co., Ltd.	FVPL	Shares of Heemangsewoom Co., Ltd.	-	-	Korea Finance Corporation and others	For borrowings
PDH Polska S.A. (Grupa Azoty)	FVPL	Shares of PDH Polska S.A. (Grupa Azoty)	14,333	11,116	Bank Polska Kasa Opieki S.A	For borrowings
Saemangeum Heemang Photovoltaic Co Ltd	FVPL	Shares of Saemangeum Heemang Photovoltaic Co Ltd	4,724	3,664	Woori Bank, Samsung life insurance, Korea Federation of Community Credit Cooperatives	For borrowings
WOOLIM AMC CO., LTD.	FVPL	Shares of WOOLIM AMC CO., LTD.	249	193	HANYANG SECURITIES CO.,LTD	For borrowings
Jeju Hanlim Offshore Wind Co., Ltd	FVPL	Shares of Jeju Hanlim Offshore Wind Co., Ltd	8,700	6,747	Kookmin Bank and others	For borrowings
HUMAN ECO-LAND CO., LTD.	FVPL	Shares of HUMAN ECO-LAND CO., LTD.	147	114	Mirae Asset Daewoo.Co., Ltd. and others	For borrowings
DAEJEON ENVIRO	FVPL	Shares of DAEJEON ENVIRO	6,006	4,658	Korea Development Bank and others	For borrowings
Dongbuk LRT	FVPL	Shares of Dongbuk LRT	15,097	11,709	Kookmin Bank and others	For borrowings
Ilshin Leisure Co., Ltd	Investment properties	Land	24,131	18,715	Hana Bank, SBI Savings Bank, Credit Union	For borrowings
Kyeongbuk Bio Industrial Complex Development Co., Ltd	FVPL	Shares of Kyeongbuk Bio Industrial Complex Development Co., Ltd	100	78	Korea Development Bank and others	For borrowings
JINJU ROOT SANDAN DEVELOPMENT CO., LTD.	FVPL	Shares of JINJU ROOT SANDAN DEVELOPMENT CO., LTD.	8	6	Kyongnam Bank and others	For borrowings
			<u>₩ 147,870</u>	<u>\$ 114,682</u>		

As at December 31, 2023, the comprehensive insurance program for construction of the Group (coverage: ₩ 130,602 million (\$ 101,289 thousand)) is provided as collateral in relation to the customer's borrowings.

As at December 31, 2023, the Group also provides a part of its land as collateral in relation to lessee's borrowings with respect to rental revenue, with the maximum credit amount of

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₩ 4,320 million (\$ 3,350 thousand).

37. Contingencies and Commitments

(1) As at December 31, 2023, the Group provides credit enhancement related to PF (loans) with a guarantee amount of ₩ 11,130,656 million (\$ 8,632,431 thousand) (2022: ₩ 9,567,709 million (\$ 7,420,280 thousand)), of which the amount for independent projects is ₩ 10,887,607 million (\$ 8,443,933 thousand) (2022: ₩ 9,003,558 million (\$ 6,982,750 thousand)), and the amount for consortium participated projects is ₩ 243,049 million (\$ 188,498 thousand) (2022: ₩ 564,151 million (\$ 437,530 thousand)). The credit enhancement provided to related parties is ₩ 1,840,185 million (\$ 1,427,164 thousand) (2022: ₩ 1,448,650 million (\$ 1,123,507 thousand)) based on the guarantee amount, and all are related to other projects. There is no amount recognized as a provision in 2023 which was accounted as a contingent liability as at December 31, 2022.

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Independent projects

(in millions of Korean won)

Types	Guarantee limit	Guarantee amount	Loan balance								2022
			Maturity								
			2023	Less than 3 months	Between 3-6 months	Between 6-12 months	Between 1-2 years	Between 2-3 years	Over 3 years		
Redevelopment project											
Bridge loan	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
Main PF	9,086,156	4,634,027	3,892,844	295,712	30,000	1,426,848	710,062	608,573	821,650	2,851,840	
	9,086,156	4,634,027	3,892,844	295,712	30,000	1,426,848	710,062	608,573	821,650	2,851,840	
Other project											
Bridge loan	4,549,280	4,543,380	4,356,830	1,381,100	1,430,100	1,545,630	-	-	-	3,834,200	
Main PF	1,825,030	1,710,200	1,453,700	426,300	130,000	410,000	268,500	75,000	143,900	1,277,000	
	6,374,310	6,253,580	5,810,530	1,807,400	1,560,100	1,955,630	268,500	75,000	143,900	5,111,200	
	₩15,460,466	₩10,887,607	₩9,703,374	₩ 2,103,112	₩1,590,100	₩3,382,478	₩ 978,562	₩ 683,573	₩ 965,550	₩7,963,040	

(in thousands of USD (Note 2))

Types	Guarantee limit	Guarantee amount	Loan balance								2022
			Maturity								
			2023	Less than 3 months	Between 3-6 months	Between 6-12 months	Between 1-2 years	Between 2-3 years	Over 3 years		
Redevelopment project											
Bridge loan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Main PF	7,046,809	3,593,941	3,019,114	229,341	23,267	1,106,598	550,692	471,982	637,234	2,211,757	
	7,046,809	3,593,941	3,019,114	229,341	23,267	1,106,598	550,692	471,982	637,234	2,211,757	
Other project											
Bridge loan	3,528,215	3,523,639	3,378,959	1,071,118	1,109,121	1,198,720	-	-	-	2,973,631	
Main PF	1,415,410	1,326,353	1,127,423	330,619	100,822	317,977	208,236	58,167	111,602	990,383	
	4,943,625	4,849,992	4,506,382	1,401,737	1,209,943	1,516,697	208,236	58,167	111,602	3,964,014	
	\$ 11,990,434	\$ 8,443,933	\$ 7,525,496	\$ 1,631,078	\$ 1,233,210	\$ 2,623,295	\$ 758,928	\$ 530,149	\$ 748,836	\$6,175,771	

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Consortium participated projects (total)

(in millions of Korean won)

Types	Guarantee limit	Guarantee amount	Loan balance								
			Maturity								
			2023	Less than 3 months	Between 3-6 months	Between 6-12 months	Between 1-2 years	Between 2-3 years	Over 3 years	2022	
Redevelopment project											
Bridge loan	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
Main PF	478,800	437,774	364,811	-	248,168	116,644	-	-	-	-	1,252,665
	478,800	437,774	364,811	-	248,168	116,644	-	-	-	-	1,252,665
Other project											
Bridge loan	20,000	20,000	20,000	-	-	20,000	-	-	-	-	10,000
Main PF	-	-	-	-	-	-	-	-	-	-	-
	20,000	20,000	20,000	-	-	20,000	-	-	-	-	10,000
	₩ 498,800	₩ 457,774	₩ 384,811	₩ -	₩ 248,168	₩ 136,644	₩ -	₩ -	₩ -	₩ -	₩1,262,665

(in thousands of USD (Note 2))

Types	Guarantee limit	Guarantee amount	Loan balance								
			Maturity								
			2023	Less than 3 months	Between 3-6 months	Between 6-12 months	Between 1-2 years	Between 2-3 years	Over 3 years	2022	
Redevelopment project											
Bridge loan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Main PF	371,336	339,518	282,932	-	192,468	90,464	-	-	-	-	971,510
	371,336	339,518	282,932	-	192,468	90,464	-	-	-	-	971,510
Other project											
Bridge loan	15,511	15,511	15,511	-	-	15,511	-	-	-	-	7,756
Main PF	-	-	-	-	-	-	-	-	-	-	-
	15,511	15,511	15,511	-	-	15,511	-	-	-	-	7,756
	\$ 386,847	\$ 355,029	\$ 298,443	\$ -	\$ 192,468	\$ 105,975	\$ -	\$ -	\$ -	\$ -	\$ 979,266

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Consortium participated projects (The Group)

(in millions of Korean won)

Types	Guarantee limit	Guarantee amount	Loan balance							2022	
			Maturity classification								
			2023	Less than 3 months	Between 3-6 months	Between 6-12 months	Between 1-2 years	Between 2-3 years	Over 3 years		
Redevelopment project											
Bridge loan	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
Main PF	265,920	238,589	198,824	-	124,084	74,740	-	-	-	-	494,184
	265,920	238,589	198,824	-	124,084	74,740	-	-	-	-	494,184
Other project											
Bridge loan	4,460	4,460	4,460	-	-	4,460	-	-	-	-	2,230
Main PF	-	-	-	-	-	-	-	-	-	-	-
	4,460	4,460	4,460	-	-	4,460	-	-	-	-	2,230
	₩ 270,380	₩ 243,049	₩ 203,284	₩ -	₩ 124,084	₩ 79,200	₩ -	₩ -	₩ -	₩ -	₩ 496,414

(in thousands of USD (Note 2))

Types	Guarantee limit	Guarantee amount	Loan balance							2022	
			Maturity classification								
			2023	Less than 3 months	Between 3-6 months	Between 6-12 months	Between 1-2 years	Between 2-3 years	Over 3 years		
Redevelopment project											
Bridge loan	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Main PF	206,235	185,039	154,199	-	96,234	57,965	-	-	-	-	383,267
	206,235	185,039	154,199	-	96,234	57,965	-	-	-	-	383,267
Other project											
Bridge loan	3,459	3,459	3,459	-	-	3,459	-	-	-	-	1,729
Main PF	-	-	-	-	-	-	-	-	-	-	-
	3,459	3,459	3,459	-	-	3,459	-	-	-	-	1,729
	\$ 209,694	\$ 188,498	\$ 157,658	\$ -	\$ 96,234	\$ 61,424	\$ -	\$ -	\$ -	\$ -	\$ 384,996

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(2) Details of real estate PF (loan) guarantee

i) As at December 31, 2023, the details PF guarantee related to 26 redevelopment projects are as follows.

Agreements related to PF guarantees have trigger clauses of ₩ 4,091,668 million (\$ 3,173,312 thousand) (2022: ₩ 3,346,024 (\$ 2,595,024 thousand)) if the borrower fails to pay the amount due in accordance with the financial contract, if a reason for bankruptcy occurs to the constructor or the borrower, or if the constructor's credit rating falls.

(in millions of Korean won)

Business area	Classification of workplace	PF type	Types of security	Guarantee limit (total)	Burden rate (%)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Loan period		Type	Maturity (securitized bonds)	Completion guarantee agreed amount ²
										2023	2022	Start date	End date			
Seoul	Multi-unit housing	Main PF	Joint guarantee	₩3,349,420	100%	₩ 860,518	Hannam 3 sector redevelopment promotion area housing redevelopment association	-	Securities company and others	₩758,947	₩334,714	2023-03-23	2028-11-16	Loan and others	2024-05-24	₩ -
Seoul	Multi-unit housing	Main PF	Joint guarantee	900,360	100%	726,061	Bangbae 5 sector residential redevelopment association	-	Bank	605,051	414,923	2020-03-05	2024-11-05	Loan	-	-
Seoul	Multi-unit housing ¹	Main PF	Joint guarantee	1,188,000	100%	698,874	Banpo Jugong Complex 1 residential redevelopment association	-	Bank	582,395	519,853	2021-06-01	2026-11-24	Loan	-	-
Seoul	Multi-unit	Main PF	Joint	516,000	100%	332,796	Daejo 1 sector	-	Securities	277,330	255,243	2019-08-07	2024-08-07	Loan and	2024-08-07	-

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(in millions of Korean won)

Business area	Classification of workplace housing ¹	PF type	Types of security guarantee	Guarantee limit (total)	Burden rate (%)	Guarantee amount	Debtors	Related party status	Bonds institution company and others	Loan balance		Loan period		Type others	Maturity (securitized bonds)	Completion guarantee agreed amount ²
										2023	2022	Start date	End date			
Busan	Multi-unit housing ¹	Main PF	Joint guarantee	372,600	100%	183,955	residential redevelopment association Beomcheon 1-1 sector Urban Environment Improvement Association Heukseok 9 sector	-	Bank	153,296	144,145	2020-12-29	2025-12-29	Loan and othersv	2025-12-29	-
Seoul	Multi-unit housing ¹	Main PF	Joint guarantee	318,000	100%	173,509	residential redevelopment promotion area housing redevelopment association Bongcheon 4-1-2 sector	-	Bank	144,591	119,336	2022-08-30	2028-02-29	Loan and others	2028-02-29	-
Seoul	Multi-unit housing	Main PF	Joint guarantee	206,400	100%	156,220	residential redevelopment association Gwangcheon	-	Head office	130,183	123,373	2023-12-28	2025-12-23	Loan	-	-
Gwangju	Multi-unit housing	Main PF	Joint guarantee	156,000	100%	156,000	residential redevelopment association Daechi	-	Securities company and others	130,000	-	2023-12-20	2024-12-19	Loan and others	-	-
Seoul	Multi-unit housing	Main PF	Joint guarantee	204,000	100%	141,699	Kumaeul 3rd District residential redevelopment	-	Bank	118,082	69,170	2023-02-28	2025-10-27	Loan	-	-

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(in millions of Korean won)

Business area	Classification of workplace	PF type	Types of security	Guarantee limit (total)	Burden rate (%)	Guarantee amount	Debtors association	Related party status	Bonds institution	Loan balance		Loan period		Type	Maturity (securitized bonds)	Completion guarantee agreed amount ²
										2023	2022	Start date	End date			
Seoul	Multi-unit housing	Main PF	Joint guarantee	166,080	100%	141,018	Deungchon 1 sector residential redevelopment association	-	Securities company and others	117,515	107,886	2020-11-18	2024-03-18	Loan	-	-
Incheon	Multi-unit housing	Main PF	Joint guarantee	132,000	100%	120,752	Baegun 1 sector residential redevelopment association	-	Securities company and others	100,627	91,385	2021-08-18	2024-08-19	Loan and others	2024-08-19	-
Daejeon	Multi-unit housing ¹	Main PF	Joint guarantee	265,826	51%	193,320	Doma-ro Byeon-dong 1 sector redevelopment promotion area housing redevelopment association	-	Securities company and others	150,406	125,275	2021-12-21	2026-05-11	Loan and others	2026-05-09	-
Changwon	Multi-unit housing	Main PF	Joint guarantee	213,480	45%	185,806	Hoewon 2 sector residential redevelopment association	-	Securities company and others	154,838	139,583	2022-04-19	2027-01-19	Loan	-	-
	Others ¹			1,097,990	100%	563,499				469,583	406,954					-
	Total of independent project			9,086,156		4,634,027				3,892,844	2,851,840					-

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(in millions of Korean won)

Business area	Classification of workplace	PF type	Types of security	Guarantee limit (total)	Burden rate (%)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Loan period		Type	Maturity (securitized bonds)	Completion guarantee agreed amount ²
										2023	2022	Start date	End date			
Incheon	Multi-unit housing	Main PF	Joint guarantee	309,360	50%	148,901	Gyeyang 1 sector residential redevelopment association	-	Securities company and others	124,084	104,036	2020-12-18	2024-04-18	Loan and others	2024-04-18	-
	Others ¹			169,440		89,688				74,740	390,148					113,850
	Total of consortium			478,800		238,589				198,824	494,184					113,850
	Total			₩9,564,956		₩4,872,616				₩4,091,668	₩3,346,024					₩ 113,850

(in thousands of USD (Note 2))

Business area	Classification of workplace	PF type	Types of security	Guarantee limit (total)	Burden rate (%)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Loan period		Type	Maturity (securitized bonds)	Completion guarantee agreed amount ²
										2023	2022	Start date	End date			
Seoul	Multi-unit housing	Main PF	Joint guarantee	\$ 2,597,658	100%	\$ 667,379	Hannam 3 sector redevelopment promotion area housing redevelopment association	-	Securities company and others	\$ 588,605	\$ 259,589	2023-03-23	2028-11-16	Loan and others	2024-05-24	\$ -
Seoul	Multi-unit housing	Main PF	Joint guarantee	698,278	100%	563,100	Bangbae 5 sector residential redevelopment association	-	Bank	469,250	321,795	2020-03-05	2024-11-05	Loan	-	-

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(in thousands of USD (Note 2))

Business area	Classification of workplace	PF type	Types of security	Guarantee limit (total)	Burden rate (%)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Loan period		Type	Maturity (securitized bonds)	Completion guarantee agreed amount ²
										2023	2022	Start date	End date			
Seoul	Multi-unit housing ¹	Main PF	Joint guarantee	921,359	100%	542,015	Banpo Jugong Complex 1 residential redevelopment association	-	Bank	451,679	403,174	2021-06-01	2026-11-24	Loan	-	-
Seoul	Multi-unit housing ¹	Main PF	Joint guarantee	400,186	100%	258,101	Daejo 1 sector residential redevelopment association	-	Securities company and others	215,085	197,955	2019-08-07	2024-08-07	Loan and others	2024-08-07	-
Busan	Multi-unit housing ¹	Main PF	Joint guarantee	288,972	100%	142,667	Beomcheon 1-1 sector Urban Environment Improvement Association	-	Bank	118,889	111,792	2020-12-29	2025-12-29	Loan and others ^v	2025-12-29	-
Seoul	Multi-unit housing ¹	Main PF	Joint guarantee	246,626	100%	134,566	Heukseok 9 sector redevelopment promotion area housing redevelopment association	-	Bank	112,138	92,552	2022-08-30	2028-02-29	Loan and others	2028-02-29	-
Seoul	Multi-unit housing	Main PF	Joint guarantee	160,074	100%	121,157	Bongcheon 4-1-2 sector residential redevelopment association	-	Head office	100,964	95,682	2023-12-28	2025-12-23	Loan	-	-
Gwangju	Multi-unit housing	Main PF	Joint guarantee	120,987	100%	120,987	Gwangcheon residential redevelopment	-	Securities company and others	100,822	-	2023-12-20	2024-12-19	Loan and others	-	-

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(in thousands of USD (Note 2))

Business area	Classification of workplace	PF type	Types of security	Guarantee limit (total)	Burden rate (%)	Guarantee amount	Debtors association	Related party status	Bonds institution	Loan balance		Loan period		Type	Maturity (securitized bonds)	Completion guarantee agreed amount ²
										2023	2022	Start date	End date			
Seoul	Multi-unit housing	Main PF	Joint guarantee	158,213	100%	109,895	Daechi Kumaeul 3rd District residential redevelopment association	-	Bank	91,579	53,645	2023-02-28	2025-10-27	Loan	-	-
Seoul	Multi-unit housing	Main PF	Joint guarantee	128,804	100%	109,367	Deungchon 1 sector residential redevelopment association	-	Securities company and others	91,139	83,671	2020-11-18	2024-03-18	Loan	-	-
Incheon	Multi-unit housing	Main PF	Joint guarantee	102,373	100%	93,650	Baegun 1 sector residential redevelopment association	-	Securities company and others	78,042	70,874	2021-08-18	2024-08-19	Loan and others	2024-08-19	-
Daejeon	Multi-unit housing ¹	Main PF	Joint guarantee	206,163	51%	149,930	Doma-ro Byeon-dong 1 sector redevelopment promotion area housing redevelopment association	-	Securities company and others	116,648	97,158	2021-12-21	2026-05-11	Loan and others	2026-05-09	-
Changwon	Multi-unit housing	Main PF	Joint guarantee	165,565	45%	144,103	Hoewon 2 sector residential	-	Securities company and others	120,085	108,254	2022-04-19	2027-01-19	Loan	-	-

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(in thousands of USD (Note 2))

Business area	Classification of workplace	PF type	Types of security	Guarantee limit (total)	Burden rate (%)	Guarantee amount	Debtors redevelopment association	Related party status	Bonds institution	Loan balance		Loan period		Type	Maturity (securitized bonds)	Completion guarantee agreed amount ²
										2023	2022	Start date	End date			
	Others ¹			851,551	100%	437,024				364,187	315,615					-
	Total of independent project			7,046,809		3,593,941				3,019,112	2,211,756					-
Incheon	Multi-unit housing	Main PF	Joint guarantee	239,926	50%	115,481	Gyeyang 1 sector residential redevelopment association	-	Securities company and others	96,234	80,686	2020-12-18	2024-04-18	Loan and others	2024-04-18	-
	Others ¹			131,410		69,558				57,965	302,581					88,297
	Total of consortium			371,336		185,039				154,199	383,267					88,297
	Total			<u>\$ 7,418,145</u>		<u>\$ 3,778,980</u>				<u>\$ 3,173,311</u>	<u>\$ 2,595,023</u>					<u>\$ 88,297</u>

¹A valid credit rating below A0~BBB- could trigger an event of default.

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ii) As at December 31, 2023, the details PF guarantee related to 43 other projects are as follows.

Agreements related to PF guarantees have trigger clauses of ₩ 5,814,990 million (\$ 4,509,842 thousand) (2022: ₩ 5,113,430 (\$ 3,965,744 thousand)) if the borrower fails to pay the amount due in accordance with the financial contract, if a reason for bankruptcy occurs to the constructor or the borrower, or if the constructor's credit rating falls.

(in millions of Korean won)

Business area	Classification of workplace	PF type	Types of security	Guarantee limit (total)	Burden rate (%)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Loan period		Maturity (securitized bonds)	Completion guarantee agreed amount ²
										2023	2022	Start date	End date		
Seoul	Knowledge Industry Center and Sales office facilities	Bridge loan	Joint guarantee	₩1,518,500	100%	₩1,518,500	Inchang Development Co.,Ltd.	-	Securities company and others	₩1,482,500	₩1,341,000	2020-02-27	2024-11-21	Loan and others	₩ -
Seoul	Officetel	Bridge loan	Joint guarantee	1,018,000	100%	1,012,100	HANA ALTERNATIVE INVESTMENT GRAND GANGSEO PFV Co., Ltd.	Related party	Securities company and others	952,100	764,000	2021-09-15	2024-12-18	Loan and others	-
Seoul	Knowledge Industry Center ¹	Main PF	Joint guarantee	408,000	100%	408,000	Gasam wealth holdings	-	Securities company and others	342,000	330,000	2022-07-11	2024-03-11	Loan and others	-
Seoul	Officetel and office facilities ¹	Bridge loan	Joint guarantee	265,000	100%	265,000	Mastern No.116 Gangnam Premiere PFV Co., Ltd	Related party	Securities company and others	220,000	150,000	2023-09-27	2024-09-27	ABCP and others	-
Incheon	Multi-unit housing	Main PF	Joint guarantee	193,000	100%	193,000	Smart Songdo Project	-	Securities company and	171,000	148,000	2022-09-27	2024-09-24	Loan and others	-

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(in millions of Korean won)

Business area	Classification of workplace	PF type	Types of security	Guarantee limit (total)	Burden rate (%)	Guarantee amount	Debtors	Related party status	Bonds institution others	Loan balance		Loan period		Type	Maturity (securitized bonds)	Completion guarantee agreed amount ²
										2023	2022	Start date	End date			
Daejeon	Multi-unit housing	Main PF	Joint guarantee	210,000	100%	202,200	WISE C&D CO.,LTD.	-	Securities company and others	173,500	140,000	2022-09-06	2025-02-06	Loan and others	2025-02-06	-
Seoul	Multi-unit housing	Main PF	Fund supplement	201,000	100%	201,000	Korea Asset Development Co., Ltd.	-	Securities company and others	201,000	190,000	2023-11-06	2025-02-06	ABCP	2025-02-07	-
Seoul	Office facilities ¹	Bridge loan	Joint guarantee	200,000	100%	200,000	YD427 PFV Co., Ltd	Related party	Securities company and others	200,000	200,000	2022-02-24	2024-05-04	ABS and others	2024-05-04	-
Cheonan	Officetel ¹	Main PF	Joint guarantee	201,500	100%	187,070	MnK Co., Ltd.	-	Securities company and others	143,900	155,000	2022-11-15	2027-11-15	Loan and others	2027-11-15	-
Seoul	Knowledge Industry Center	Bridge loan	Joint guarantee	169,000	100%	169,000	KOASSET D&C	-	Securities company and others	169,000	158,000	2023-10-27	2024-12-11	ABCP and others	2024-12-11	-
Seoul	Multi-unit housing ¹	Bridge loan	Joint guarantee	156,650	100%	156,650	Aegis Neo Value General Real Estate Private Company No.8 SUSEODAETO DEVELOPMENT CO.,LTD.	Related party	Securities company and others	146,500	101,500	2022-02-24	2024-06-24	ABCP and others	2024-06-24	-
Seoul	Multi-unit housing	Bridge loan	Fund supplement	146,000	100%	146,000	DEVELOPMENT CO.,LTD.	-	Securities company and others	146,000	-	2023-02-27	2024-01-26	ABCP	2024-01-27	-
Seoul	Multi-unit housing	Bridge loan	Fund supplement	141,005	100%	141,005	K square Yongsan PFV	Related party	Securities company and others	141,005	95,700	2023-06-19	2024-12-19	Loan and others	2024-10-17	-

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(in millions of Korean won)

Business area	Classification of workplace	PF type	Types of security	Guarantee limit (total)	Burden rate (%)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Loan period		Type	Maturity (securitized bonds)	Completion guarantee agreed amount ²
										2023	2022	Start date	End date			
Seoul	Knowledge Industry Center	Bridge loan	Fund supplement	114,995	100%	114,995	Inchang Development Co.,Ltd.	-	Bank	114,995	102,500	2023-10-04	2024-09-30	ABS	2024-10-01	-
	Others ¹			1,431,660		1,339,060				1,207,030	1,235,500					1,553,800
	Total of independent project			6,374,310		6,253,580				5,810,530	5,111,200					1,553,800
	Others ¹			20,000		4,460				4,460	2,230					-
	Total of consortium			20,000		4,460				4,460	2,230					-
	Total			₩6,394,310		₩6,258,040				₩5,814,990	₩5,113,430					₩1,553,800

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(in thousands of USD (Note 2))

Business area	Classification of workplace	PF type	Types of security	Guarantee limit (total)	Burden rate (%)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Loan period		Type	Maturity (securitized bonds)	Completion guarantee agreed amount ²
										2023	2022	Start date	End date			
Seoul	Knowledge Industry Center and Sales office facilities	Bridge loan	Joint guarantee	\$ 1,177,680	100%	\$ 1,177,680	Inchang Development Co.,Ltd.	-	Securities company and others	\$ 1,149,760	\$ 1,040,019	2020-02-27	2024-11-21	Loan and others	2024-11-21	\$ -
Seoul	Officetel	Bridge loan	Joint guarantee	789,515	100%	784,939	HANA ALTERNATIVE INVESTMENT GRAND GANGSEO PFV Co., Ltd.	Related party	Securities company and others	738,405	592,524	2021-09-15	2024-12-18	Loan and others	2024-12-18	-
Seoul	Knowledge Industry Center ¹	Main PF	Joint guarantee	316,426	100%	316,426	Gasan wealth holdings	-	Securities company and others	265,240	255,933	2022-07-11	2024-03-11	Loan and others	2024-03-11	-
Seoul	Officetel and office facilities ¹	Bridge loan	Joint guarantee	205,522	100%	205,522	Mastern No.116 Gangnam Premiere PFV Co., Ltd	Related party	Securities company and others	170,622	116,333	2023-09-27	2024-09-27	ABCP and others	2024-09-27	-
Incheon	Multi-unit housing	Main PF	Joint guarantee	149,682	100%	149,682	Smart Songdo Project Financing Vehicle	-	Securities company and others	132,620	114,782	2022-09-27	2024-09-24	Loan and others	2024-09-24	-
Daejeon	Multi-unit housing	Main PF	Joint guarantee	162,866	100%	156,817	WISE C&D CO.,LTD.	-	Securities company and others	134,559	108,578	2022-09-06	2025-02-06	Loan and others	2025-02-06	-
Seoul	Multi-unit housing	Main PF	Fund supplement	155,886	100%	155,886	Korea Asset Development	-	Securities company and	155,886	147,355	2023-11-06	2025-02-06	ABCP	2025-02-07	-

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(in thousands of USD (Note 2))

Business area	Classification of workplace	PF type	Types of security	Guarantee limit (total)	Burden rate (%)	Guarantee amount	Debtors Co., Ltd.	Related party status	Bonds institution others	Loan balance		Loan period		Type	Maturity (securitized bonds)	Completion guarantee agreed amount ²
										2023	2022	Start date	End date			
Seoul	Office facilities ¹	Bridge loan	Joint guarantee	155,111	100%	155,111	YD427 PFV Co., Ltd	Related party	Securities company and others	155,111	155,111	2022-02-24	2024-05-04	ABS and others	2024-05-04	-
Cheonan	Officetel ¹	Main PF	Joint guarantee	156,274	100%	145,083	MnK Co., Ltd.	-	Securities company and others	111,602	120,211	2022-11-15	2027-11-15	Loan and others	2027-11-15	-
Seoul	Knowledge Industry Center	Bridge loan	Joint guarantee	131,069	100%	131,069	KOASSET D&C	-	Securities company and others	131,069	122,538	2023-10-27	2024-12-11	ABCP and others	2024-12-11	-
Seoul	Multi-unit housing ¹	Bridge loan	Joint guarantee	121,491	100%	121,491	Aegis Neo Value General Real Estate Private	Related party	Securities company and others	113,619	78,719	2022-02-24	2024-06-24	ABCP and others	2024-06-24	-
Seoul	Multi-unit housing	Bridge loan	Fund supplement	113,231	100%	113,231	Company No.8 SUSEODAETO DEVELOPMENT CO.,LTD.	-	Securities company and others	113,231	-	2023-02-27	2024-01-26	ABCP	2024-01-27	-
Seoul	Multi-unit housing	Bridge loan	Fund supplement	109,357	100%	109,357	K square Yongsan PFV	Related party	Securities company and others	109,357	74,221	2023-06-19	2024-12-19	Loan and others	2024-10-17	-
Seoul	Knowledge Industry Center	Bridge loan	Fund supplement	89,185	100%	89,185	Inchang Development Co.,Ltd.	-	Bank	89,185	79,494	2023-10-04	2024-09-30	ABS	2024-10-01	-
	Others ¹			1,110,330		1,038,514				936,118	958,198					1,205,057
	Total of independent project			4,943,625		4,849,993				4,506,384	3,964,016					1,205,057

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
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(in thousands of USD (Note 2))

Business area	Classification of workplace	PF type	Types of security	Guarantee limit (total)	Burden rate (%)	Guarantee amount	Debtors	Related party status	Bonds institution	Loan balance		Loan period		Type	Maturity (securitized bonds)	Completion guarantee agreed amount ²
										2023	2022	Start date	End date			
	Others ¹			15,511		3,459				3,459	1,729					-
	Total of consortium			15,511		3,459				3,459	1,729					-
	Total			<u>\$ 4,959,136</u>		<u>\$ 4,853,452</u>				<u>\$ 4,509,843</u>	<u>\$ 3,965,745</u>					<u>\$ 1,205,057</u>

¹A valid credit rating below A0~BBB- could trigger an event of default.

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(3) As at December 31, 2023, the Group provides conditional takeover of debt agreements in the event of failure to complete construction in relation to real estate PF (loan).

(in millions of Korean won)

		2023			
		Number of construction	Construction amount	Agreed amount	Loan balance
Redevelopment project	Total portion	18	₩ 12,829,801	₩ 4,674,638	₩ 2,552,330
	The Group's portion		5,657,982	2,415,215	1,211,170
Other project	Total portion	155	33,693,432	31,028,825	21,125,488
	The Group's portion		33,277,639	29,694,502	20,905,498
Total	Total portion	173	46,523,233	35,703,464	23,677,818
	The Group's portion		₩ 38,935,621	₩ 32,109,717	₩ 22,116,669

(in thousands of USD (Note 2))

		2023			
		Number of construction	Construction amount	Agreed amount	Loan balance
Redevelopment project	Total portion	18	\$ 9,950,210	\$ 3,625,437	\$ 1,979,471
	The Group's portion		4,388,074	1,873,131	939,328
Other project	Total portion	155	26,131,094	24,064,546	16,383,968
	The Group's portion		25,808,623	23,029,705	16,213,353
Total	Total portion	173	36,081,304	27,689,983	18,363,439
	The Group's portion		\$ 30,196,697	\$ 24,902,836	\$ 17,152,681

(in millions of Korean won)

		2022			
		Number of construction	Construction amount	Agreed amount	Loan balance
Redevelopment project	Total portion	15	₩ 7,629,158	₩ 3,866,488	₩ 2,309,825
	The Group's portion		3,698,956	1,827,675	1,024,328
Other project	Total portion	179	35,869,485	31,065,287	20,420,823
	The Group's portion		35,265,981	30,629,017	20,256,568
Total	Total portion	194	43,498,643	34,931,775	22,730,647
	The Group's portion		₩ 38,964,937	₩ 32,456,692	₩ 21,280,896

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(in thousands of USD (Note 2))

		2022			
		Number of construction	Construction amount	Agreed amount	Loan balance
Redevelopment project	Total portion	15	\$ 5,916,828	\$ 2,998,672	\$ 1,791,395
	The Group's portion		2,868,742	1,417,462	794,422
Other project	Total portion	179	27,818,741	24,092,824	15,837,462
	The Group's portion		27,350,691	23,754,473	15,710,073
Total	Total portion		33,735,569	27,091,496	17,628,857
	The Group's portion	194	\$ 30,219,433	\$ 25,171,935	\$ 16,504,495

(4) In relation to the borrowings of the SOC corporation, the Group provides credit enhancement such as fund supplement and provision of funds up to a total limit of ₩ 2,729,298 million (\$ 2,116,719 thousand) (2022: ₩ 2,848,441 million (\$ 2,209,121 thousand)), and is obligated to supplement funds when the SOC corporation lacks essential project expenses.

(in millions of Korean
won)

		2023			2022		
		Number of construction	Total	Group's portion	Number of construction	Total	Group's portion
Guarantee limit	7	₩ 2,729,298	₩ 1,025,755	8	₩ 2,848,441	₩ 1,061,382	

(in thousands of USD
(Note 2))

		2023			2022		
		Number of construction	Total	Group's portion	Number of construction	Total	Group's portion
Guarantee limit	7	\$ 2,116,719	\$ 795,529	8	\$ 2,209,121	\$ 823,160	

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(5) As at December 31, 2023, the Group has entered into an agreement to guarantee ₩ 253,054 million (\$ 196,257 thousand) (2022: ₩ 292,307 million (\$ 226,700 thousand)), for the consumer's intermediate payment loan in relation to the redevelopment project, and ₩2,634,764 million (\$ 2,043,403 thousand) (2022: ₩ 2,030,163 million (\$ 1,574,502 thousand)), for the consumer's intermediate payment loan in relation to other project.

(in millions of Korean won)

		2023			
		Number of project	Guarantee limit	Agreed amount	Loan balance
Redevelopment project	Total portion	8	₩ 394,891	₩ 333,574	₩ 167,792
	The Group's portion		298,267	253,054	114,196
Other project	Total portion	51	3,247,434	2,723,326	1,431,550
	The Group's portion		3,141,160	2,634,764	1,407,530
Total	Total portion	59	3,642,325	3,056,900	1,599,342
	The Group's portion		₩ 3,439,427	₩ 2,887,818	₩ 1,521,726

(in thousands of USD (Note 2))

		2023			
		Number of project	Guarantee limit	Agreed amount	Loan balance
Redevelopment project	Total portion	8	\$ 306,260	\$ 258,705	\$ 130,132
	The Group's portion		231,322	196,257	88,565
Other project	Total portion	51	2,518,562	2,112,088	1,110,245
	The Group's portion		2,436,141	2,043,403	1,091,616
Total	Total portion	59	2,824,822	2,370,793	1,240,377
	The Group's portion		\$ 2,667,463	\$ 2,239,660	\$ 1,180,181

(in millions of Korean won)

		2022			
		Number of project	Guarantee limit	Agreed amount	Loan balance
Redevelopment project	Total portion	13	₩ 647,546	₩ 546,611	₩ 418,812
	The Group's portion		345,973	292,307	232,671
Other project	Total portion	44	2,522,068	2,103,372	974,502
	The Group's portion		2,422,155	2,030,163	947,296
Total	Total portion	57	3,169,614	2,649,983	1,393,315
	The Group's portion		₩ 2,768,128	₩ 2,322,470	₩ 1,179,967

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(in thousands of USD (Note 2))

		2022			
		Number of project	Guarantee limit	Agreed amount	Loan balance
Redevelopment project	Total portion	13	\$ 502,207	\$ 423,927	\$ 324,812
	The Group's portion		268,321	226,700	180,449
Other project	Total portion	44	1,956,001	1,631,280	755,779
	The Group's portion		1,878,513	1,574,502	734,680
Total	Total portion		2,458,208	2,055,207	1,080,591
	The Group's portion	57	\$ 2,146,834	\$ 1,801,202	\$ 915,129

(6) As at December 31, 2023, the Group provides or receives payment guarantees including guarantee for performance of an agreement, guarantee for housing, and defects liability by subscribing to insurance companies or issuing guarantees certificates as follows.

Summary table

(in millions of Korean won and in thousands of USD)

	Currency	Guarantee limit	Guarantee amount
Payment guarantee provided	KRW	22,976,516	22,976,516
Payment guarantee received	KRW	21,194,383	21,194,383
	USD	7,878,789	7,878,789
Total	KRW	44,170,899	44,170,899
	USD	7,878,789	7,878,789

(in thousands of USD (Note 2))

	Currency	Guarantee limit	Guarantee amount
Payment guarantee provided	USD	17,819,541	17,819,541
Payment guarantee received	USD	16,437,400	16,437,400
	USD	7,878,789	7,878,789
Total	USD	34,256,941	34,256,941
	USD	7,878,789	7,878,789

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Payment guarantee provided

(in millions of Korean won)

Beneficiary	Type of guarantee	Guarantee limit	Guarantee amount	Guaranteed by
Korea Real Estate Investment & Trust Co., Ltd and others ¹	Guarantee for housing and others	₩ 21,396,871	₩ 21,396,871	Korea Housing & Urban Guarantee Co., Ltd.
EAST SEOUL UNDERPASS COMPANY and others	Business performance guarantee and others	1,330,645	1,330,645	Construction Guarantee Cooperative
Adelaconsulting co., ltd. and others	ABS guarantee	249,000	249,000	Seoul Guarantee Insurance Co., Ltd.
		<u>₩ 22,976,516</u>	<u>₩ 22,976,516</u>	-

(in thousands of USD (Note 2))

Beneficiary	Type of guarantee	Guarantee limit	Guarantee amount	Guaranteed by
Korea Real Estate Investment & Trust Co., Ltd and others ¹	Guarantee for housing and others	\$ 16,594,440	\$ 16,594,440	Korea Housing & Urban Guarantee Co., Ltd.
EAST SEOUL UNDERPASS COMPANY and others	Business performance guarantee and others	1,031,988	1,031,988	Construction Guarantee Cooperative
Adelaconsulting co., ltd. and others	ABS guarantee	193,113	193,113	Seoul Guarantee Insurance Co., Ltd.
		<u>\$ 17,819,541</u>	<u>\$ 17,819,541</u>	-

¹Guarantees for related parties are included.

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Payment guarantee received

(in millions of Korean won and in thousands of USD)

Guaranteed by¹	Type of guarantee	Currency	Guarantee limit	Guarantee amount
Construction Guarantee Cooperative	Performance guarantee for construction and others	KRW	9,549,173	9,549,173
Seoul Guarantee Insurance Co., Ltd.	Performance guarantee for construction and others	KRW	3,125,555	3,125,555
Korea Housing & Urban Guarantee Co., Ltd.	Guarantee for housing and others	KRW	7,966,978	7,966,978
Engineering Financial Cooperative	Temporary electric power acceptance guarantee and others	KRW	401,304	401,304
The Export-Import Bank of Korea and others	Guarantee for performance of an agreement and others	USD	2,056,644	2,056,644
KEB Hana Bank and others	Guarantee for performance of an agreement and others	KRW	148,226	148,226
		USD	5,822,145	5,822,145
POSCO Engineering & Construction Co., Ltd.	Defects Liability	KRW	3,147	3,147
		KRW	21,194,383	21,194,383
		USD	7,878,789	7,878,789

(in thousands of USD (Note 2))

Guaranteed by¹	Type of guarantee	Currency	Guarantee limit	Guarantee amount
Construction Guarantee Cooperative	Performance guarantee for construction and others	USD	7,405,904	7,405,904
Seoul Guarantee Insurance Co., Ltd.	Performance guarantee for construction and others	USD	2,424,038	2,424,038
Korea Housing & Urban Guarantee Co., Ltd.	Guarantee for housing and others	USD	6,178,826	6,178,826
Engineering Financial Cooperative	Temporary electric power acceptance guarantee and others	USD	311,233	311,233
The Export-Import Bank of Korea and others	Guarantee for performance of an agreement and others	USD	2,056,644	2,056,644

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(in thousands of USD (Note 2))

Guaranteed by ¹	Type of guarantee	Currency	Guarantee limit	Guarantee amount
KEB Hana Bank and others	Guarantee for performance of an agreement and others	USD	114,957	114,957
	Guarantee for overseas construction and others	USD	5,822,145	5,822,145
POSCO Engineering & Construction Co., Ltd.	Defects Liability	USD	2,441	2,441
		USD	16,437,400	16,437,400
		USD	7,878,789	7,878,789

¹ In the case of some guarantee institutions, the guarantee limit is managed by applying the risk rate to the guarantee amount standard. The Group does not receive guarantees that exceed the limits of each guarantee institution.

As at December 31, 2022, the amount of payment guarantees provided was ₩ 20,340,520 million (\$ 15,775,182 thousand), and the amount of payment guarantees received was ₩ 27,136,721 million (\$ 21,046,007 thousand) and \$ 8,371,538 thousand.

(7) Major commitments with financial institutions as at December 31, 2023, are as follows:

(in millions of Korean won, thousands of USD (Note 2), and thousands of JPY)

Category	Guarantee	Amount	Translation into U.S. dollars
Trade financing	Kookmin Bank and 15 others	USD 1,324,900	USD 1,324,900
Overdraft and others	Shinhan Bank and 19 others	KRW 1,163,000	USD 901,970
		USD 745,000	USD 745,000
Purchase card amount used	Shinhan Card Co.,Ltd	KRW 432,100	USD 335,117
Loans collateralized by accounts receivables	Kookmin Bank and 7 others	KRW 450,500	USD 349,387
		USD 21,000	USD 21,000
Receivables factoring in foreign currencies	The Export-Import Bank of Korea and 13 others	USD 1,320,000	USD 1,320,000
		JPY 31,920,000	JPY 31,920,000
		KRW 591,000	USD 458,353
Derivatives	Shinhan Bank	USD 20,000	USD 20,000
		KRW 2,636,600	USD 2,044,827
		USD 3,430,900	USD 3,430,900
		JPY 31,920,000	JPY 31,920,000

(8) The Group provides payment guarantees for ROYAL LINKS country club Co., Ltd.'s general

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operating fund loan of ₩ 50,700 million (\$ 39,321 thousand) and defect liability of ₩ 4,762 million (\$ 3,693 thousand) as at December 31, 2023.

(9) The Group has entered into loan agreements of ₩ 14,814,028 million (\$ 11,489,086 thousand) (2022: ₩ 13,822,394 million (\$ 10,720,020 thousand)) as at December 31, 2023, for housing development projects in addition to the redevelopment projects of Hannam 3 sector and others. The Group receives indirect financing by arranging loans from financial institutions for some of these loan agreements and, provides payment guarantees and the agreement for conditional takeover of debt in accordance with the agreements with financial institutions. The relevant amount is included in the payment guarantee and the agreement for conditional takeover of debt above.

(10) The Group has entered into a purchase agreement for unsold multi-unit housing in relation to city development plan and housing complex development project in Yonghyeon & Hagik, Incheon. According to this agreement, if there are unsold multi-unit housings until the time of use approval, the subcontractor consortium is obligated to purchase the unsold multi-unit housings at an amount equivalent to 85% of the initial sale price within the range of 10% of the sale units, upon the request of the contractor.

(11) As at December 31, 2023, the Group has been named as a defendant in 179 lawsuits and claims pending for alleged damaged in aggregation of approximately ₩ 553,540 million (\$ 429,300 thousand) (2022: ₩ 825,912 million (\$ 640,540 thousand)). The aggregate litigation amount for which the Group has been involved in as co-defendant, and others is ₩ 646,274 million (\$ 501,221 thousand) (2022: ₩ 977,265 million (\$ 757,922 thousand)). Beside such cases, six arbitrations are underway as at December 31, 2023. The arbitration amount for the Group is ₩ 217,811 million (\$ 168,924 thousand) (2022: ₩ 132,849 million (\$ 103,032 thousand)), and the aggregate arbitration amount, including the respondent and others, is ₩ 264,905 million (\$ 205,448 thousand) (2022: ₩ 233,569 million (\$ 181,145 thousand)). However, the final conclusion and the effects of such lawsuits cannot be reasonably estimated or the measurements or timing of outflows of resources are uncertain. The Group has recognized provisions for litigation amounting to ₩ 37,486 million (\$ 29,072 thousand) as at December 31, 2023.

(12) As at December 31, 2023, the Group has pledged 24 blank checks (2022: 24 blank checks) as collateral for borrowings, payment guarantees and others.

(13) The agreements in the non-guaranteed bonds issued by the Parent Company include such terms and conditions to maintain debt-to-equity ratio less than 400%, collateral or payment guarantees not to exceed 200% of the equity; and disposal of assets should not exceed 50% of total assets. The Group must follow this contract based on their own separate financial statements respectively. Failure to comply with these obligations can result in an acceleration clause being triggered. Such bonds applicable to these terms and conditions amount to ₩ 1,430,000 million (\$ 1,109,043 thousand).

(14) In accordance with 'development agreement', 'business plan adjustment agreement', and

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'business promotion adjustment and development profit sharing agreement ' which were agreed with Incheon Free Economic Zone in relation to development of Songdo section 6 and 8, Songdo Landmark City, LLC, one of the subsidiaries of the Group, has agreed to pay 50% of the excess amount, whose internal rate of return(IRR) is over 12% among the Company's development revenue, to Incheon Free Economic Zone. Development profit is calculated per each block, and Songdo Landmark City. As at the end of the reporting period, the Group has accrued estimated amount by applying the percentage of completion for each block of development profit sharing as other provisions.

(15) Hyundai Eco Energy Co., Ltd., one of the subsidiaries of the Group, has entered into a solar energy supply certificate fixed price purchase agreement with Korea South-East Power Co. in September 2018. The contract period is 20 years (15 years for ESS) from the date of commencement of commercial operation.

(16) On November 26, 2014, Hyundai City Corporation, one of the subsidiaries of the Group, has entered into a memorandum of agreement to lease 4th golf site to ILJIN LEISURE Co., Ltd. and the details are as follows:

Description	Details
Right of claim for purchase	ILJIN LEISURE Co., Ltd. can request the Company to sell the site and business facilities to ILJIN LEISURE Co., Ltd. for one year from 10 years after the completion date of the construction.
Right of claim for sale	The Company can request ILJIN LEISURE Co., Ltd. to purchase the site and business facilities for one year from 10 years after the completion date of the construction.

(17) On March 20, 2020, Hyundai City Development Inc., one of the subsidiaries of the Group, has entered into a modification of memorandum of agreement with ROYAL LINKS Country Club CO., LTD. (Formerly, HYUNDAI THE LINKS CO.LTD to grant right of claim for purchase and sale of 1st and 2nd golf site and the details are as follows:

Description	Details
Right of claim for purchase	The lessee of the golf course can request the Company to sell the golf course to the lessee during the period from January 1, 2030 to December 31, 2030.
Right of claim for sale	The Company can request the lessee of the golf course to purchase the golf course during the period from January 1, 2030 to December 31, 2030.

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(18) As at December 31, 2023, Hyundai Engineering Co., Ltd., one of the subsidiaries of the Group, has an option agreement to sell the shares of Grupa Azoty Polyolefins to the largest shareholders, Grupa Azoty and Grupa Azoty Zaklady Chemiczne Police, and has an option agreement that Grupa Azoty and Grupa Azoty Zaklady Chemiczne Police can purchase the shares from the Group.

	Valuation		Gain and loss on valuation		
	Asset	Liability	Gain	Loss	Total
(in millions of Korean won)					
2023	₩ 55,252	₩ -	₩ -	₩ -	₩ -
2022	-	10,555	-	(10,555)	(10,555)

(in thousands of USD
 (Note 2))

	Valuation		Gain and loss on valuation		
	Asset	Liability	Gain	Loss	Total
2023	\$ 42,851	\$ -	\$ -	\$ -	\$ -
2022	-	8,186	-	(8,186)	(8,186)

(19) The Group has entered into an agreement that financial investors can purchase shares of Dongbuk LRT held by the Group. An agreement has been signed that allows the financial investor, who holds shares of Incheon-Gimpo Expressway Co., Ltd., to request the Group to purchase these shares.

(20) On June 22, 2023, the Parent Company entered into a rental deposit transfer agreements with Full house the 1st and BNKSUM 8th CO.,LTD., and transferred a rental deposit of ₩ 94,055 million (\$ 72,945 thousand) and ₩ 41,110 million (\$ 31,883 thousand), respectively. And the Parent Company entered into an agreement to repurchase the transferred rental deposit at fair value on the repurchase agreement date. In addition, in relation to this agreement, the Parent Company entered into a bond forward transaction agreement with Hanhwa Investment & Securities Co., Ltd.

(21) On December 12, 2023, the Parent Company entered into a transfer agreement with S Solution B.O 2nd CO.,LTD., for the receivables from construction contracts of ₩ 300,000 million (\$ 232,666 thousand) for the redevelopment site of THE H FIRSTIER I PARK, and on the repurchase agreement date, the Parent Company is obligated to repurchase the remaining balance of the participating assets at fair value.

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38. Consolidated Statements of Cash Flows

Cash generated from (used in) operations for the years ended December 31, 2023 and 2022, is as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Profit for the year	₩	654,280	₩	470,876
Adjustments:				
Transfer to provision for construction warranties		128,835		108,180
Transfer to provision for construction loss		22,998		19,081
Transfer to provision for litigation		46,868		75,475
Transfer to other provisions		158,726		63,657
Post-employment benefits		65,625		76,361
Depreciation		80,055		66,770
Depreciation of investment property		2,312		2,578
Depreciation on assets not in use		6,873		4,732
Amortization		9,512		9,434
Depreciation of right-of-use assets		104,235		102,926
Impairment loss		(8,434)		22,687
Other impairment loss		18,970		50,833
Other long-term employee benefits		12,558		737
Loss on foreign currency translation (finance costs)		7,409		25,495
Loss on foreign currency translation (other expenses)		66,257		60,083
Loss on derivatives transactions		715		-
Loss on valuation of derivatives		527		10,650
Loss on disposal of property, plant and equipment		2,710		2,003
Loss on disposal of intangible assets		49		58
Impairment loss on intangible assets		3		155
Loss on lease modification		697		239
Loss on valuation of inventories		-		68
Loss on disposal of financial assets at fair value		697		10
Loss on valuation of financial assets at fair value		10,011		15,236
Loss on disposal of financial assets at amortized cost		123		-
Loss on disposal of investments in associates		-		7,002
Impairment loss on investments in associates		-		389
Share of loss of joint ventures and associates		7,916		13,823
Interest expenses		64,062		43,727

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<i>(in millions of Korean won)</i>	2023	2022
Income tax expenses	285,264	282,939
Reversal of provision for construction warranties	(51,221)	(30,843)
Reversal of provision for construction loss	(28,010)	(24,526)
Reversal of provision for litigation	(9,918)	(46,323)
Reversal of other provision	-	(1,502)
Reversal of other provision for impairment	(56,134)	(17,304)
Gain on foreign currency translation (finance income)	(17,350)	(36,575)
Gain on foreign currency translation (other income)	(55,430)	(123,226)
Gain on derivative transactions	(218)	(100,293)
Gain on valuation of derivatives	(182)	-
Gain on foreign operations translation	(87,244)	(2,960)
Gain on disposal of investment property	-	(3,900)
Gain on disposal of property, plant and equipment	(12,426)	(2,812)
Gain on disposal of intangible assets	-	(1,260)
Reversal of impairment loss on intangible assets	(39)	-
Gain on lease modification	(190)	(185)
Gain on disposal of financial assets at fair value	(185)	(6,513)
Gain on valuation of financial assets at fair value	(6,372)	(6,761)
Gain on disposal of investments in associates	-	(16,908)
Share of profit of joint ventures and associates	(2,636)	(1,150)
Interest income	(179,519)	(162,193)
Dividend income	(20,599)	(6,187)
Miscellaneous income	(9,770)	(292)
Other sales	(1,543)	(3,951)
	<u>556,587</u>	<u>469,664</u>
Change in operating assets and liabilities:		
Trade receivables	(1,378,412)	(475,243)
Other receivables	207,297	(427,207)
Due from customers for contract work	(1,520,535)	(537,998)
Inventories	54,175	(90,800)
Other current assets	(709,811)	(479,430)
Long-term accounts receivable	979	(1,302)
Long-term other receivables	11,680	(61,190)
Other non-current assets	(21,418)	118
Trade payables	1,344,133	638,451

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<i>(in millions of Korean won)</i>	2023	2022
Other payables	291,322	154,467
Advances from contract work	495,882	170,503
Due to customers for contract work	(808,580)	227,183
Other current liabilities	157,086	160,414
Long-term other payables	118,084	(14,658)
Provisions	(111,203)	(130,634)
Post-employment benefits liabilities	(84,024)	(125,469)
Provision for long-term employee benefits	(5,995)	(5,704)
Other non-current liabilities	592	-
Other components of equity	142,404	171,443
	<u>(1,816,344)</u>	<u>(827,056)</u>
Cash generated from (used in) operations	₩ (605,477)	₩ 113,484

<i>(in thousands of USD (Note 2))</i>	2023	2022
Profit for the year	\$ 507,430	\$ 365,190
Adjustments:		
Transfer to provision for construction warranties	99,919	83,899
Transfer to provision for construction loss	17,836	14,798
Transfer to provision for litigation	36,349	58,535
Transfer to other provisions	123,101	49,369
Post-employment benefits	50,896	59,222
Depreciation	62,087	51,784
Depreciation of investment property	1,793	1,999
Depreciation on assets not in use	5,330	3,670
Amortization	7,377	7,317
Depreciation of right-of-use assets	80,840	79,825
Impairment loss	(6,541)	17,595
Other impairment loss	14,712	39,424
Other long-term employee benefits	9,739	572
Loss on foreign currency translation (finance costs)	5,746	19,773
Loss on foreign currency translation (other expenses)	51,386	46,598
Loss on derivatives transactions	555	-
Loss on valuation of derivatives	409	8,260
Loss on disposal of property, plant and equipment	2,102	1,553
Loss on disposal of intangible assets	38	45
Impairment loss on intangible assets	2	120
Loss on lease modification	541	185
Loss on valuation of inventories	-	53

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<i>(in thousands of USD (Note 2))</i>	2023	2022
Loss on disposal of financial assets at fair value	541	8
Loss on valuation of financial assets at fair value	7,764	11,816
Loss on disposal of financial assets at amortized cost	95	-
Loss on disposal of investments in associates	-	5,430
Impairment loss on investments in associates	-	302
Share of loss of joint ventures and associates	6,139	10,720
Interest expenses	49,684	33,913
Income tax expenses	221,238	219,435
Reversal of provision for construction warranties	(39,725)	(23,920)
Reversal of provision for construction loss	(21,723)	(19,021)
Reversal of provision for litigation	(7,692)	(35,926)
Reversal of other provision	-	(1,165)
Reversal of other provision for impairment	(43,535)	(13,420)
Gain on foreign currency translation (finance income)	(13,456)	(28,366)
Gain on foreign currency translation (other income)	(42,989)	(95,568)
Gain on derivative transactions	(169)	(77,783)
Gain on valuation of derivatives	(141)	-
Gain on foreign operations translation	(67,662)	(2,296)
Gain on disposal of investment property	-	(3,025)
Gain on disposal of property, plant and equipment	(9,637)	(2,181)
Gain on disposal of intangible assets	-	(977)
Reversal of impairment loss on intangible assets	(30)	-
Gain on lease modification	(147)	(143)
Gain on disposal of financial assets at fair value	(143)	(5,051)
Gain on valuation of financial assets at fair value	(4,942)	(5,244)
Gain on disposal of investments in associates	-	(13,113)
Share of profit of joint ventures and associates	(2,044)	(892)
Interest income	(139,227)	(125,790)
Dividend income	(15,976)	(4,798)
Miscellaneous income	(7,577)	(226)
Other sales	(1,197)	(3,064)
	<u>431,666</u>	<u>364,251</u>

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<i>(in thousands of USD (Note 2))</i>	2023	2022
Change in operating assets and liabilities:		
Trade receivables	(1,069,034)	(368,577)
Other receivables	160,770	(331,322)
Due from customers for contract work	(1,179,258)	(417,247)
Inventories	42,016	(70,420)
Other current assets	(550,497)	(371,824)
Long-term accounts receivable	759	(1,010)
Long-term other receivables	9,058	(47,456)
Other non-current assets	(16,611)	92
Trade payables	1,042,448	495,154
Other payables	225,936	119,798
Advances from contract work	384,584	132,234
Due to customers for contract work	(627,098)	176,193
Other current liabilities	121,829	124,410
Long-term other payables	91,581	(11,368)
Provisions	(86,244)	(101,314)
Post-employment benefits liabilities	(65,165)	(97,308)
Provision for long-term employee benefits	(4,649)	(4,424)
Other non-current liabilities	459	-
Other components of equity	110,442	132,963
	<u>(1,408,674)</u>	<u>(641,426)</u>
Cash generated from (used in) operations	<u>\$ (469,578)</u>	<u>\$ 88,015</u>

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Changes in liabilities arising from financing activities for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023				
	Short-term borrowings	Long-term borrowings	Debentures	Lease liabilities	Total
Beginning balance	₩ 83,142	₩ 204,557	₩ 1,447,462	₩ 99,149	₩ 1,834,310
Cash flows	166,112	419,840	(20,000)	(105,409)	460,543
Exchange differences	(510)	50	-	427	(33)
Amortization of present value discounts	-	241	(324)	3,452	3,369
Others	-	-	-	98,486	98,486
Ending balance	<u>₩ 248,744</u>	<u>₩ 624,688</u>	<u>₩ 1,427,138</u>	<u>₩ 96,105</u>	<u>₩ 2,396,675</u>

(in thousands of USD (Note 2))

	2023				
	Short-term borrowings	Long-term borrowings	Debentures	Lease liabilities	Total
Beginning balance	\$ 64,481	\$ 158,645	\$ 1,122,586	\$ 76,895	\$ 1,422,607
Cash flows	128,829	325,609	(15,511)	(81,750)	357,177
Exchange differences	(396)	39	-	331	(26)
Amortization of present value discounts	-	187	(251)	2,677	2,613
Others	-	-	-	76,381	76,381
Ending balance	<u>\$ 192,914</u>	<u>\$ 484,480</u>	<u>\$ 1,106,824</u>	<u>\$ 74,534</u>	<u>\$ 1,858,752</u>

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	2022				
	Short-term borrowings	Long-term borrowings	Debentures	Lease liabilities	Total
Beginning balance	₩ 108,786	₩ 214,865	₩ 1,836,131	₩ 100,694	₩ 2,260,476
Cash flows	(52,913)	11,890	(390,000)	(112,201)	(543,224)
Exchange differences	4,523	416	-	8,511	13,450
Amortization of present value discounts	-	132	1,331	2,584	4,047
Others	22,746	(22,746)	-	99,562	99,562
Ending balance	<u>₩ 83,142</u>	<u>₩ 204,557</u>	<u>₩ 1,447,462</u>	<u>₩ 99,150</u>	<u>₩ 1,834,311</u>

(in thousands of USD (Note 2))

	2022				
	Short-term borrowings	Long-term borrowings	Debentures	Lease liabilities	Total
Beginning balance	\$ 84,369	\$ 166,640	\$ 1,424,020	\$ 78,094	\$ 1,753,123
Cash flows	(41,037)	9,221	(302,466)	(87,018)	(421,300)
Exchange differences	3,508	323	-	6,601	10,432
Amortization of present value discounts	-	102	1,032	2,004	3,138
Others	17,641	(17,641)	-	77,216	77,216
Ending balance	<u>\$ 64,481</u>	<u>\$ 158,645</u>	<u>\$ 1,122,586</u>	<u>\$ 76,897</u>	<u>\$ 1,422,609</u>

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Investing and financing activities of non-cash transactions for the years ended December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Current portion of long-term loans	₩ 320,469	₩ 204,565
Current portion of long-term debentures issued	220,150	429,803
Current portion of financial assets at amortized cost	1,286	-
Transfer of non-current guarantee deposits provided to current portion	243,962	251,175
Transfer of non-current withholdings provided to current portion	34,964	-
Current portion of leases	30,360	-
Transfer of property, plant and equipment to investment properties	-	79,626
Acquisition of right-of-use assets	163,451	101,127
Changes in non-trade payable related to acquisition of property, plant and equipment	2,600	-
<i>(in thousands of USD (Note 2))</i>	2023	2022
Current portion of long-term loans	\$ 248,541	\$ 158,651
Current portion of long-term debentures issued	170,738	333,336
Current portion of financial assets at amortized cost	997	-
Transfer of non-current guarantee deposits provided to current portion	189,206	194,800
Transfer of non-current withholdings provided to current portion	27,116	-
Current portion of leases	23,546	-
Transfer of property, plant and equipment to investment properties	-	61,754
Acquisition of right-of-use assets	126,765	78,430
Changes in non-trade payable related to acquisition of property, plant and equipment	2,016	-

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39. Risk Management

39.1 Capital risk management

The purpose of capital risk management is to protect its ability to continuously provide profits to shareholders and parties in interest and to maintain optimum capital structure to reduce capital expenses. To maintain or to adjust capital structure, the Group can adjust dividend, return capital to shareholders, issue new shares to reduce liabilities and dispose of assets.

The Group's capital structure consists of net liability, which is borrowings less cash and cash equivalents and equity; the overall capital risk management policy of the Group is unchanged from the prior period. Items managed as capital by the Group as at December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Total borrowings	₩	2,300,570	₩	1,735,161
Less: Cash and cash equivalents		(4,205,665)		(3,973,897)
Net borrowings		(1,905,095)		(2,238,736)
Total liabilities		13,258,980		10,987,431
Total equity		10,455,515		9,924,277
The ratio of net borrowings compared to equity		-18.22%		-22.56%
Debt ratio		126.81%		110.71%

<i>(in thousands of USD (Note 2))</i>	2023		2022	
Total borrowings	\$	1,784,217	\$	1,345,712
Less: Cash and cash equivalents		(3,261,723)		(3,081,974)
Net borrowings		(1,477,506)		(1,736,262)
Total liabilities		10,283,063		8,521,351
Total equity		8,108,822		7,696,818
The ratio of net borrowings compared to equity		-18.22%		-22.56%
Debt ratio		126.81%		110.71%

39.2 Financial risk management

The Group is exposed to various financial risks, such as credit risk, liquidity risk and market risk (foreign exchange risk, interest rate risk and price risk) related to financial instruments. The purpose of risk management of the Group is to identify potential risks related to financial performance and reduce, eliminate and evade those risks to a degree acceptable to the Group. The overall financial risk management policy of the Group is the same as the prior period.

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(a) Credit risk

① Management policy of credit risk

The Group makes transactions with reputable financial institutions to manage credit risk and operate with policy and procedures for credit enhancement of financial assets. The Group decides credit transaction limits based on evaluation of client's credit, through information obtained from the credit bureau and disclosed financial position at committing contracts. Also, the Group is provided collateral or payment guarantees. The Group continually reviews the credit and the limits of credit of clients to adjust necessary collateral. For delayed collection of financial assets, current state and collection measures are reported in each quarter and appropriate actions are taken in accordance with the reason for any delays.

The Group deposits cash and cash equivalents, long-term and short-term financial instruments in KEB Hana Bank and others. As these financial institutions the Group makes transactions with are reputable financial institutions, the credit risks from them are considered limited.

② The maximum exposed amounts of credit risk

As at December 31, 2023 and 2022, the maximum exposed amounts of credit risk for financial assets maintained by the Group are as follows:

(in millions of Korean won)	2023		2022	
	Book amount	Maximum Exposed amount	Book amount	Maximum Exposed amount
Loans and receivables				
Cash and cash equivalents	₩ 4,205,665	₩ 4,205,665	₩ 3,973,897	₩ 3,973,897
Short-term financial instruments	315,802	315,802	502,221	502,221
Trade receivables	3,378,696	3,378,696	1,979,631	1,979,631
Other receivables	2,539,151	2,539,151	2,831,122	2,831,122
Long-term financial instruments ¹	150	150	30,465	30,465
Long-term accounts receivables	421,304	421,304	496,446	496,446
Long-term other receivables	1,088,354	1,088,354	1,281,847	1,281,847
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss	385,188	385,188	437,015	437,015
Short-term financial instruments	60,000	60,000	265,138	265,138
Trade receivables	-	-	36,198	36,198

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Other receivables	-	-	8,094	8,094
Financial assets at amortized cost				
Financial assets at amortized cost (current)	1,774	1,774	20,388	20,388
Financial assets at amortized cost (non-current)	35,359	35,359	26,269	26,269
Financial guarantee				
Other financial liabilities	146,255	20,448,856	151,960	16,285,124
	<u>₩ 12,577,698</u>	<u>₩ 32,880,299</u>	<u>₩ 12,040,691</u>	<u>₩ 28,173,855</u>

(in thousands of USD (Note 2))

	2023		2022	
	Book amount	Maximum Exposed amount	Book amount	Maximum Exposed amount
Loans and receivables				
Cash and cash equivalents	\$ 3,261,723	\$ 3,261,723	\$ 3,081,974	\$ 3,081,974
Short-term financial instruments	244,922	244,922	389,500	389,500
Trade receivables	2,620,363	2,620,363	1,535,312	1,535,312
Other receivables	1,969,250	1,969,250	2,195,689	2,195,689
Long-term financial instruments ¹	116	116	23,627	23,627
Long-term accounts receivables	326,744	326,744	385,021	385,021
Long-term other receivables	844,078	844,078	994,142	994,142
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss	298,734	298,734	338,929	338,929
Short-term financial instruments	46,533	46,533	205,629	205,629
Trade receivables	-	-	28,074	28,074
Other receivables	-	-	6,277	6,277
Financial assets at amortized cost				
Financial assets at amortized cost (current)	1,376	1,376	15,812	15,812
Financial assets at amortized cost (non-current)	27,423	27,423	20,373	20,373
Financial guarantee				

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Other financial liabilities	113,429	15,859,203	117,853	12,630,002
	\$ 9,754,691	\$ 25,500,465	\$ 9,338,212	\$ 21,850,361

¹As at December 31, 2023, net defined benefit assets amounting to ₩ 128,602 million (\$ 99,738 thousand) (2022: ₩ 200,947 million (\$ 155,845 thousand)) among long-term financial instruments are excluded.

(b) Liquidity risk

The Group establishes short-term and long-term fund management plans. The Group analyzes and reviews actual cash outflow with its budget to correspond the maturity of financial liabilities to that of financial assets. Management believes that financial liabilities can be repaid by cash generated from operations and financial assets. The Group has overdraft agreements with its main banks to manage liquidity risk, which may temporarily increase.

The maturity analysis of financial liabilities according to their remaining contract expiration as at December 31, 2023, is as follows:

<i>(in millions of Korean won)</i>	Remaining contractual undiscounted cash flows			
	Less than 1 year	1–5 years	More than 5 years	Total
Trade payables	₩ 3,959,030	₩ -	₩ -	₩ 3,959,030
Other payables	1,715,265	378,252	1,832	2,095,349
Borrowings and debentures	599,689	1,224,393	641,244	2,465,326
Lease liabilities	78,748	6,633	17,994	103,375
Financial guarantee contract	20,448,856	-	-	20,448,856

<i>(in thousands of USD (Note 2))</i>	Remaining contractual undiscounted cash flows			
	Less than 1 year	1–5 years	More than 5 years	Total
Trade payables	\$ 3,070,444	\$ -	\$ -	\$ 3,070,444
Other payables	1,330,282	293,355	1,421	1,625,058
Borrowings and debentures	465,092	949,584	497,320	1,911,996
Lease liabilities	61,073	5,144	13,955	80,172
Financial guarantee contract	15,859,203	-	-	15,859,203

The above maturity analysis is based on the book amount and the earliest maturity date by which the payments should be made.

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(c) *Market risk*

① Management policy of foreign currency risk

The Group is generally exposed to the risk of foreign currencies in USD, KWD, AED, QAR, SGD and others. The Group's sensitivity to a 10% increase and decrease in Korean won (functional and presentation currency of the Group) against the major foreign currencies as at December 31, 2023, is described in the below table. This 10% is a sensitivity of management's valuation on rational changes of foreign currency and it is applied when reporting internally the foreign currency risk to management.

The sensitivity analysis is conducted on monetary assets and liabilities denominated in foreign currencies other than functional currency as at December 31, 2023. It only includes unsettled monetary accounts denominated in foreign currencies and adjusts foreign currency translation expecting changes in foreign currency by 10% at the end of the fiscal year. Positive balance (+) represents increases of gains, losses and others in equity section due to appreciation of Korean won. When Korean won is depreciated by 10% to other currencies, gains, losses and other equity accounts are affected by the corresponding amount, which will lead to negative balance (-).

Changes in net assets (before income tax) that are sensitive to changes in Korean won against the foreign currencies by 10% as at December 31, 2023, are as follows:

<i>(in millions of Korean won)</i>		10% increase against foreign currency	10% decrease against foreign currency
USD	₩	94,277	(94,277)
KWD		278	(278)
AED		150	(150)
QAR		24	(24)
SGD		(3,849)	3,849
Others		(23,065)	23,065

<i>(in thousands of USD (Note 2))</i>		10% increase against foreign currency	10% decrease against foreign currency
USD	\$	73,117	\$ (73,117)
KWD		216	(216)
AED		116	(116)
QAR		19	(19)
SGD		(2,985)	2,985
Others		(17,888)	17,888

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② Interest rate risk

The Group borrows funds with fixed and variable interest rates, and the Group is exposed to interest rate risk arising from financial instruments with variable interest rates. To manage the interest rate risk and to avoid the future cash flow fluctuation risk, the Group mainly uses fixed interest rate; however, it uses variable interest rates on occasion.

The Group's sensitivity to a 1% change in interest rates on profit before income tax as at December 31, 2023, is as follows:

<i>(in millions of Korean won)</i>	<u>Increase by 1%</u>	<u>Decrease by 1%</u>
Short-term borrowings	₩ 1,387	₩ (1,387)
	<u>₩ 1,387</u>	<u>₩ (1,387)</u>
	<u>Increase by 1%</u>	<u>Decrease by 1%</u>
<i>(in thousands of USD (Note 2))</i>		
Short-term borrowings	\$ 1,076	\$ (1,076)
	<u>\$ 1,076</u>	<u>\$ (1,076)</u>

③ Price risks

The Group is exposed to price fluctuation risk arising from equity investments. As at December 31, 2023 and 2022, the amount of marketable equity investments is as follows:

<i>(in millions of Korean won)</i>	<u>2023</u>	<u>2022</u>
Financial assets measured at fair value	₩ 4,211	₩ 4,190
	<u>2023</u>	<u>2022</u>
<i>(in thousands of USD (Note 2))</i>		
Financial assets measured at fair value	\$ 3,266	\$ 3,250

When the price of marketable equity investments fluctuates by 1%, equity investments would increase/decrease by ₩ 33 million (\$ 26 thousand) (after income tax) and there is no effect on profit(loss).

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40. Operating Segment Information

Details of the Group's reportable segments are as follows:

Description	Details	Clients
Building/House	Buildings, structures and others	Hyundai Motor Company, Lusail Real Estate Development Company and others
Civil engineering	Roads, bridges, housing site development and others	Korea National Railway, Korea Expressway Corporation, Ministry Of Public Works, Kuwait, Public Works Authority, Qatar and others
Plant/Power	Power stations, gas facilities, electric work and others	Korea Hydro & Nuclear Power Co., Ltd., Korea Electric Power Corporation, Saudi Arabian Oil Company and others
Others	Real estate leasing and others	Korea Electric Power Corporation and others

Profit or loss by each segment for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023			
	Total segment revenue	Gross profit	Property, plant and equipment	Depreciation
Building/House	₩ 19,700,009	₩ 1,236,037	₩ 14,633	₩ 4,208
Civil engineering	2,739,960	100,383	281,064	27,989
Plant/Power	6,569,105	206,935	114,251	8,708
Others	1,336,275	216,756	788,776	44,155
Consolidation adjustments	(693,992)	(57,303)	5,796	1,868
	<u>₩ 29,651,357</u>	<u>₩ 1,702,808</u>	<u>₩ 1,204,520</u>	<u>₩ 86,928</u>

(in thousands of USD (Note 2))

	2023			
	Total segment revenue	Gross profit	Property, plant and equipment	Depreciation
Building/House	\$ 15,278,431	\$ 958,614	\$ 11,349	\$ 3,264
Civil engineering	2,124,988	77,852	217,980	21,707
Plant/Power	5,094,699	160,489	88,608	6,754
Others	1,036,354	168,106	611,739	34,245
Consolidation adjustments	(538,229)	(44,442)	4,495	1,449
	<u>\$ 22,996,243</u>	<u>\$ 1,320,619</u>	<u>\$ 934,171</u>	<u>\$ 67,419</u>

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(in millions of Korean won)

	2022			
	Total segment revenue	Gross profit	Property, plant and equipment	Depreciation
Building/House	₩ 12,501,151	₩ 1,245,824	₩ 11,860	₩ 2,949
Civil engineering	2,414,755	31,124	302,107	20,675
Plant/Power	5,419,308	78,571	85,207	8,490
Others	1,307,373	176,397	618,642	39,649
Consolidation adjustments	(403,505)	(19,168)	30,994	(261)
	<u>₩ 21,239,082</u>	<u>₩ 1,512,748</u>	<u>₩ 1,048,810</u>	<u>₩ 71,502</u>

(in thousands of USD (Note 2))

	2022			
	Total segment revenue	Gross profit	Property, plant and equipment	Depreciation
Building/House	\$ 9,695,324	\$ 966,204	\$ 9,198	\$ 2,287
Civil engineering	1,872,774	24,138	234,300	16,035
Plant/Power	4,202,969	60,936	66,083	6,584
Others	1,013,939	136,805	479,791	30,750
Consolidation adjustments	(312,940)	(14,866)	24,038	(202)
	<u>\$ 16,472,066</u>	<u>\$ 1,173,217</u>	<u>\$ 813,410</u>	<u>\$ 55,454</u>

Reportable segments' accounting method is applied by the same measured metrics that are applied to the Group.

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
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Profit or loss by geographical region for the years ended December 31, 2023 and 2022, are as follows:

(in millions of Korean won)

	2023		
	Total segment revenue	Property, plant and equipment	Depreciation
Domestic	₩ 18,430,445	₩ 987,545	₩ 41,756
Asia	3,472,764	76,311	11,459
Middle East/Africa	3,177,918	93,495	25,017
Others	5,264,222	41,373	6,828
Consolidation adjustments	(693,992)	5,796	1,868
	<u>₩ 29,651,357</u>	<u>₩ 1,204,520</u>	<u>₩ 86,928</u>

(in thousands of USD (Note 2))

	2023		
	Total segment revenue	Property, plant and equipment	Depreciation
Domestic	\$ 14,293,815	\$ 765,895	\$ 32,384
Asia	2,693,318	59,183	8,887
Middle East/Africa	2,464,649	72,510	19,402
Others	4,082,691	32,087	5,295
Consolidation adjustments	(538,229)	4,495	1,449
	<u>\$ 22,996,244</u>	<u>\$ 934,170</u>	<u>\$ 67,417</u>

(in millions of Korean won)

	2022		
	Total segment revenue	Property, plant and equipment	Depreciation
Domestic	₩ 12,959,560	₩ 858,945	₩ 35,479
Asia	3,891,817	57,577	11,931
Middle East/Africa	3,044,957	63,590	18,738
Others	1,746,253	37,704	5,615
Consolidation adjustments	(403,505)	30,994	(261)
	<u>₩ 21,239,082</u>	<u>₩ 1,048,810</u>	<u>₩ 71,502</u>

(in thousands of USD (Note 2))

	2022		
	Total segment revenue	Property, plant and equipment	Depreciation
Domestic	\$ 10,050,845	\$ 666,159	\$ 27,516
Asia	3,018,316	44,654	9,253
Middle East/Africa	2,361,530	49,318	14,532
Others	1,354,314	29,242	4,355
Consolidation adjustments	(312,940)	24,038	(202)
	<u>\$ 16,472,065</u>	<u>\$ 813,411</u>	<u>\$ 55,454</u>

Hyundai Engineering & Construction Co., Ltd. and Subsidiaries
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41. Events After the Reporting Period

On January 30, 2024, the Parent Company newly issued unsecured public offered bonds and the details are as follows:

(in millions of Korean won)

	Amount	Annual interest rate (%)	Issuance date	Maturity date
308-1st	₩ 150,000	4.12	30/01/2024	30/01/2026
308-2nd	130,000	4.18	30/01/2024	29/01/2027
308-3rd	20,000	4.37	30/01/2024	30/01/2029

*(in thousands of USD (Note
2))*

	Amount	Annual interest rate (%)	Issuance date	Maturity date
308-1st	\$ 116,333	4.12	30/01/2024	30/01/2026
308-2nd	100,822	4.18	30/01/2024	29/01/2027
308-3rd	15,511	4.37	30/01/2024	30/01/2029

The housing construction works of the residential redevelopment project in Daejo sector 1 of the Parent Company were suspended from January 1, 2024, due to the suspension of the association chairman's duties and internal disputes within the association.

Independent Auditor's Report on Internal Control over Financial Reporting for Consolidation Purposes

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of
Hyundai Engineering & Construction Co., Ltd.

Opinion on Internal Control over Financial Reporting for Consolidation Purposes

We have audited Internal Control over Financial Reporting (ICFR) of Hyundai Engineering & Construction Co., Ltd. and its subsidiaries (collectively referred to as the "Group") for consolidation purposes as at December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

In our opinion, the Group maintained, in all material respects, effective ICFR for consolidation purposes as at December 31, 2023, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

We also have audited, in accordance with Korean Standards on Auditing, the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements including material accounting policy information, and our report dated March 11, 2024, expressed an unqualified opinion.

Basis for Opinion on Internal Control over Financial Reporting for Consolidation Purposes

We conducted our audit in accordance with Korean Standards on Auditing. Our responsibility under these standards are further described in the *Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting for consolidation purposes* section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of ICFR for consolidation purposes and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for Internal Control over Financial Reporting for Consolidation Purposes

Management is responsible for designing, implementing and maintaining effective ICFR for consolidation purposes, and for its assessment about the effectiveness of ICFR for consolidation purposes, included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting.

Those charged with governance have the responsibilities for overseeing ICFR for consolidation purposes.

Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting for Consolidation Purposes

Our responsibility is to express an opinion on ICFR for consolidation purposes of the Group based on our audit. We conducted the audit in accordance with Korean Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR for consolidation purposes was maintained in all material respects.

An audit of ICFR for consolidation purposes involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit includes obtaining an understanding of ICFR for consolidation purposes and testing and evaluating the design and operating effectiveness of ICFR for consolidation purposes based on the assessed risk.

Definition and Inherent Limitations of Internal Control over Financial Reporting for Consolidation Purposes

An entity's ICFR for consolidation purposes is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea. An entity's ICFR for consolidation purposes includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and directors of the Group; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, ICFR for consolidation purposes may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is Chihyung Won, Certified Public Accountant.

Seoul, Korea

March 11, 2024

This report is effective as at March 11, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the Group's ICFR for consolidation purposes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Management's Report on the Effectiveness of Internal Control over Financial Reporting for Consolidation Purposes

(English Translation of a Report Originally Issued in Korean)

To the Shareholders, Board of Directors and Audit Committee of
Hyundai Engineering & Construction Co., Ltd.

We, as the Chief Executive Officer (CEO) and the Internal Control over Financial Reporting Officer of Hyundai Engineering & Construction Co., Ltd (the Company), assessed the effectiveness of the design and operation of the Company's Internal Control over Financial Reporting (ICFR) (for consolidation purposes) for the year ended December 31, 2023.

The Company's management, including ourselves, is responsible for designing and operating ICFR for consolidation purposes. We assessed the design and operating effectiveness of ICFR for consolidation purposes in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable consolidated financial statements. We designed and operated ICFR for consolidation purposes in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting* established by the Operating Committee of Internal Control over Financial Reporting in Korea (the ICFR Committee). And, we conducted an evaluation of ICFR for consolidation purposes based on *Best Practice Guidance for Evaluating and Reporting Internal Control over Financial Reporting* established by the ICFR Committee.

Based on the assessment results, we believe that the Company's ICFR for consolidation purposes, as at December 31, 2023, is designed and operating effectively, in all material respects, in accordance with *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which cause material misunderstandings, and we have reviewed and verified this report with sufficient due care.

January 23, 2024

Yeongjun Yoon, Chief Executive Officer

Dohyeong Kim, Internal Control over Financial Reporting Officer