

# **CHC Resources Corporation**

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

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
CHC Resources Corporation

### Opinion

We have audited the accompanying standalone financial statements of CHC Resources Corporation (the "Corporation"), which comprise the standalone balance sheets as of December 31, 2023 and 2022, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the standalone financial statements, including material accounting policy information (collectively referred to as the "standalone financial statements").

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Corporation as of December 31, 2023 and 2022, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Corporation's standalone financial statements for the year ended December 31, 2023 is stated as follows:

#### Revenue Recognition

The Corporation mainly engages in the sale of Ground - Granulated Blast-Furnace Slag (GGBFS), accounting for the largest proportion of total sales revenue. Since revenue is a presumed risk in the Statement of Auditing Standards and it is mainly the focus of users of financial statements. Thus, we considered the occurrence of the sales revenue of GGBFS as a key audit matter. For the accounting policy of sales revenue, please refer to Note 4 of the financial statements.

Our audit procedures performed included the following:

1. We obtained an understanding of and evaluated design and implementation of internal control of sales of GGBFS and tested its operating effectiveness.
2. We selected samples and verified the occurrence and validity of the sales revenue of GGBFS and confirmed the correctness of the shipping documents and cash collection receipts.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Standalone Financial Statements**

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

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

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

conditions may cause the Corporation to cease to continue as a going concern.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 standalone financial statements for the year ended December 31, 2023, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Yu-Shiang Liu and Chao-Chun Wang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 26, 2024

Notice to Readers

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

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

# CHC RESOURCES CORPORATION

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

| ASSETS  | December 31, 2023    |            | December 31, 2022    |            |
|---|----------------------|------------|----------------------|------------|
|   | Amount               | %          | Amount               | %          |
| <b>CURRENT ASSETS</b>   |                      |            |                      |            |
| Cash (Note 6)   | \$ 110,475           | 1          | \$ 82,644            | 1          |
| Financial assets at fair value through other comprehensive income - current (Notes 7 and 26)    | 280,849              | 2          | 274,214              | 2          |
| Financial assets for hedging - current (Notes 20 and 26)  | 4,279                | -          | 37,602               | -          |
| Contract assets - current (Notes 21 and 27)   | 1,485                | -          | 19,007               | -          |
| Notes receivable (Note 8)   | 259,999              | 2          | 236,710              | 2          |
| Accounts receivable (Note 8)  | 130,343              | 1          | 113,937              | 1          |
| Accounts receivable - related parties (Notes 8 and 27)  | 791,525              | 8          | 502,677              | 5          |
| Other receivables   | 250                  | -          | 1,226                | -          |
| Other receivables - related parties (Note 27)   | 24,672               | -          | 42,236               | -          |
| Inventories (Notes 5 and 9)   | 392,600              | 4          | 311,231              | 3          |
| Prepayments (Note 27)   | 35,435               | -          | 87,608               | 1          |
| Refundable deposits - current (Note 13)   | 19,220               | -          | 17,149               | -          |
| Costs to fulfil a contract (Note 21)  | 10,759               | -          | 7,590                | -          |
| Other current assets  | 2,846                | -          | 4,363                | -          |
| Total current assets  | <u>2,064,737</u>     | <u>18</u>  | <u>1,738,194</u>     | <u>15</u>  |
| <b>NONCURRENT ASSETS</b>  |                      |            |                      |            |
| Financial assets at fair value through other comprehensive income - noncurrent (Notes 7 and 26) | 16,501               | -          | 15,388               | -          |
| Investments accounted for using the equity method (Note 11)                                     | 1,298,922            | 11         | 1,303,914            | 11         |
| Property, plant and equipment (Notes 12 and 28)   | 3,851,267            | 35         | 5,339,254            | 47         |
| Right-of-use assets (Notes 13 and 27)   | 1,491,516            | 13         | 1,636,539            | 14         |
| Investment properties (Note 14)   | 2,338,719            | 20         | 1,118,009            | 10         |
| Intangible assets (Note 15)   | 7,498                | -          | 6,967                | -          |
| Deferred tax assets (Note 23)   | 104,926              | 1          | 84,857               | 1          |
| Prepayments for equipment   | -                    | -          | 11,000               | -          |
| Refundable deposits - noncurrent (Note 13)  | 237,581              | 2          | 248,454              | 2          |
| Other financial assets - noncurrent (Notes 10 and 28)   | 3,850                | -          | 3,200                | -          |
| Other noncurrent assets   | 283                  | -          | 694                  | -          |
| Total noncurrent assets   | <u>9,351,063</u>     | <u>82</u>  | <u>9,768,276</u>     | <u>85</u>  |
| <b>TOTAL</b>  | <u>\$ 11,415,800</u> | <u>100</u> | <u>\$ 11,506,470</u> | <u>100</u> |
| <b>LIABILITIES AND EQUITY</b>   |                      |            |                      |            |
| <b>CURRENT LIABILITIES</b>  |                      |            |                      |            |
| Short-term borrowings (Note 16)   | \$ 448,466           | 4          | \$ 359,278           | 4          |
| Contract liabilities - current (Notes 21 and 27)  | 29,802               | -          | 34,496               | -          |
| Notes payable   | 11,643               | -          | 20,820               | -          |
| Accounts payable  | 127,891              | 1          | 129,326              | 1          |
| Accounts payable - related parties (Note 27)  | 101,801              | 1          | 105,715              | 1          |
| Payables on equipment   | 46,953               | -          | 28,912               | -          |
| Other payables (Notes 17 and 30)  | 866,677              | 8          | 882,501              | 9          |
| Other payables - related parties (Notes 17 and 27)  | 119,699              | 1          | 126,910              | 1          |
| Current tax liabilities (Note 23)   | 202,201              | 2          | 169,791              | 1          |
| Lease liabilities - current (Notes 13 and 27)   | 343,513              | 3          | 350,656              | 3          |
| Guarantee deposits received - current   | 38,370               | -          | 55,969               | -          |
| Current portion of long-term borrowings (Note 16)   | 78,833               | 1          | 157,667              | 1          |
| Other current liabilities   | 5,855                | -          | 12,677               | -          |
| Total current liabilities   | <u>2,421,704</u>     | <u>21</u>  | <u>2,434,718</u>     | <u>21</u>  |
| <b>NONCURRENT LIABILITIES</b>   |                      |            |                      |            |
| Long-term borrowings (Note 16)  | 1,300,000            | 11         | 1,548,833            | 13         |
| Provisions - noncurrent (Notes 18 and 30)   | 306,146              | 3          | 164,534              | 1          |
| Deferred tax liabilities (Note 23)  | 82,837               | 1          | 77,641               | 1          |
| Lease liabilities - noncurrent (Notes 13 and 27)  | 1,194,652            | 11         | 1,325,386            | 13         |
| Net defined benefit liabilities (Note 19)   | 49,409               | -          | 55,346               | -          |
| Guarantee deposits received - noncurrent  | 2,564                | -          | 364                  | -          |
| Total noncurrent liabilities  | <u>2,935,608</u>     | <u>26</u>  | <u>3,172,104</u>     | <u>28</u>  |
| Total liabilities   | <u>5,357,312</u>     | <u>47</u>  | <u>5,606,822</u>     | <u>49</u>  |
| <b>EQUITY (Note 20)</b>   |                      |            |                      |            |
| Ordinary shares   | 2,485,404            | 22         | 2,485,404            | 22         |
| Capital surplus   | 162,024              | 1          | 162,024              | 1          |
| Retained earnings   |                      |            |                      |            |
| Legal reserve   | 1,574,514            | 14         | 1,496,349            | 13         |
| Unappropriated earnings   | 1,854,078            | 16         | 1,721,535            | 15         |
| Total retained earnings   | 3,428,592            | 30         | 3,217,884            | 28         |
| Other equity  | (17,532)             | -          | 34,336               | -          |
| Total equity  | <u>6,058,488</u>     | <u>53</u>  | <u>5,899,648</u>     | <u>51</u>  |
| <b>TOTAL</b>  | <u>\$ 11,415,800</u> | <u>100</u> | <u>\$ 11,506,470</u> | <u>100</u> |

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

# CHC RESOURCES CORPORATION

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

|  | For the Year Ended December 31 |            |                   |            |
|--|--------------------------------|------------|-------------------|------------|
|  | 2023                           |            | 2022              |            |
|  | Amount                         | %          | Amount            | %          |
| OPERATING REVENUE (Notes 21 and 27)                    |                                |            |                   |            |
| Sales  | \$ 5,797,841                   | 52         | \$ 5,443,304      | 53         |
| Construction revenue                                   | 13,681                         | -          | 43,148            | -          |
| Service revenue  | <u>5,273,222</u>               | <u>48</u>  | <u>4,783,068</u>  | <u>47</u>  |
| Total operating revenue                                | <u>11,084,744</u>              | <u>100</u> | <u>10,269,520</u> | <u>100</u> |
| OPERATING COSTS (Notes 9, 22 and 27)                   |                                |            |                   |            |
| Cost of goods sold                                     | 4,524,000                      | 41         | 4,337,316         | 42         |
| Construction costs                                     | 12,307                         | -          | 40,972            | -          |
| Service costs  | <u>5,167,679</u>               | <u>47</u>  | <u>4,603,392</u>  | <u>45</u>  |
| Total operating costs                                  | <u>9,703,986</u>               | <u>88</u>  | <u>8,981,680</u>  | <u>87</u>  |
| GROSS PROFIT   | <u>1,380,758</u>               | <u>12</u>  | <u>1,287,840</u>  | <u>13</u>  |
| OPERATING EXPENSES (Notes 22 and 27)                   |                                |            |                   |            |
| Selling and marketing expenses                         | 196,379                        | 2          | 204,058           | 2          |
| General and administrative expenses                    | 209,941                        | 2          | 191,316           | 2          |
| Research and development expenses                      | <u>25,945</u>                  | <u>-</u>   | <u>25,137</u>     | <u>-</u>   |
| Total operating expenses                               | <u>432,265</u>                 | <u>4</u>   | <u>420,511</u>    | <u>4</u>   |
| PROFIT FROM OPERATIONS                                 | <u>948,493</u>                 | <u>8</u>   | <u>867,329</u>    | <u>9</u>   |
| NON-OPERATING INCOME AND EXPENSES<br>(Notes 22 and 27) |                                |            |                   |            |
| Interest income  | 1,394                          | -          | 856               | -          |
| Other income   | 49,025                         | 1          | 60,254            | 1          |
| Other gains and losses                                 | (5,285)                        | -          | (761)             | -          |
| Finance costs  | (59,376)                       | (1)        | (47,221)          | -          |
| Share of profit or loss of subsidiaries and associates | <u>92,670</u>                  | <u>1</u>   | <u>38,381</u>     | <u>-</u>   |
| Total non-operating income and expenses                | <u>78,428</u>                  | <u>1</u>   | <u>51,509</u>     | <u>1</u>   |
| PROFIT BEFORE INCOME TAX                               | 1,026,921                      | 9          | 918,838           | 10         |
| INCOME TAX EXPENSE (Note 23)                           | <u>187,366</u>                 | <u>2</u>   | <u>163,436</u>    | <u>2</u>   |
| NET PROFIT FOR THE YEAR                                | <u>839,555</u>                 | <u>7</u>   | <u>755,402</u>    | <u>8</u>   |

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# CHC RESOURCES CORPORATION

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

|  | For the Year Ended December 31 |          |                   |          |
|--|--------------------------------|----------|-------------------|----------|
|  | 2023                           |          | 2022              |          |
|  | Amount                         | %        | Amount            | %        |
| OTHER COMPREHENSIVE INCOME (LOSS)  |                                |          |                   |          |
| (Notes 19, 20 and 23)  |                                |          |                   |          |
| Items that will not be reclassified subsequently to profit or loss:  |                                |          |                   |          |
| Remeasurement of defined benefit plans   | \$ (11,610)                    | -        | \$ 31,490         | -        |
| Unrealized loss on investments in equity instruments at fair value through other comprehensive income        | (22,551)                       | -        | (49,394)          | -        |
| Loss on hedging instruments subject to basis adjustment  | (2,074)                        | -        | 2,032             | -        |
| Share of the other comprehensive loss of subsidiaries and associates accounted for using the equity method   | (5,051)                        | -        | (21,428)          | -        |
| Income tax benefit (expense) relating to items that will not be reclassified subsequently to profit or loss  | 2,322                          | -        | (6,299)           | -        |
| Items that may be reclassified subsequently to profit or loss:   |                                |          |                   |          |
| Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method | <u>(20,400)</u>                | <u>-</u> | <u>47,679</u>     | <u>-</u> |
| Other comprehensive income for the year, net of income tax   | <u>(59,364)</u>                | <u>-</u> | <u>4,080</u>      | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR  | <u>\$ 780,191</u>              | <u>7</u> | <u>\$ 759,482</u> | <u>8</u> |
| EARNINGS PER SHARE (Note 24)   |                                |          |                   |          |
| Basic  | <u>\$ 3.38</u>                 |          | <u>\$ 3.04</u>    |          |
| Diluted  | <u>\$ 3.37</u>                 |          | <u>\$ 3.03</u>    |          |

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

(Concluded)

# CHC RESOURCES CORPORATION

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

|   | Ordinary Shares |            | Capital Surplus |            | Retained Earnings |                 |                         | Other Equity |   |   | Total        | Total Equity |                                    |
|---|-----------------|------------|-----------------|------------|-------------------|-----------------|-------------------------|--------------|---|---|--------------|--------------|------------------------------------|
|   |                 |            |                 |            | Legal Reserve     | Special Reserve | Unappropriated Earnings | Total        | Exchange Differences on Translation of the Financial Statements of Foreign Operations | Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income |              |              | Gain (Loss) on Hedging Instruments |
|   |                 |            |                 |            |                   |                 |                         |              |   |   |              |              |                                    |
| BALANCE AT JANUARY 1, 2022  | \$ 2,485,404    | \$ 162,024 | \$ 1,426,077    | \$ 124,775 | \$ 1,506,730      | \$ 3,057,582    | \$ (63,742)             | \$ 120,249   | \$ -  | \$ 56,507   | \$ 5,761,517 |              |                                    |
| Appropriation of 2021 earnings (Note 20)  |                 |            |                 |            |                   |                 |                         |              |   |   |              |              |                                    |
| Legal reserve   | -               | -          | 70,272          | -          | (70,272)          | -               | -                       | -            | -   | -   | -            |              |                                    |
| Special reserve   | -               | -          | -               | (124,775)  | 124,775           | -               | -                       | -            | -   | -   | -            |              |                                    |
| Cash dividends  | -               | -          | -               | -          | (621,351)         | (621,351)       | -                       | -            | -   | -   | (621,351)    |              |                                    |
|   | -               | -          | 70,272          | (124,775)  | (566,848)         | (621,351)       | -                       | -            | -   | -   | (621,351)    |              |                                    |
| Net profit for the year ended December 31, 2022   | -               | -          | -               | -          | 755,402           | 755,402         | -                       | -            | -   | -   | 755,402      |              |                                    |
| Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax | -               | -          | -               | -          | 26,266            | 26,266          | 47,679                  | (71,897)     | 2,032   | (22,186)  | 4,080        |              |                                    |
| Total comprehensive income (loss) for the year ended December 31, 2022                    | -               | -          | -               | -          | 781,668           | 781,668         | 47,679                  | (71,897)     | 2,032   | (22,186)  | 759,482      |              |                                    |
| Disposal of financial assets at fair value through other comprehensive income (loss)      | -               | -          | -               | -          | (15)              | (15)            | -                       | 15           | -   | 15  | -            |              |                                    |
| BALANCE AT DECEMBER 31, 2022  | 2,485,404       | 162,024    | 1,496,349       | -          | 1,721,535         | 3,217,884       | (16,063)                | 48,367       | 2,032   | 34,336  | 5,899,648    |              |                                    |
| Appropriation of 2022 earnings (Note 20)  |                 |            |                 |            |                   |                 |                         |              |   |   |              |              |                                    |
| Legal reserve   | -               | -          | 78,165          | -          | (78,165)          | -               | -                       | -            | -   | -   | -            |              |                                    |
| Cash dividends  | -               | -          | -               | -          | (621,351)         | (621,351)       | -                       | -            | -   | -   | (621,351)    |              |                                    |
|   | -               | -          | 78,165          | -          | (699,516)         | (621,351)       | -                       | -            | -   | -   | (621,351)    |              |                                    |
| Net profit for the year ended December 31, 2023   | -               | -          | -               | -          | 839,555           | 839,555         | -                       | -            | -   | -   | 839,555      |              |                                    |
| Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax | -               | -          | -               | -          | (9,523)           | (9,523)         | (20,400)                | (27,367)     | (2,074)   | (49,841)  | (59,364)     |              |                                    |
| Total comprehensive income (loss) for the year ended December 31, 2023                    | -               | -          | -               | -          | 830,032           | 830,032         | (20,400)                | (27,367)     | (2,074)   | (49,841)  | 780,191      |              |                                    |
| Disposal of financial assets at fair value through other comprehensive income (loss)      | -               | -          | -               | -          | 2,027             | 2,027           | -                       | (2,027)      | -   | (2,027)   | -            |              |                                    |
| BALANCE AT DECEMBER 31, 2023  | \$ 2,485,404    | \$ 162,024 | \$ 1,574,514    | \$ -       | \$ 1,854,078      | \$ 3,428,592    | \$ (36,463)             | \$ 18,973    | \$ (42)   | \$ (17,532)   | \$ 6,058,488 |              |                                    |

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

# CHC RESOURCES CORPORATION

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

|   | <b>For the Year Ended December 31</b> |                  |
|---|---------------------------------------|------------------|
|   | <b>2023</b>                           | <b>2022</b>      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       |                                       |                  |
| Profit before income tax  | \$ 1,026,921                          | \$ 918,838       |
| Adjustments for:  |                                       |                  |
| Depreciation expense  | 869,500                               | 842,401          |
| Amortization expense  | 21,427                                | 15,573           |
| Net gain on financial assets and liabilities at fair value through profit or loss | (468)                                 | (294)            |
| Finance costs   | 59,376                                | 47,221           |
| Interest income   | (1,394)                               | (856)            |
| Dividend income   | (12,464)                              | (31,135)         |
| Share of profit of subsidiaries and associates                                    | (92,670)                              | (38,381)         |
| Loss (gain) on disposal of property, plant and equipment                          | (358)                                 | 1,602            |
| Write-down of inventories   | 1,673                                 | 146              |
| Impairment loss on property, plant and equipment                                  | 2,005                                 | -                |
| Recognition of provisions   | 144,197                               | 11,051           |
| Others  | -                                     | 112              |
| Changes in operating assets and liabilities                                       |                                       |                  |
| Contract assets - current   | 17,522                                | (4,411)          |
| Notes receivable  | (23,289)                              | 11,654           |
| Accounts receivable   | (16,406)                              | 25,780           |
| Accounts receivable - related parties   | (288,848)                             | 58,604           |
| Other receivables   | 972                                   | (1,147)          |
| Other receivables - related parties   | 17,564                                | 37,400           |
| Inventories   | (83,042)                              | 47,685           |
| Prepayments   | 52,173                                | (41,032)         |
| Other current assets  | 1,517                                 | 2,382            |
| Other financial assets  | (650)                                 | -                |
| Costs to fulfil a contract  | (3,169)                               | (5,301)          |
| Contract liabilities - current  | (4,694)                               | (59,511)         |
| Notes payable   | (9,177)                               | 12,555           |
| Accounts payable  | (1,435)                               | 12,611           |
| Accounts payable - related parties  | (3,914)                               | (476)            |
| Other payables  | (15,417)                              | (12,571)         |
| Other payables - related parties  | (7,211)                               | 49,170           |
| Provisions  | (2,585)                               | -                |
| Other current liabilities   | (6,822)                               | 5,526            |
| Net defined benefit liabilities   | (17,547)                              | (7,786)          |
| Cash generated from operations  | <u>1,623,287</u>                      | <u>1,897,410</u> |
| Income taxes paid   | <u>(167,507)</u>                      | <u>(166,409)</u> |
| Net cash generated from operating activities                                      | <u>1,455,780</u>                      | <u>1,731,001</u> |

(Continued)

# CHC RESOURCES CORPORATION

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

|   | <b>For the Year Ended December 31</b> |                    |
|---|---------------------------------------|--------------------|
|   | <b>2023</b>                           | <b>2022</b>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                                       |                    |
| Acquisition of financial assets at fair value through other comprehensive income                        | \$ (30,298)                           | \$ -               |
| Acquisition of financial assets at fair value through profit or loss                                    | (900,000)                             | (530,000)          |
| Proceeds from disposal of financial assets at fair value through profit or loss                         | 900,468                               | 580,310            |
| Acquisition of financial assets for hedging   | (8,864)                               | (35,570)           |
| Proceeds of financial assets for hedging  | 40,113                                | -                  |
| Proceeds from the capital reduction and liquidation on investment accounted for using the equity method | 4,861                                 | -                  |
| Acquisition of property, plant and equipment  | (203,883)                             | (212,275)          |
| Proceeds from disposal of property, plant and equipment   | 396                                   | 3,813              |
| Decrease in refundable deposits   | 8,802                                 | 14,085             |
| Payments for intangible assets  | (4,485)                               | (6,236)            |
| Increase in other noncurrent assets   | (17,062)                              | (12,764)           |
| Interest received   | 1,398                                 | 852                |
| Dividends received from others  | 12,464                                | 31,135             |
| Dividends received from subsidiaries and associates   | <u>67,351</u>                         | <u>70,079</u>      |
| Net cash used in investing activities   | <u>(128,739)</u>                      | <u>(96,571)</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                                       |                    |
| Proceeds from short-term borrowings   | 5,917,707                             | 3,637,451          |
| Repayments of short-term borrowings   | (5,828,519)                           | (3,529,454)        |
| Proceeds from short-term bills payable  | 200,000                               | -                  |
| Repayments of short-term bills payable  | (200,000)                             | (149,989)          |
| Proceeds from long-term borrowings  | 3,600,000                             | 3,820,000          |
| Repayments of long-term borrowings  | (3,927,667)                           | (4,507,667)        |
| Increase in guarantee deposits received   | (15,399)                              | 5,151              |
| Repayments of principal portion of lease liabilities  | (363,269)                             | (346,329)          |
| Dividends paid  | (621,351)                             | (621,351)          |
| Interest paid   | <u>(60,712)</u>                       | <u>(46,543)</u>    |
| Net cash used in financing activities   | <u>(1,299,210)</u>                    | <u>(1,738,731)</u> |
| NET INCREASE (DECREASE) IN CASH   | 27,831                                | (104,301)          |
| CASH AT THE BEGINNING OF THE YEAR   | <u>82,644</u>                         | <u>186,945</u>     |
| CASH AT THE END OF THE YEAR   | <u>\$ 110,475</u>                     | <u>\$ 82,644</u>   |

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

(Concluded)

# CHC RESOURCES CORPORATION

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

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### 1. GENERAL INFORMATION

CHC Resources Corporation (the “Corporation”) was jointly incorporated by China Steel Corporation (CSC), Taiwan Cement Corporation (TCC) and other shareholders in May 1991. CSC is the parent company that has substantive control over the Corporation. As of December 31, 2023, CSC and its subsidiaries owned 35.6% of the Corporation’s issued ordinary shares. The Corporation mainly engages in the production, processing and sales of Ground - Granulated Blast-Furnace Slag (GGBFS), Portland Blast-Furnace Slag Cement and reutilization of resources.

The shares of the Corporation have been listed on the Taiwan Stock Exchange since November 1999.

The standalone financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved by the Corporation’s board of directors and authorized for issue on February 26, 2024.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

- a. Statement of compliance

The standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these standalone financial statements, the Corporation used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the standalone financial statements to be the same with the amounts attributable to the owners of the Corporation in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the standalone basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these standalone financial statements.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the standalone financial statements are authorized for issue; and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as noncurrent.

The Corporation is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Corporation's construction-related assets and liabilities.

d. Foreign currencies

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

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

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

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

e. Inventories

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

f. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of equity of subsidiaries attributable to the Corporation.

Changes in the Corporation's ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are accounted for as equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

Profit or loss resulting from downstream transactions is eliminated in full only in the standalone financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the standalone financial statements and only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. Investment in associates

An associate is an entity over which the Corporation has significant influence and which is not a subsidiary.

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

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

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

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

When the Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Corporation's standalone financial statements only to the extent of interests in the associate that are not related to the Corporation.

The Corporation discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on the associate. The Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

#### h. Property, plant and equipment

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

Property, plant and equipment in the course of construction are initially measured at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

#### i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation. Depreciation is recognized using the straight-line method.

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

k. Assets related to contract costs

The expenditures that relate directly to a contract and that generate or enhance resources to be used in satisfying performance obligations are recognized as assets (costs to fulfil a contract) to the extent of the expected recoverable costs and are amortized on a straight-line basis over the contract term.

l. Impairment of property, plant and equipment, right-of-use assets, investment properties, intangible assets and assets related to contract costs

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties, intangible assets and assets related to contract costs 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 Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units or the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

Before the Corporation recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories related to the contract shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Corporation expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit

to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets at FVTPL are subsequently measured at fair value, and the remeasurement gains or losses (excluding any dividends or interest earned on such financial assets) on such financial assets are recognized in gains or losses.

ii Financial assets at amortized cost

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

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash, notes receivable, accounts receivable, other receivables, other financial assets and refundable deposits at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

A financial asset is credit impaired when one or more of the following events have occurred: significant financial difficulty of the issuer or the borrower; breach of contract, such as a default; it is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or the disappearance of an active market for that financial asset because of financial difficulties.

iii Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes receivable and accounts receivable), as well as contract assets.

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

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

For internal credit risk management purposes, the Corporation considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Corporation):

- i Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 180 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets and contract assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

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

2) Equity instruments

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

n. Hedge accounting

The Corporation designates certain hedging instruments (non-derivatives in respect of foreign currency risk) as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Cash flow hedges

The effective portion of gains and losses on derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as reclassification adjustments in the line items relating to the hedged item in the same period in which the hedged item affects profit or loss. If a hedge of a forecasted transaction

subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

The Corporation discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that was previously recognized in other comprehensive income from the period in which the hedge was effective remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

o. Provisions

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

p. Revenue recognition

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

1) Merchandise sales revenue

Merchandise sales revenue comes from the sale of products such as GGBFS. According to the contract, when GGBFS and other products are delivered to the customer, the customer has set the price and the right to use the product, bears the responsibility for resale, obsolescence of the product risks, the Corporation recognizes revenue and accounts receivable at that point in time, and prepayments are recognized as contract liabilities.

2) Service revenue

Service revenue comes from services such as slag processing. For services such as processing, the customer obtains and consumes the performance benefits at the same time. The revenue is recognized when the service is provided by the Corporation. Specifically, the actual calculation is performed and the advance payment for the service is recognized as a contract liability.

3) Construction revenue

Contracts such as land and water remediation that are under the control of the customer during the implementation process, the Corporation gradually recognizes income over time. Since the cost of implementation is directly related to the degree of completion of the performance obligation, the Corporation measures the progress of completion based on the actual input cost as a percentage of the expected total cost. The Corporation gradually recognizes contract assets during the implementation process and converts them to accounts receivable when billing. If the received construction payment exceeds the amount of recognized revenue, the difference is recognized as a contract liability.

q. Leases

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

For a contract that contains a lease component and non-lease components, the Corporation allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Corporation as lessor

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

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

When a lease includes both land and building elements, the Corporation assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Corporation as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the standalone balance sheet.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Corporation accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the standalone balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the year in which they are incurred.

r. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities represent the actual deficit in the Corporation's defined benefit plans.

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Corporation can no longer withdraw the offer of the termination benefit, and when the Corporation recognizes any related restructuring costs.

t. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

### 3) Current and deferred taxes

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

Where current tax or deferred tax arises from the initial accounting for a business combination or the acquisition of a subsidiary, the tax effect is included in the accounting for the business combination or investments in a subsidiary.

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

In the application of the Corporation's accounting policies, management is required to make judgments, estimations, and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Corporation considers the possible impact of volatility in markets on the relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

### Key sources of estimation uncertainty - write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

## 6. CASH

|                                       | <u>December 31</u> |                  |
|---------------------------------------|--------------------|------------------|
|                                       | <u>2023</u>        | <u>2022</u>      |
| Checking accounts and demand deposits | \$ <u>110,475</u>  | \$ <u>82,644</u> |

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

|  | <u>December 31</u> |                   |
|--|--------------------|-------------------|
|  | <u>2023</u>        | <u>2022</u>       |
| Domestic investments (investments in equity instruments) |                    |                   |
| Listed shares  | \$ 280,849         | \$ 274,214        |
| Unlisted shares  | <u>16,501</u>      | <u>15,388</u>     |
|  | <u>\$ 297,350</u>  | <u>\$ 289,602</u> |
| Current  | \$ 280,849         | \$ 274,214        |
| Noncurrent   | <u>16,501</u>      | <u>15,388</u>     |
|  | <u>\$ 297,350</u>  | <u>\$ 289,602</u> |

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at fair value through other comprehensive income as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation's strategy of holding these investments for long-term purposes.

Dividends income of NT\$12,464 thousand and NT\$31,135 thousand were recognized for the years ended December 31, 2023 and 2022, respectively.

## 8. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES)

|  | <u>December 31</u> |                   |
|--|--------------------|-------------------|
|  | <u>2023</u>        | <u>2022</u>       |
| <u>Notes receivable</u>                                |                    |                   |
| At amortized cost                                      |                    |                   |
| Operating  | <u>\$ 259,999</u>  | <u>\$ 236,710</u> |
| <u>Accounts receivable (including related parties)</u> |                    |                   |
| At amortized cost                                      |                    |                   |
| Gross carrying amount                                  | \$ 921,868         | \$ 616,614        |
| Less: Allowance for impairment loss                    | <u>-</u>           | <u>-</u>          |
|  | <u>\$ 921,868</u>  | <u>\$ 616,614</u> |

The Corporation makes prudent assessment of their customers. The counterparties are creditworthy companies; as a result, the significant credit risk is unexpected. The Corporation continues to manage the financial condition and entire credit risk of their customers and obtains sufficient collateral if needed to

mitigate the risk of financial loss from late payment.

The expected credit losses on notes receivable and accounts receivable are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

The Corporation continues to monitor the collection of receivables to ensure that proper actions are made to collect past due receivables. Additionally, the Corporation reviews the recoverable amount of receivables one by one on the balance sheet date to ensure that proper allowances are recognized for unrecoverable receivables.

The Corporation writes off receivables when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For receivables that have been written off, the Corporation continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable and accounts receivable based on the Corporation's provision matrix.

December 31, 2023

|                                | <b>Not Past Due</b> | <b>1 to 30 Days</b> | <b>31 to 60 Days</b> | <b>61 to 365 Days</b> | <b>Total</b>        |
|--------------------------------|---------------------|---------------------|----------------------|-----------------------|---------------------|
| Gross carrying amount          | \$ 1,082,312        | \$ 99,555           | \$ -                 | \$ -                  | \$ 1,181,867        |
| Loss allowance (Lifetime ECLs) | <u>-</u>            | <u>-</u>            | <u>-</u>             | <u>-</u>              | <u>-</u>            |
| Amortized cost                 | <u>\$ 1,082,312</u> | <u>\$ 99,555</u>    | <u>\$ -</u>          | <u>\$ -</u>           | <u>\$ 1,181,867</u> |

December 31, 2022

|                                | <b>Not Past Due</b> | <b>1 to 30 Days</b> | <b>31 to 60 Days</b> | <b>61 to 365 Days</b> | <b>Total</b>      |
|--------------------------------|---------------------|---------------------|----------------------|-----------------------|-------------------|
| Gross carrying amount          | \$ 787,261          | \$ 66,063           | \$ -                 | \$ -                  | \$ 853,324        |
| Loss allowance (Lifetime ECLs) | <u>-</u>            | <u>-</u>            | <u>-</u>             | <u>-</u>              | <u>-</u>          |
| Amortized cost                 | <u>\$ 787,261</u>   | <u>\$ 66,063</u>    | <u>\$ -</u>          | <u>\$ -</u>           | <u>\$ 853,324</u> |

There was no change to the loss allowance of notes receivable and accounts receivable in 2023 and 2022.

## 9. INVENTORIES

|                                   | <b>December 31</b> |                   |
|-----------------------------------|--------------------|-------------------|
|                                   | <b>2023</b>        | <b>2022</b>       |
| Raw materials                     | \$ 88,821          | \$ 64,812         |
| Supplies                          | 182,587            | 174,891           |
| Finished goods                    | 86,078             | 69,716            |
| Merchandise                       | 1,083              | 1,812             |
| Materials and supplies in transit | <u>34,031</u>      | <u>-</u>          |
|                                   | <u>\$ 392,600</u>  | <u>\$ 311,231</u> |

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was NT\$4,524,000 thousand and NT\$4,337,316 thousand, respectively, which included a loss on inventories of NT\$1,673 thousand and loss on inventories of NT\$146 thousand, respectively.

## 10. OTHER FINANCIAL ASSETS - NONCURRENT

|  | <u>December 31</u> |                 |
|--|--------------------|-----------------|
|  | <u>2023</u>        | <u>2022</u>     |
| Pledged time deposits - performance bond (Note 28) | <u>\$ 3,850</u>    | <u>\$ 3,200</u> |

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

|                             | <u>December 31</u>  |                     |
|-----------------------------|---------------------|---------------------|
|                             | <u>2023</u>         | <u>2022</u>         |
| Investments in subsidiaries | \$ 999,743          | \$ 994,522          |
| Investments in associates   | <u>299,179</u>      | <u>309,392</u>      |
|                             | <u>\$ 1,298,922</u> | <u>\$ 1,303,914</u> |

### a. Investments in subsidiaries

|                                     | <u>December 31</u> |                         |                   |                         | Note |
|-------------------------------------|--------------------|-------------------------|-------------------|-------------------------|------|
|                                     | <u>2023</u>        |                         | <u>2022</u>       |                         |      |
|                                     | Amount             | % of<br>Owner<br>- ship | Amount            | % of<br>Owner<br>- ship |      |
| Name of subsidiaries                |                    |                         |                   |                         |      |
| CHC Resources Vietnam Co., Ltd.     | \$ 657,085         | 85                      | \$ 651,735        | 85                      |      |
| Yu Cheng Lime Corporation           | 139,361            | 90                      | 139,217           | 90                      |      |
| Union Steel Development Corporation | 110,397            | 93.37                   | 118,618           | 93.37                   |      |
| Pao Good Industrial Co., Ltd.       | <u>92,900</u>      | 51                      | <u>84,952</u>     | 51                      |      |
|                                     | <u>\$ 999,743</u>  |                         | <u>\$ 994,522</u> |                         |      |

### b. Investments in associates

|   | <u>December 31</u>                           |                   |
|---|--|-------------------|
|   | <u>2023</u>                                  | <u>2022</u>       |
| Associates that are not individually material | <u>\$ 299,179</u>                            | <u>\$ 309,392</u> |
|   | <b><u>For the Year Ended December 31</u></b> |                   |
|   | <u>2023</u>                                  | <u>2022</u>       |
| The Corporation's share of                    |  |                   |
| Net profit for the year                       | \$ 14,335                                    | \$ 23,914         |
| Other comprehensive loss                      | <u>(2,761)</u>                               | <u>(20,198)</u>   |
| Total comprehensive income                    | <u>\$ 11,574</u>                             | <u>\$ 3,716</u>   |

The Corporation held more than 20% of the shares of CSC and fellow subsidiaries; thus, the subsidiaries were accounted for using the equity method.

## 12. PROPERTY, PLANT AND EQUIPMENT

Refer to Table 8 for the movements in property, plant and equipment for the year ended December 31, 2023 and 2022.

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

|                                    |            |
|------------------------------------|------------|
| Land improvements                  |            |
| Drainage system                    | 30 years   |
| Others                             | 3-15 years |
| Buildings                          |            |
| Main buildings                     | 5-55 years |
| Rain shelters and container houses | 3-35 years |
| Pipelines and other facilities     | 2-20 years |
| Machinery and equipment            | 1-28 years |
| Transportation equipment           | 5-10 years |
| Office equipment                   | 3-10 years |
| Leasehold improvement              | 2-35 years |

The carrying amounts of property, plant and equipment that were pledged by the Corporation for bank financing credit line are set out in Note 28.

Due to the relocation of Iron-Scale Screening Plant the Corporation expected the original production line will not generate probable future economic benefits. The Corporation carried out a review of the recoverable amount that exceeded the recoverable amount and thus recognized an impairment loss of NT\$2,005 thousand for the year ended December 31, 2023.

For the years ended December 31, 2023 and 2022, the Corporation entered into the following non-cash investing activities which were not reflected in the statements of cash flows:

|   | <b>For the Year Ended December 31</b> |                   |
|---|---------------------------------------|-------------------|
|   | <b>2023</b>                           | <b>2022</b>       |
| Affect both cash and non-cash items from investing activities |                                       |                   |
| Increase in property, plant and equipment                     | \$ 233,851                            | \$ 197,058        |
| Increase (decrease) in prepayments for equipment              | (11,000)                              | 11,000            |
| Decrease (increase) in payables on equipment                  | (18,041)                              | 4,449             |
| Capitalized interest  | <u>(927)</u>                          | <u>(232)</u>      |
| Paid in cash  | <u>\$ 203,883</u>                     | <u>\$ 212,275</u> |

## 13. LEASE ARRANGEMENTS

### a. Right-of-use assets

|                        | <b>December 31</b> |              |
|------------------------|--------------------|--------------|
|                        | <b>2023</b>        | <b>2022</b>  |
| <u>Carrying amount</u> |                    |              |
| Land                   | \$ 1,179,489       | \$ 1,352,377 |
| Buildings              | 294,850            | 270,107      |

(Continued)

|                          | <b>December 31</b>  |                                    |
|--------------------------|---------------------|------------------------------------|
|                          | <b>2023</b>         | <b>2022</b>                        |
| Machinery and Equipment  | \$ 118              | \$ -                               |
| Transportation equipment | <u>17,059</u>       | <u>14,055</u>                      |
|                          | <u>\$ 1,491,516</u> | <u>\$ 1,636,539</u><br>(Concluded) |

|   | <b>For the Year Ended December 31</b> |                   |
|---|---------------------------------------|-------------------|
|   | <b>2023</b>                           | <b>2022</b>       |
| Additions to right-of-use assets            | <u>\$ 219,380</u>                     | <u>\$ 184,258</u> |
| Depreciation charge for right-of-use assets |                                       |                   |
| Land  | \$ 332,741                            | \$ 331,238        |
| Buildings                                   | 31,377                                | 17,731            |
| Machinery and Equipment                     | 118                                   | -                 |
| Transportation equipment                    | <u>6,179</u>                          | <u>6,472</u>      |
|   | <u>\$ 370,415</u>                     | <u>\$ 355,441</u> |

b. Lease liabilities

|                        | <b>December 31</b>  |                     |
|------------------------|---------------------|---------------------|
|                        | <b>2023</b>         | <b>2022</b>         |
| <u>Carrying amount</u> |                     |                     |
| Current                | <u>\$ 343,513</u>   | <u>\$ 350,656</u>   |
| Noncurrent             | <u>\$ 1,194,652</u> | <u>\$ 1,325,386</u> |

Range of discount rates (%) for lease liabilities was as follows:

|                          | <b>December 31</b> |               |
|--------------------------|--------------------|---------------|
|                          | <b>2023</b>        | <b>2022</b>   |
| Land                     | 0.5889-1.9713      | 0.5889-1.4703 |
| Buildings                | 0.5889-3.45        | 0.5889-3.45   |
| Machinery and Equipment  | 1.7366             | -             |
| Transportation equipment | 0.5889-1.7366      | 0.5889-0.9518 |

Except for the addition and recognition of depreciation expenses listed above, the Corporation did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

c. Material leasing activities and terms

1) Blast-Furnace Slag Cement and resource reutilization business of Taichung Factory

In order to expand business in Taichung, the Corporation signed the investment permission “The Contract Investment, Construction and Operating of Slag Grinding and Processing Plant in the Special Zone for Industry (IV) of Taichung Port” (the “Taichung Factory”) with Port of Taichung Taiwan International Ports Corporation, Ltd (the “Ports Corporation”) in December 2006. The Corporation entered operation in the 2nd quarter of 2009 and 1st quarter of 2016.

For one year beginning from operation date of the first period, the Corporation has committed that the quantities of import and export goods at Taichung Port should be at least the minimum of annual guaranteed traffic volume, which is settled once a year. If the traffic volume is not reached, the Corporation should pay punitive damage to the Ports Corporation for unreached quantities according to the agreed calculation method. As of December 31, 2023, the Corporation had no outstanding punitive damage.

The Taichung Factory investment permission described above is for a period of 50 years, commencing from January 1, 2007 to December 31, 2056. Additionally, the lease term of land associated with the Taichung Factory investment permission is for a period of 20 years, commencing from January 1, 2007 to December 31, 2026. The lease cost of land includes rent, fixed operating royalty and variable operating royalty. The Corporation could apply for renewal before the contract expires. The period is limited to 20 years each time, until the permission period expires. The terms of renewal are to be arranged.

The rents for land of the Taichung Factory and the fixed operating royalty described above are paid every three months; the variable operating royalty paid is according to operating gross profit of the Taichung Factory audited by accountant every year multiplies by the agreed contribution rate.

In addition, for the expansion of stacking volume of slag and the Corporation's long-term policy regarding the land in Taichung Factory, the Corporation has continued to rent land in the Special Zone for industry of Taichung Port from the Ports Corporation. The lease will expire in 2036 and the Corporation could apply for renewal before the contract expires. The terms of renewal are to be arranged.

The Corporation had provided performance bond amounted to NT\$3,040 thousand, and classified it as noncurrent refundable deposits, according to its liquidity. The bank also provided performance bond amounted to NT\$51,240 thousand.

## 2) Blast-Furnace Slag Cement business in Taipei Port

The Corporation signed an agreement with Chia Hsin Cement Corp. in 2010 to acquire the exclusive right of GGBFS storage facility in Taipei Port. The period is up to 30 years from the beginning operation date of the storage facility (from May 2014 to May 2045). As of December 31, 2023, the Corporation had paid performance bonds amounted to NT\$216,000 thousand, and classified it as current and noncurrent refundable deposits according to its liquidity, so as to operate in coordination with the time schedule for construction of storage facility of Chia Hsin Cement Corp.

The Corporation is committed to pay Chia Hsin Cement Corp. for storage and delivery expenses from the beginning operation date of the storage facility to the date of termination of the contract (from January 2015 to May 2045) on the basis of the agreed rates and minimum capacity agreed with Chia Hsin Cement Corp.

Additionally, the Corporation has to pay NT\$13,834 thousand for site management expenses arising from storage and delivery every year from May 2014 to May 2045, and the amount is paid on a pro-rata basis if the operating period is less than one year.

## 3) Other resource reutilization business

The Corporation leases land and plants from non-related parties as a premise for resource reutilization business. The leases will successively expire through January 2036.

d. Other lease information

|   | <b><u>For the Year Ended December 31</u></b> |                   |
|---|--|-------------------|
|   | <b>2023</b>                                  | <b>2022</b>       |
| Expenses relating to short-term leases and low-value asset leases | \$ <u>6,181</u>                              | \$ <u>5,972</u>   |
| Total cash outflow for leases                                     | \$ <u>393,949</u>                            | \$ <u>374,701</u> |

The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities as short-term and low-value asset leases.

#### 14. INVESTMENT PROPERTIES

For the year ended December 31, 2023

|   | <b>Land</b>         | <b>Buildings</b> | <b>Total</b>        |
|---|---------------------|------------------|---------------------|
| <u>Cost</u>   |                     |                  |                     |
| Balance at January 1, 2023                          | \$ 1,107,062        | \$ 30,796        | \$ 1,137,858        |
| Reclassification from property, plant and equipment | <u>1,216,078</u>    | <u>27,163</u>    | <u>1,243,241</u>    |
| Balance at December 31, 2023                        | <u>\$ 2,323,140</u> | <u>\$ 57,959</u> | <u>\$ 2,381,099</u> |
| <u>Accumulated depreciation and impairment</u>      |                     |                  |                     |
| Balance at January 1, 2023                          | \$ 6,370            | \$ 13,479        | \$ 19,849           |
| Depreciation  | -                   | 1,981            | 1,981               |
| Reclassification from property, plant and equipment | <u>-</u>            | <u>20,550</u>    | <u>20,550</u>       |
| Balance at December 31, 2023                        | <u>\$ 6,370</u>     | <u>\$ 36,010</u> | <u>\$ 42,380</u>    |
| Carrying amount at December 31, 2023                | <u>\$ 2,316,770</u> | <u>\$ 21,949</u> | <u>\$ 2,338,719</u> |

For the year ended December 31, 2022

|   | <b>Land</b>         | <b>Buildings</b> | <b>Total</b>        |
|---|---------------------|------------------|---------------------|
| <u>Cost</u>   |                     |                  |                     |
| Balance at January 1, 2022                          | \$ 15,611           | \$ 6,094         | \$ 21,705           |
| Reclassification from property, plant and equipment | <u>1,091,451</u>    | <u>24,702</u>    | <u>1,116,153</u>    |
| Balance at December 31, 2022                        | <u>\$ 1,107,062</u> | <u>\$ 30,796</u> | <u>\$ 1,137,858</u> |

(Continued)

|   | <b>Land</b>         | <b>Buildings</b> | <b>Total</b>                       |
|---|---------------------|------------------|------------------------------------|
| <u>Accumulated depreciation and impairment</u>      |                     |                  |                                    |
| Balance at January 1, 2022                          | \$ 6,370            | \$ 3,894         | \$ 10,264                          |
| Depreciation  | -                   | 285              | 285                                |
| Reclassification from property, plant and equipment | <u>-</u>            | <u>9,300</u>     | <u>9,300</u>                       |
| Balance at December 31, 2022                        | <u>\$ 6,370</u>     | <u>\$ 13,479</u> | <u>\$ 19,849</u>                   |
| Carrying amount at December 31, 2022                | <u>\$ 1,100,692</u> | <u>\$ 17,317</u> | <u>\$ 1,118,009</u><br>(Concluded) |

The reclassified investment properties of the Corporation were leased to the parent company CSC with a lease tenure of 5 years. The rentals are under mutual agreement and received semiannually. The lessee has bargain renewed options at the expiry of the lease periods.

The maturity analysis of lease receivables under operating leases of investment properties was as follows:

|                | <u>December 31</u> |             |
|----------------|--------------------|-------------|
|                | <b>2023</b>        | <b>2022</b> |
| Year 1         | \$ 29,572          | \$ 15,283   |
| Year 2         | 29,572             | 14,988      |
| Year 3         | 29,572             | 14,988      |
| Year 4         | 22,089             | 14,988      |
| Year 5         | 7,592              | 5,010       |
| Year 6 onwards | -                  | -           |

Except for the reclassification of investment properties from property, plant and equipment (refer to Table 8), the Corporation had no significant addition, disposal and impairment on investment properties for the years ended December 31, 2023 and 2022. Buildings are depreciated through 3 to 55 years on a straight-line basis.

As of December 31, 2023 and 2022, the fair values of investment properties were NT\$2,483,935 thousand and NT\$1,216,034 thousand, respectively, and part of the lands' fair values was measured at level 3 inputs based on the real estate appraisers. The appraisal was based on the actual transaction price of land in the same section and the significant unobservable input included the related expense ratio. Others were not evaluated by independent qualified professional evaluators. The management of the Corporation used the valuation model applied by market participants to determine the fair value, and the fair value was measured using level 3 inputs.

All investment properties of the Corporation are from self-owned equity.

## 15. INTANGIBLE ASSETS

For the year ended December 31, 2023

| Cost                                 | <b>Computer<br/>Software</b> |
|--------------------------------------|------------------------------|
| Balance at January 1, 2023           | \$ 10,197                    |
| Additions                            | <u>4,485</u>                 |
| Balance at December 31, 2023         | <u>14,682</u>                |
| <u>Accumulated amortization</u>      |                              |
| Balance at January 1, 2023           | 3,230                        |
| Amortization expenses                | <u>3,954</u>                 |
| Balance at December 31, 2023         | <u>7,184</u>                 |
| Carrying amount at December 31, 2023 | <u>\$ 7,498</u>              |

For the year ended December 31, 2022

| Cost                                 | <b>Computer<br/>Software</b> |
|--------------------------------------|------------------------------|
| Balance at January 1, 2022           | \$ 3,961                     |
| Additions                            | <u>6,236</u>                 |
| Balance at December 31, 2022         | <u>10,197</u>                |
| <u>Accumulated amortization</u>      |                              |
| Balance at January 1, 2022           | 1,067                        |
| Amortization expenses                | <u>2,163</u>                 |
| Balance at December 31, 2022         | <u>3,230</u>                 |
| Carrying amount at December 31, 2022 | <u>\$ 6,967</u>              |

Intangible assets are computer software, which are amortized over 3 years on a straight-line basis.

## 16. BORROWINGS

a. Short-term borrowings

|   | <u>December 31</u> |             |
|---|--------------------|-------------|
|   | <b>2023</b>        | <b>2022</b> |
| Unsecured bank loans - annual interest rates range was 1.635%-1.65% and 1.5%-1.65% as of December 31, 2023 and 2022, respectively | \$ 400,000         | \$ 350,000  |

(Continued)

|   | <u>December 31</u> |                                  |
|---|--------------------|----------------------------------|
|   | <b>2023</b>        | <b>2022</b>                      |
| Letters of credit - annual interest rates range was 1.71%-1.775% and 1.6443%-1.65% as of December 31, 2023 and 2022, respectively | \$ 48,466          | \$ 9,278                         |
|   | <u>\$ 448,466</u>  | <u>\$ 359,278</u><br>(Concluded) |

b. Long-term borrowings

|  | <u>December 31</u>  |                     |
|--|---------------------|---------------------|
|  | <b>2023</b>         | <b>2022</b>         |
| Unsecured bank loans - due in June 2025, annual interest rates range was 1.6%-1.8256% and 1.2268%-1.95% as of December 31, 2023 and 2022 | \$ 1,378,833        | \$ 1,706,500        |
| Less: Current portion  | <u>78,833</u>       | <u>157,667</u>      |
|  | <u>\$ 1,300,000</u> | <u>\$ 1,548,833</u> |

**17. OTHER PAYABLES (INCLUDING RELATED PARTIES)**

|   | <u>December 31</u> |                     |
|---|--------------------|---------------------|
|   | <b>2023</b>        | <b>2022</b>         |
| Freight   | \$ 217,351         | \$ 242,748          |
| Outsourced salaries   | 180,270            | 185,350             |
| Salaries and bonus  | 170,545            | 165,961             |
| Compensation of employees and remuneration of directors and supervisors | 44,479             | 40,783              |
| Utility bill  | 36,946             | 35,054              |
| Others  | <u>336,785</u>     | <u>339,515</u>      |
|   | <u>\$ 986,376</u>  | <u>\$ 1,009,411</u> |

The estimated expenses of cleanup plan stated in Note 30 were NT\$316,355 thousand and NT\$211,163 thousand as of December 31, 2023 and 2022, respectively. The amounts were recognized as other payables-others and provisions.

**18. PROVISIONS - NONCURRENT**

|                                | <u>December 31</u> |                   |
|--------------------------------|--------------------|-------------------|
|                                | <b>2023</b>        | <b>2022</b>       |
| Cost of resource reutilization | <u>\$ 306,146</u>  | <u>\$ 164,534</u> |

|                                 | <b>For the Ended December 31</b> |                   |
|---------------------------------|----------------------------------|-------------------|
|                                 | <b>2023</b>                      | <b>2022</b>       |
| Balance, beginning of the year  | \$ 164,534                       | \$ 153,483        |
| Additions                       | 144,197                          | 11,051            |
| Provisions used during the year | <u>(2,585)</u>                   | <u>-</u>          |
| Balance, end of the year        | <u>\$ 306,146</u>                | <u>\$ 164,534</u> |

The provision for resource reutilization represents the amount of the best estimate for product promotion based on recent experience because the Corporation is required to settle obligations on the balance sheet date, which would be adjusted in accordance with relevant laws and regulations.

## 19. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

### b. Defined benefit plans

The defined benefit plans adopted by the Corporation in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Corporation contributes amounts equal to certain percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Corporation assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Corporation has no right to influence the investment policy and strategy.

The amounts included in the standalone balance sheets in respect of the Corporation's defined benefit plans are as follows:

|   | <b>December 31</b> |                  |
|---|--------------------|------------------|
|   | <b>2023</b>        | <b>2022</b>      |
| Present value of defined benefit obligation | \$ 378,195         | \$ 364,700       |
| Fair value of plan assets                   | <u>(328,786)</u>   | <u>(309,354)</u> |
| Net defined benefit liabilities             | <u>\$ 49,409</u>   | <u>\$ 55,346</u> |

Movements in net defined benefit liabilities were as follows:

|   | <b>Present Value<br/>of the Defined<br/>Benefit<br/>Obligation</b> | <b>Fair Value of<br/>the Plan Assets</b> | <b>Net Defined<br/>Benefit<br/>Liabilities</b> |
|---|--|--|--|
| Balance at January 1, 2022  | <u>\$ 369,302</u>  | <u>\$ (274,680)</u>                      | <u>\$ 94,622</u>                               |
| Service cost  |  |  |  |
| Current service cost  | 6,007  | -  | 6,007  |
| Interest expense (income)   | <u>1,847</u>   | <u>(1,410)</u>                           | <u>437</u>                                     |
| Recognized in profit or loss  | <u>7,854</u>   | <u>(1,410)</u>                           | <u>6,444</u>                                   |
| Remeasurement   |  |  |  |
| Return on plan assets (excluding amounts<br>included in net interest) | -  | (21,740)                                 | (21,740)                                       |
| Actuarial gain - changes in financial<br>assumptions                  | (17,445)   | -  | (17,445)                                       |
| Actuarial loss - experience adjustments                               | <u>7,695</u>   | <u>-</u>                                 | <u>7,695</u>                                   |
| Recognized in other comprehensive income                              | <u>(9,750)</u>   | <u>(21,740)</u>                          | <u>(31,490)</u>                                |
| Contributions from the employer                                       | <u>-</u>   | <u>(14,221)</u>                          | <u>(14,221)</u>                                |
| Benefits paid   | <u>(2,706)</u>   | <u>2,697</u>                             | <u>(9)</u>                                     |
| Balance at December 31, 2022  | <u>364,700</u>   | <u>(309,354)</u>                         | <u>55,346</u>                                  |
| Service cost  |  |  |  |
| Current service cost  | 4,855  | -  | 4,855  |
| Interest expense (income)   | <u>5,461</u>   | <u>(4,752)</u>                           | <u>709</u>                                     |
| Recognized in profit or loss  | <u>10,316</u>  | <u>(4,752)</u>                           | <u>5,564</u>                                   |
| Remeasurement   |  |  |  |
| Return on plan assets (excluding amounts<br>included in net interest) | -  | (1,868)                                  | (1,868)  |
| Actuarial loss - changes in financial<br>assumptions                  | 7,951  | -  | 7,951  |
| Actuarial loss - experience adjustments                               | <u>5,527</u>   | <u>-</u>                                 | <u>5,527</u>                                   |
| Recognized in other comprehensive income                              | <u>13,478</u>  | <u>(1,868)</u>                           | <u>11,610</u>                                  |
| Contributions from the employer                                       | <u>-</u>   | <u>(14,776)</u>                          | <u>(14,776)</u>                                |
| Benefits paid   | <u>(10,299)</u>  | <u>1,964</u>                             | <u>(8,335)</u>                                 |
| Balance at December 31, 2023  | <u>\$ 378,195</u>  | <u>\$(328,786)</u>                       | <u>\$ 49,409</u>                               |

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

1) Investment risk

The plan assets are invested in domestic and foreign equity, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposits with local banks.

2) Interest risk

A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

|                                      | <u>December 31</u> |             |
|--------------------------------------|--------------------|-------------|
|                                      | <u>2023</u>        | <u>2022</u> |
| Discount rate (%)                    | 1.25               | 1.375-1.5   |
| Expected rate of salary increase (%) | 2.5                | 2.5         |

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

|                                  | <u>December 31</u> |                   |
|----------------------------------|--------------------|-------------------|
|                                  | <u>2023</u>        | <u>2022</u>       |
| Discount rate                    |                    |                   |
| 0.25% increase                   | <u>\$ (8,013)</u>  | <u>\$ (8,116)</u> |
| 0.25% decrease                   | <u>\$ 8,250</u>    | <u>\$ 8,367</u>   |
| Expected rate of salary increase |                    |                   |
| 0.25% increase                   | <u>\$ 8,007</u>    | <u>\$ 8,135</u>   |
| 0.25% decrease                   | <u>\$ (7,817)</u>  | <u>\$ (7,931)</u> |

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

|  | <u>December 31</u> |                  |
|--|--------------------|------------------|
|  | <u>2023</u>        | <u>2022</u>      |
| Expected contributions to the plan for the next year | <u>\$ 14,640</u>   | <u>\$ 14,916</u> |
| Average duration of the defined benefit obligation   |                    |                  |
| Managers   | 6.6years           | 7.8 years        |
| Employees  | 8.7years           | 9.1 years        |

## 20. EQUITY

### a. Ordinary shares

|   | <b>December 31</b>  |                     |
|---|---------------------|---------------------|
|   | <b>2023</b>         | <b>2022</b>         |
| Number of shares authorized (in thousands of shares)            | <u>300,000</u>      | <u>300,000</u>      |
| Shares authorized   | <u>\$ 3,000,000</u> | <u>\$ 3,000,000</u> |
| Number of shares issued and fully paid (in thousands of shares) | <u>248,540</u>      | <u>248,540</u>      |
| Shares issued   | <u>\$ 2,485,404</u> | <u>\$ 2,485,404</u> |

Issued ordinary shares with a par value of NT\$10, carry one vote per share and the right to dividends.

### b. Capital surplus

|  | <b>December 31</b> |                   |
|--|--------------------|-------------------|
|  | <b>2023</b>        | <b>2022</b>       |
| May be used to offset deficits, distribute as cash dividends,<br>or transfer to share capital (Note) |                    |                   |
| Additional paid-in capital   | \$ 4,419           | \$ 4,419          |
| Consolidation excess   | 157,497            | 157,497           |
| Donations  | <u>108</u>         | <u>108</u>        |
|  | <u>\$ 162,024</u>  | <u>\$ 162,024</u> |

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

### c. Retained earnings and dividend policy

Under the dividends policy, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

The Corporation is currently in a growing industry environment and the Corporation intends to take advantage of the economic environment to seek for a sustainable operation. The Corporation's dividend policy is to focus on dividend stability and growth by referring to future operating conditions; also, the Corporation should distribute not less than 50% of distributable earnings, and cash dividend may not be less than 50% of the amount distributed.

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

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meeting in June 2023 and 2022, respectively, were as follows:

|                                 | <b>For the Year Ended December 31</b> |             |
|---------------------------------|---------------------------------------|-------------|
|                                 | <b>2022</b>                           | <b>2021</b> |
| Legal reserve                   | \$ 78,165                             | \$ 70,272   |
| Reversal of special reserve     | -                                     | (124,775)   |
| Cash dividends                  | 621,351                               | 621,351     |
| Cash dividends per share (NT\$) | 2.5                                   | 2.5         |

The appropriations of earnings for 2023 were proposed by the Corporation's board of directors in February 2024 as follows:

|                                | <b>For the Year Ended December 31, 2023</b> |
|--------------------------------|---|
| Legal reserve                  | \$ 83,206                                   |
| Special reserve                | 17,532                                      |
| Cash dividends                 | 745,621                                     |
| Cash dividend per share (NT\$) | 3   |

The appropriations of earnings for 2023 will be resolved by the shareholders in their meeting to be held in June 2024.

d. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

|  | <b>For the Year Ended December 31</b> |                    |
|--|---------------------------------------|--------------------|
|  | <b>2023</b>                           | <b>2022</b>        |
| Balance, beginning of the year   | \$ (16,063)                           | \$ (63,742)        |
| Recognized for the year  |                                       |                    |
| Share from subsidiaries and associates accounted for using the equity method | <u>(20,400)</u>                       | <u>47,679</u>      |
| Balance, end of the year   | <u>\$ (36,463)</u>                    | <u>\$ (16,063)</u> |

2) Unrealized valuation gains and losses on financial assets at fair value through other comprehensive income

|  | <b>For the Year Ended December 31</b> |             |
|--|---------------------------------------|-------------|
|  | <b>2023</b>                           | <b>2022</b> |
| Balance, beginning of the year   | \$ 48,367                             | \$ 120,249  |
| Recognized for the year  |                                       |             |
| Unrealized gains (losses) - equity instruments                               | (22,551)                              | (49,394)    |
| Share from subsidiaries and associates accounted for using the equity method | (4,816)                               | (22,503)    |

(Continued)

|   | <u>For the Year Ended December 31</u> |                                 |
|---|---------------------------------------|---------------------------------|
|   | 2023                                  | 2022                            |
| Cumulative unrealized gains (losses) of equity instruments transferred to retained earnings due to disposal | \$ (2,027)                            | \$ 15                           |
| Balance, end of the year  | <u>\$ 18,973</u>                      | <u>\$ 48,367</u><br>(Concluded) |

3) Gains (Losses) on Hedging Instruments

Cash flow hedges

|   | <u>For the Year Ended December 31</u> |                 |
|---|---------------------------------------|-----------------|
|   | 2023                                  | 2022            |
| Balance, beginning of the year  | \$ 2,032                              | \$ -            |
| Recognized for the year   |                                       |                 |
| Changes in the fair value of hedging instruments - other comprehensive income |                                       |                 |
| Foreign currency risk - foreign currency deposits                             | <u>(2,074)</u>                        | <u>2,032</u>    |
| Balance, end of the year  | <u>\$ (42)</u>                        | <u>\$ 2,032</u> |

**21. REVENUE**

a. Contract balances

|   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> | <b>January 1,<br/>2022</b> |
|---|------------------------------|------------------------------|----------------------------|
| Notes receivable and accounts receivable (Note 8) | <u>\$ 1,181,867</u>          | <u>\$ 853,324</u>            | <u>\$ 949,362</u>          |
| Contract assets - current                         |                              |                              |                            |
| Construction contracts                            | \$ 1,485                     | \$ 19,007                    | \$ 14,596                  |
| Less: Allowance for impairment loss               | <u>-</u>                     | <u>-</u>                     | <u>-</u>                   |
|   | <u>\$ 1,485</u>              | <u>\$ 19,007</u>             | <u>\$ 14,596</u>           |
| Contract liabilities - current                    |                              |                              |                            |
| Sale received in advance                          | \$ 28,847                    | \$ 25,449                    | \$ 31,633                  |
| Services received in advance                      | 478                          | 6,353                        | 40,740                     |
| Construction contracts                            | <u>477</u>                   | <u>2,694</u>                 | <u>21,634</u>              |
|   | <u>\$ 29,802</u>             | <u>\$ 34,496</u>             | <u>\$ 94,007</u>           |

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Corporation's performance and the respective customer's payment. There was no significant change in the balance of contract assets and contract liabilities of the Corporation for the years ended December 31, 2023 and 2022.

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous period was NT\$34,496 thousand and NT\$94,007 thousand, respectively.

b. Assets related to contract costs

|                           | <u>December 31</u> |                 |
|---------------------------|--------------------|-----------------|
|                           | 2023               | 2022            |
| <u>Current</u>            |                    |                 |
| Cost to fulfil a contract |                    |                 |
| Executing cost            | \$ <u>10,759</u>   | \$ <u>7,590</u> |

c. Disaggregation of revenue

For the year ended December 31, 2023

| <u>Type of goods or services</u> | <b>Blast-Furnace<br/>Slag Cement<br/>Division</b> | <b>Resource<br/>Reutilization<br/>Division</b> | <b>Others</b>    | <b>Total</b>         |
|----------------------------------|---|--|------------------|----------------------|
| Sales                            | \$ 5,308,850                                      | \$ 488,991                                     | \$ -             | \$ 5,797,841         |
| Services revenue                 | 214,951   | 5,058,271                                      | -                | 5,273,222            |
| Construction revenue             | <u>-</u>  | <u>-</u>                                       | <u>13,681</u>    | <u>13,681</u>        |
|                                  | <u>\$ 5,523,801</u>                               | <u>\$ 5,547,262</u>                            | <u>\$ 13,681</u> | <u>\$ 11,084,744</u> |

For the year ended December 31, 2022

| <u>Type of goods or services</u> | <b>Blast-Furnace<br/>Slag Cement<br/>Division</b> | <b>Resource<br/>Reutilization<br/>Division</b> | <b>Others</b>    | <b>Total</b>         |
|----------------------------------|---|--|------------------|----------------------|
| Sales                            | \$ 4,698,732                                      | \$ 744,572                                     | \$ -             | \$ 5,443,304         |
| Services revenue                 | 223,324   | 4,559,744                                      | -                | 4,783,068            |
| Construction revenue             | <u>-</u>  | <u>-</u>                                       | <u>43,148</u>    | <u>43,148</u>        |
|                                  | <u>\$ 4,922,056</u>                               | <u>\$ 5,304,316</u>                            | <u>\$ 43,148</u> | <u>\$ 10,269,520</u> |

**22. PROFIT BEFORE INCOME TAX**

a. Other income

|                 | <u>For the Year Ended December 31</u> |                  |
|-----------------|---------------------------------------|------------------|
|                 | 2023                                  | 2022             |
| Rental income   | \$ 33,890                             | \$ 26,985        |
| Dividend income | 12,464                                | 31,135           |
| Others          | <u>2,671</u>                          | <u>2,134</u>     |
|                 | <u>\$ 49,025</u>                      | <u>\$ 60,254</u> |

b. Other gains and losses

|   | <b><u>For the Year Ended December 31</u></b> |                 |
|---|--|-----------------|
|   | <b>2023</b>                                  | <b>2022</b>     |
| Fair value changes of financial assets and financial liabilities mandatorily classified as at fair value through profit | \$ 468                                       | \$ 294          |
| Gain (loss) on disposal of property, plant and equipment  | 358  | (1,602)         |
| Net foreign exchange gain (loss)  | (82)   | 1,717           |
| Impairment loss on property, plant and equipment  | (2,005)                                      | -               |
| Others  | <u>(4,024)</u>                               | <u>(1,170)</u>  |
|   | <u>\$ (5,285)</u>                            | <u>\$ (761)</u> |

c. Finance costs

|   | <b><u>For the Year Ended December 31</u></b> |                  |
|---|--|------------------|
|   | <b>2023</b>                                  | <b>2022</b>      |
| Interest on borrowings                                  | \$ 35,804                                    | \$ 25,053        |
| Interest on lease liabilities                           | <u>24,499</u>                                | <u>22,400</u>    |
|   | 60,303                                       | 47,453           |
| Less: Amounts included in the cost of qualifying assets | <u>927</u>                                   | <u>232</u>       |
|   | <u>\$ 59,376</u>                             | <u>\$ 47,221</u> |

Information on capitalized interest was as follows:

|                              | <b><u>For the Year Ended December 31</u></b> |               |
|------------------------------|--|---------------|
|                              | <b>2023</b>                                  | <b>2022</b>   |
| Capitalized interest amounts | <u>\$ 927</u>                                | <u>\$ 232</u> |
| Capitalization rates (%)     | 1.462-1.694                                  | 0.6866-1.294  |

d. Depreciation and amortization

|   | <b><u>For the Year Ended December 31</u></b> |                   |
|---|--|-------------------|
|   | <b>2023</b>                                  | <b>2022</b>       |
| Property, plant and equipment           | \$ 497,104                                   | \$ 486,675        |
| Right-of-use assets                     | 370,415                                      | 355,441           |
| Investment properties                   | 1,981  | 285               |
| Intangible assets                       | 3,954  | 2,163             |
| Other noncurrent assets                 | <u>17,473</u>                                | <u>13,410</u>     |
|   | <u>\$ 890,927</u>                            | <u>\$ 857,974</u> |
| An analysis of depreciation by function |  |                   |
| Operating costs                         | \$ 833,379                                   | \$ 808,963        |
| Operating expenses                      | 34,140                                       | 33,213            |
| Others                                  | <u>1,981</u>                                 | <u>225</u>        |
|   | <u>\$ 869,500</u>                            | <u>\$ 842,401</u> |

(Continued)

|   | <b>For the Year Ended December 31</b> |                  |
|---|---------------------------------------|------------------|
|   | <b>2023</b>                           | <b>2022</b>      |
| An analysis of amortization by function |                                       |                  |
| Operating costs                         | \$ 17,400                             | \$ 13,285        |
| Operating expenses                      | <u>4,027</u>                          | <u>2,288</u>     |
|   | <u>\$ 21,427</u>                      | <u>\$ 15,573</u> |
|   |                                       | (Concluded)      |

e. Employee benefits expense

|   | <b>For the Year Ended December 31</b> |                   |
|---|---------------------------------------|-------------------|
|   | <b>2023</b>                           | <b>2022</b>       |
| Short-term employee benefits                      |                                       |                   |
| Salaries  | \$ 446,890                            | \$ 434,405        |
| Labor and health insurance                        | 27,207                                | 26,033            |
| Others  | <u>27,632</u>                         | <u>26,660</u>     |
|   | <u>501,729</u>                        | <u>487,098</u>    |
| Post-employment benefits                          |                                       |                   |
| Defined contribution plans                        | 6,945                                 | 6,559             |
| Defined benefit plans (Note 19)                   | 5,564                                 | 6,444             |
| Other   | <u>1,193</u>                          | <u>-</u>          |
|   | <u>13,702</u>                         | <u>13,003</u>     |
| Termination benefits                              | <u>12</u>                             | <u>-</u>          |
|   | <u>\$ 515,443</u>                     | <u>\$ 500,101</u> |
| Analysis of employee benefits expense by function |                                       |                   |
| Operating costs                                   | \$ 284,341                            | \$ 274,375        |
| Operating expenses                                | <u>231,102</u>                        | <u>225,726</u>    |
|   | <u>\$ 515,443</u>                     | <u>\$ 500,101</u> |

f. Compensation of employees and remuneration of directors

The Corporation accrues compensation of employees and remuneration of directors at rates of no less than 0.1% and no higher than 1%, respectively, of net profit before income tax, compensation of employees and remuneration of directors.

The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Corporation's board of directors in February 2024 and 2023, respectively, are as follows:

|                           | <b>For the Year Ended December 31</b> |             |
|---------------------------|---------------------------------------|-------------|
|                           | <b>2023</b>                           | <b>2022</b> |
| Compensation of employees | \$ 36,941                             | \$ 33,862   |
| Remuneration of directors | 7,388                                 | 6,772       |

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

The actual amounts of the compensation of employees and remuneration of directors paid for 2022 and 2021 differ from the amounts recognized in the standalone financial statements for the years ended December 31, 2022 and 2021, as follows:

|  | <b>For the Year Ended December 31</b> |                                      |                                      |                                      |
|--|---------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|  | <b>2022</b>                           |                                      | <b>2021</b>                          |                                      |
|  | <b>Compensation<br/>of Employees</b>  | <b>Remuneration<br/>of Directors</b> | <b>Compensation<br/>of Employees</b> | <b>Remuneration<br/>of Directors</b> |
| Amounts approved in the board<br>of directors' meeting   | <u>\$ 33,862</u>                      | <u>\$ 6,772</u>                      | <u>\$ 38,236</u>                     | <u>\$ 7,647</u>                      |
| Amounts recognized in the<br>annual financial statements | <u>\$ 33,861</u>                      | <u>\$ 6,772</u>                      | <u>\$ 38,236</u>                     | <u>\$ 7,647</u>                      |

The differences for the year ended December 31, 2022 were adjusted to profit or loss for the year ended December 31, 2023. There is no difference between the amount recognized and approved in the standalone financial statements for the year ended December 31, 2021.

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

## 23. INCOME TAX

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

Major components of income tax expense were as follows:

|                                | <b>For the Year Ended December 31</b> |                   |
|--------------------------------|---------------------------------------|-------------------|
|                                | <b>2023</b>                           | <b>2022</b>       |
| Current tax                    |                                       |                   |
| In respect of the current year | \$ 202,283                            | \$ 169,791        |
| Adjustment for prior year      | (2,366)                               | (1,036)           |
| Deferred tax                   | <u>(12,551)</u>                       | <u>(5,319)</u>    |
|                                | <u>\$ 187,366</u>                     | <u>\$ 163,436</u> |

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

|  | <b>For the Year Ended December 31</b> |                   |
|--|---------------------------------------|-------------------|
|  | <b>2023</b>                           | <b>2022</b>       |
| Profit before income tax                               | <u>\$ 1,026,921</u>                   | <u>\$ 918,838</u> |
| Income tax expense calculated at the statutory rate    | \$ 205,384                            | \$ 183,768        |
| Tax-exempt income and deductible income tax difference | (15,652)                              | (19,296)          |
| Adjustments for prior year                             | <u>(2,366)</u>                        | <u>(1,036)</u>    |
|  | <u>\$ 187,366</u>                     | <u>\$ 163,436</u> |

b. Income tax recognized in other comprehensive income

**For the Year Ended December 31**  
**2023**                      **2022**

| Deferred tax                           |                 |                   |
|--|-----------------|-------------------|
| Remeasurement of defined benefit plans | <u>\$ 2,322</u> | <u>\$ (6,299)</u> |

c. Current income tax liabilities

**December 31**  
**2023**                      **2022**

|                    |                   |                   |
|--------------------|-------------------|-------------------|
| Income tax payable | <u>\$ 202,201</u> | <u>\$ 169,791</u> |
|--------------------|-------------------|-------------------|

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

|                                 | Balance,<br>Beginning of<br>Year | Recognized in<br>Profit or Loss | Recognized in<br>Other<br>Comprehensive<br>Income | Balance,<br>End of Year |
|---------------------------------|----------------------------------|---------------------------------|---|-------------------------|
| <u>Deferred tax assets</u>      |                                  |                                 |   |                         |
| Temporary differences           |                                  |                                 |   |                         |
| Defined benefit liabilities     | \$ 11,069                        | \$ (3,509)                      | \$ 2,322  | \$ 9,882                |
| Cleanup costs                   | 40,222                           | (7,823)                         | -   | 32,399                  |
| Provision                       | 32,907                           | 28,322                          | -   | 61,229                  |
| Others                          | 659                              | 757                             | -   | 1,416                   |
|                                 | <u>\$ 84,857</u>                 | <u>\$ 17,747</u>                | <u>\$ 2,322</u>                                   | <u>\$ 104,926</u>       |
| <u>Deferred tax liabilities</u> |                                  |                                 |   |                         |
| Temporary differences           |                                  |                                 |   |                         |
| Land value increment tax        | \$ 74,463                        | \$ -                            | \$ -  | \$ 74,463               |
| Investment income               | 3,138                            | 5,236                           | -   | 8,374                   |
| Others                          | 40                               | (40)                            | -   | -                       |
|                                 | <u>\$ 77,641</u>                 | <u>\$ 5,196</u>                 | <u>\$ -</u>                                       | <u>\$ 82,837</u>        |

For the year ended December 31, 2022

|                             | Balance,<br>Beginning of<br>Year | Recognized in<br>Profit or Loss | Recognized in<br>Other<br>Comprehensive<br>Income | Balance,<br>End of Year |
|-----------------------------|----------------------------------|---------------------------------|---|-------------------------|
| <u>Deferred tax assets</u>  |                                  |                                 |   |                         |
| Temporary differences       |                                  |                                 |   |                         |
| Defined benefit liabilities | \$ 21,093                        | \$ (3,725)                      | \$ (6,299)  | \$ 11,069               |

(Continued)

|                                 | Balance,<br>Beginning of<br>Year | Recognized in<br>Profit or Loss | Recognized in<br>Other<br>Comprehensive<br>Income | Balance,<br>End of Year         |
|---------------------------------|----------------------------------|---------------------------------|---|---------------------------------|
| Cleanup costs                   | \$ 40,846                        | \$ (624)                        | \$ -  | \$ 40,222                       |
| Provision                       | 30,697                           | 2,210                           | -   | 32,907                          |
| Others                          | <u>662</u>                       | <u>(3)</u>                      | <u>-</u>  | <u>659</u>                      |
|                                 | <u>\$ 93,298</u>                 | <u>\$ (2,142)</u>               | <u>\$ (6,299)</u>                                 | <u>\$ 84,857</u>                |
| <u>Deferred tax liabilities</u> |                                  |                                 |   |                                 |
| Temporary differences           |                                  |                                 |   |                                 |
| Land value increment tax        | \$ 74,463                        | \$ -                            | \$ -  | \$ 74,463                       |
| Investment income               | 10,639                           | (7,501)                         | -   | 3,138                           |
| Others                          | <u>-</u>                         | <u>40</u>                       | <u>-</u>  | <u>40</u>                       |
|                                 | <u>\$ 85,102</u>                 | <u>\$ (7,461)</u>               | <u>\$ -</u>                                       | <u>\$ 77,641</u><br>(Concluded) |

e. Income tax assessments

The Corporation's income tax returns through 2021 have been assessed by the tax authorities.

## 24. EARNINGS PER SHARE

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

|  | <u>For the Year Ended December 31</u> |                   |
|--|---------------------------------------|-------------------|
|  | 2023                                  | 2022              |
| Net profit for the year  | <u>\$ 839,555</u>                     | <u>\$ 755,402</u> |
| <u>Number of ordinary shares (in thousands of shares)</u>                                    |                                       |                   |
|  | <u>For the Year Ended December 31</u> |                   |
|  | 2023                                  | 2022              |
| Weighted average number of ordinary shares used in computation of basic earnings per share   | 248,540                               | 248,540           |
| Effect of potential dilutive ordinary shares:  |                                       |                   |
| Compensation of employees  | <u>746</u>                            | <u>861</u>        |
| Weighted average number of ordinary shares used in computation of diluted earnings per share | <u>249,286</u>                        | <u>249,401</u>    |

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

## 25. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that entities in the Corporation will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

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

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

## 26. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments that are not measured at fair value

The management considers the carrying amounts of financial instruments that are not measured at fair value approximate their fair value.

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

#### 1) Fair value hierarchy

|   | Level 1           | Level 2     | Level 3          | Total             |
|---|-------------------|-------------|------------------|-------------------|
| <u>December 31, 2023</u>  |                   |             |                  |                   |
| Financial assets at fair value through other comprehensive income |                   |             |                  |                   |
| Equity instruments  |                   |             |                  |                   |
| Domestic listed shares  | \$ 280,849        | \$ -        | \$ -             | \$ 280,849        |
| Domestic unlisted shares  | <u>-</u>          | <u>-</u>    | <u>16,501</u>    | <u>16,501</u>     |
|   | <u>\$ 280,849</u> | <u>\$ -</u> | <u>\$ 16,501</u> | <u>\$ 297,350</u> |
| <u>December 31, 2022</u>  |                   |             |                  |                   |
| Financial assets at fair value through other comprehensive income |                   |             |                  |                   |
| Equity instruments  |                   |             |                  |                   |
| Domestic listed shares  | \$ 274,214        | \$ -        | \$ -             | \$ 274,214        |
| Domestic unlisted shares  | <u>-</u>          | <u>-</u>    | <u>15,388</u>    | <u>15,388</u>     |
|   | <u>\$ 274,214</u> | <u>\$ -</u> | <u>\$ 15,388</u> | <u>\$ 289,602</u> |

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

2) Reconciliation of Level 3 fair value measurements of financial assets

|   | <b>For the Year Ended December 31</b> |                  |
|---|---------------------------------------|------------------|
|   | <b>2023</b>                           | <b>2022</b>      |
| <u>Financial assets at fair value through other comprehensive income (equity instruments)</u> |                                       |                  |
| Balance, beginning of the year  | \$ 15,388                             | \$ 13,712        |
| Recognized in other comprehensive income  | <u>1,113</u>                          | <u>1,676</u>     |
| Balance, end of the year  | <u>\$ 16,501</u>                      | <u>\$ 15,388</u> |

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities were determined based on industry types, valuations of similar companies and operations.

c. Categories of financial instruments

|  | <b>December 31</b> |             |
|--|--------------------|-------------|
|  | <b>2023</b>        | <b>2022</b> |
| <u>Financial assets</u>  |                    |             |
| Financial assets at fair value through other comprehensive income - equity instruments | \$ 297,350         | \$ 289,602  |
| Financial assets for hedging   | 4,279              | 37,602      |
| Financial assets at amortized cost 1)  | 1,577,915          | 1,248,233   |
| <u>Financial liabilities</u>   |                    |             |
| Financial liabilities at amortized cost 2)   | 3,143,042          | 3,424,473   |

1) The balances included financial assets at amortized cost, which comprise cash, notes and accounts receivable (including related parties), other receivables (including related parties), other financial assets and refundable deposits.

2) The balances included financial liabilities at amortized cost, which comprise short-term borrowings, notes and accounts payable (including related parties), payables on equipment, other payables (including related parties), guarantee deposits received, refund liabilities (under other current liabilities) and long-term borrowings (including current portion).

d. Financial risk management objectives and policies

The Corporation places great emphasis on financial risk management. By tracking and managing the market risk, credit risk, and liquidity risk efficiently, the management ensured that the Corporation was equipped with sufficient and cost - efficient working capital, which reduced financial uncertainty that may have adverse effects on the operations.

The significant financial activities of the Corporation are reviewed by the board of directors in accordance with relevant regulations and internal controls. The finance department follows the accountability and related financial risk control procedures required by the Corporation for executing financial projects. Compliance with policies and exposure limits is continually reviewed by the internal auditors. The Corporation did not enter into or trade financial instruments for speculative purposes.

## 1) Market risk

The Corporation activities exposed it primarily to financial risks as follows:

### a) Foreign currency risk

The Corporation had sales in foreign currencies, which were exposed to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing were mitigated by future receivables and payables denominated in the same foreign currency.

The carrying amounts of the Corporation's foreign currency-denominated monetary assets and monetary liabilities at the end of the year are set out in Note 31.

### Sensitivity analysis

The Corporation is mainly exposed to the USD and the JPY.

The 1% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included bank deposits, accounts receivable, other receivables and financial assets for hedging. If the foreign exchange rates of the New Taiwan dollar against the relevant currency had been 1% higher/lower, the amount of profit before income tax and equity for the years ended December 31, 2023 and 2022, would have increased/decreased by NT\$102 thousand and NT\$547 thousand, respectively.

### b) Interest rate risk

The carrying amounts of the Corporation financial assets and financial liabilities with exposure to interest rates at the balance sheet date were as follows:

|                               | <b>December 31</b> |              |
|-------------------------------|--------------------|--------------|
|                               | <b>2023</b>        | <b>2022</b>  |
| Fair value interest rate risk |                    |              |
| Financial liabilities         | \$ 1,538,165       | \$ 1,676,042 |
| Cash flow interest rate risk  |                    |              |
| Financial assets              | 90,077             | 65,596       |
| Financial liabilities         | 1,827,299          | 2,065,778    |

The sensitivity analysis below was determined based on the Corporation's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Corporation's cash flows for the years ended December 31, 2023 and 2022 would have decreased/increased by NT\$18,273 thousand and NT\$20,658 thousand, respectively, which were mainly a result of variable-rate borrowings.

### c) Other price risk

The Corporation were exposed to equity price risk through its investments in listed equity securities, which are held for strategic rather than trading purposes, the Corporation does not actively trade these investments. The Corporation's equity price risk is mainly concentrated in

instruments of listed steel industry.

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

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by NT\$2,808 thousand and NT\$2,742 thousand, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income.

## 2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Corporation. At the end of the reporting period, the Corporation maximum exposure to credit risk, which would cause a financial loss to the Corporation due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Corporation, could be equal mainly to the carrying amount of the respective recognized financial assets as stated in the standalone balance sheets.

The adopted policies are only for transactions with creditworthy counterparty to obtain sufficient guarantees to mitigate the risk of financial losses arising from defaults. The Corporation use other publicly available financial information and mutual transaction records to evaluate major customers, and also continuously monitor credit risk and credit rating of counterparties, and distribute the total transaction amount to qualified customers. The Corporation also control credit risk insurance by credit limit every year.

The Corporation's concentrations of credit risk in the industries were as follows:

|                 | <b>December 31</b>  |                   |
|-----------------|---------------------|-------------------|
|                 | <b>2023</b>         | <b>2022</b>       |
| Cement industry | \$ 708,041          | \$ 547,342        |
| Steel industry  | <u>322,271</u>      | <u>132,303</u>    |
|                 | <u>\$ 1,030,312</u> | <u>\$ 679,645</u> |

## 3) Liquidity risk

The management of the Corporation continuously monitor the movement of cash flows, net cash position, significant capital expenditures and the utilization of bank loan commitments to ensure compliance with loan covenants.

As of December 31, 2023, the current liabilities of the Corporation exceeded current assets by NT\$356,967 thousand. However, the Corporation's operating profits were normal and had sufficient unutilized short-term and long-term bank financing lines; therefore, there was no liquidity risk.

The Corporation relies on bank borrowings as a significant source of liquidity. As of the balance sheet date, the Corporation had available unutilized short-term and long-term bank loan facilities as set out in (b) below.

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

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on

which the Corporation can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates of other non-derivative financial liabilities were based on the agreed upon repayment dates.

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

|                                    | <b>Less Than 1<br/>Year</b> | <b>Over 1 Years</b> | <b>Total</b>        |
|------------------------------------|-----------------------------|---------------------|---------------------|
| <u>December 31, 2023</u>           |                             |                     |                     |
| Non-interest bearing liabilities   | \$ 1,313,179                | \$ 2,564            | \$ 1,315,743        |
| Variable interest rate instruments | 532,897                     | 1,328,431           | 1,861,328           |
| Lease liabilities                  | <u>358,101</u>              | <u>1,313,892</u>    | <u>1,671,993</u>    |
|                                    | <u>\$ 2,204,177</u>         | <u>\$ 2,644,887</u> | <u>\$ 4,849,064</u> |

Additional information on the maturity analysis for lease liabilities is as follows:

|                   | <b>Less Than 1<br/>Year</b> | <b>1-5 Years</b>  | <b>Over 5 Years</b> |
|-------------------|-----------------------------|-------------------|---------------------|
| Lease liabilities | <u>\$ 358,101</u>           | <u>\$ 985,820</u> | <u>\$ 328,072</u>   |

|                                    | <b>Less Than 1<br/>Year</b> | <b>Over 1 Years</b> | <b>Total</b>        |
|------------------------------------|-----------------------------|---------------------|---------------------|
| <u>December 31, 2022</u>           |                             |                     |                     |
| Non-interest bearing liabilities   | \$ 1,358,331                | \$ 364              | \$ 1,358,695        |
| Variable interest rate instruments | 523,920                     | 1,590,621           | 2,114,541           |
| Lease liabilities                  | <u>369,620</u>              | <u>1,451,510</u>    | <u>1,821,130</u>    |
|                                    | <u>\$ 2,251,871</u>         | <u>\$ 3,042,495</u> | <u>\$ 5,294,366</u> |

Additional information on the maturity analysis for lease liabilities is as follows:

|                   | <b>Less Than 1<br/>Year</b> | <b>1-5 Years</b>    | <b>Over 5 Years</b> |
|-------------------|-----------------------------|---------------------|---------------------|
| Lease liabilities | <u>\$ 369,620</u>           | <u>\$ 1,014,377</u> | <u>\$ 437,133</u>   |

The amount included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

|                           | <u>December 31</u>  |                     |
|---------------------------|---------------------|---------------------|
|                           | <u>2023</u>         | <u>2022</u>         |
| Unsecured bank facilities |                     |                     |
| Amount used               | \$ 2,195,420        | \$ 2,495,393        |
| Amount unused             | <u>6,397,138</u>    | <u>6,721,107</u>    |
|                           | <u>\$ 8,592,558</u> | <u>\$ 9,216,500</u> |
| Secured bank facilities   |                     |                     |
| Amount used               | \$ -                | \$ -                |
| Amount unused             | <u>20,000</u>       | <u>20,000</u>       |
|                           | <u>\$ 20,000</u>    | <u>\$ 20,000</u>    |

4) Cash flow hedges

December 31, 2023

| Hedging Instrument                | Currency | Amount           | Line Item in<br>Balance Sheet      | <u>Carrying Amount</u> |             |
|-----------------------------------|----------|------------------|------------------------------------|------------------------|-------------|
|                                   |          |                  |                                    | Asset                  | Liability   |
| Cash flow hedges-hedging deposits | JPY      | <u>\$ 19,700</u> | Financial<br>assets for<br>hedging | <u>\$ 4,279</u>        | <u>\$ -</u> |

| Hedged Item                  | Change in Fair<br>Value of Hedged<br>Items Used for<br>Calculating<br>Hedge<br>Ineffectiveness | <u>Balance in Other Equity</u> |                         |
|------------------------------|--|--------------------------------|-------------------------|
|                              |  | Continuing<br>Hedges           | Discontinuing<br>Hedges |
| Cash flow hedges             |  |                                |                         |
| Forecast purchases equipment | <u>\$ (2,074)</u>  | <u>\$ (42)</u>                 | <u>\$ -</u>             |

For the year ended December 31, 2023

| Effect on Comprehensive Income         | Hedging Gains<br>(losses)<br>Recognized in<br>OCI | Amount of<br>Hedge<br>Ineffectiveness<br>Recognized in<br>P/L | Line Item in<br>Which Hedge<br>Ineffectiveness<br>is Included | <u>Amount Reclassified to P/L and<br/>the Adjusted Line Item</u> |  |
|--|---|---|---|--|--|
|  |   |   |   | Due to Hedged<br>Item Affecting<br>P/L                           | Due to Hedged<br>Future Cash<br>Flows No<br>Longer<br>Expected to<br>Occur |
| Cash flow hedges - hedging<br>deposits | <u>\$ (2,074)</u>                                 | <u>\$ -</u>   | -   | <u>\$ -</u>  | <u>\$ -</u>  |

December 31, 2022

| Hedging Instrument                | Currency | Amount            | Line Item in Balance Sheet   | Carrying Amount  |             |
|-----------------------------------|----------|-------------------|------------------------------|------------------|-------------|
|                                   |          |                   |                              | Asset            | Liability   |
| Cash flow hedges-hedging deposits | JPY      | <u>\$ 161,800</u> | Financial assets for hedging | <u>\$ 37,602</u> | <u>\$ -</u> |

  

| Hedged Item                  | Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness | Balance in Other Equity |                      |
|------------------------------|---|-------------------------|----------------------|
|                              |   | Continuing Hedges       | Discontinuing Hedges |
| Cash flow hedges             |   |                         |                      |
| Forecast purchases equipment | <u>\$ 2,032</u>   | <u>\$ 2,032</u>         | <u>\$ -</u>          |

For the year ended December 31, 2022

| Effect on Comprehensive Income      | Hedging Gains (losses) Recognized in OCI | Amount of Hedge Ineffectiveness Recognized in P/L | Line Item in Which Hedge Ineffectiveness is Included | Amount Reclassified to P/L and the Adjusted Line Item |   |
|-------------------------------------|--|---|--|---|---|
|                                     |  |   |  | Due to Hedged Item Affecting P/L                      | Due to Hedged Future Cash Flows No Longer Expected to Occur |
| Cash flow hedges - hedging deposits | <u>\$ 2,032</u>                          | <u>\$ -</u>                                       | -  | <u>\$ -</u>   | <u>\$ -</u>   |

## 27. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Corporation and other related parties were disclosed as follows:

- a. Related party name and category

| <u>Related Party Name</u>                           | <u>Related Party Category</u> |
|---|-------------------------------|
| China Steel Corporation (CSC)                       | Parent of the Corporation     |
| Union Steel Development Corporation (USDC)          | Subsidiary                    |
| Yu Cheng Lime Corporation (YCLC)                    | Subsidiary                    |
| Pao Good Industrial Co., Ltd.                       | Subsidiary                    |
| CHC Resources Vietnam Co., Ltd (CHCRVC)             | Subsidiary                    |
| Chung Hung Steel Corporation (CHSC)                 | Fellow subsidiary             |
| Dragon Steel Corporation (DSC)                      | Fellow subsidiary             |
| United Steel Engineering & Construction Corporation | Fellow subsidiary             |
| China Steel Resources Corporation (CSRC)            | Fellow subsidiary             |
| China Steel Security Corporation (CSSC)             | Fellow subsidiary             |
| China Steel Express Corporation (CSEC)              | Fellow subsidiary             |
| Universal Exchange Inc.                             | Fellow subsidiary             |
| Steel Castle Technology Corporation                 | Fellow subsidiary             |
| China Steel Chemical Corporation                    | Fellow subsidiary             |
| China Ecotek Corporation                            | Fellow subsidiary             |

(Continued)

| <b>Related Party Name</b>                     | <b>Relate Party Category</b>              |
|---|---|
| Infochamp Systems Corporation                 | Fellow subsidiary                         |
| China Steel Structure Co., Ltd.               | Fellow subsidiary                         |
| C.S.Aluminium Corporation ( CSAC )            | Fellow subsidiary                         |
| CSC Solar Corporation ( CSC SOLAR )           | Fellow subsidiary                         |
| China Prosperity Construction Corporation     | Fellow subsidiary                         |
| Taiwan Cement Corporation (TCC)               | Director of the Corporation               |
| Asia Cement Corporation (ACC)                 | Director of the Corporation               |
| Universal Cement Corporation                  | Director of the Corporation               |
| Southeast Cement Corporation                  | Director of the Corporation               |
| Taiwan Transport & Storage Corporation (TTSC) | Subsidiary of director of the Corporation |
| Nan-Hwa Cement Corporation (NHCC)             | Subsidiary of director of the Corporation |
| Ta-Ho Maritime Corporation                    | Subsidiary of director of the Corporation |
| Ya Tung Ready Mixed Concrete Co., Ltd.        | Subsidiary of director of the Corporation |
| Universal Cement Concrete Corporation         | Subsidiary of director of the Corporation |
| Ya Li Transportation Corporation (YL)         | Subsidiary of director of the Corporation |
| Fu-Ming Transport Corporation                 | Subsidiary of director of the Corporation |

(Concluded)

b. Operating revenue

| <b>Account Items</b> | <b>Related Party Category/Name</b> | <b>Collection Period</b> | <b>For the Year Ended December 31</b> |                     |
|----------------------|------------------------------------|--------------------------|---------------------------------------|---------------------|
|                      |                                    |                          | <b>2023</b>                           | <b>2022</b>         |
| Sales                | Parent entity - CSC                | Open account next month  | \$ 119,342                            | \$ 104,959          |
|                      | Subsidiaries                       | Open account 45 days     | 21,771                                | 65,692              |
|                      | Fellow subsidiaries                | Open account 30-70 days  | 7,987                                 | 15,896              |
|                      | Directors and its subsidiaries     |                          |                                       |                     |
|                      | TCC                                | Open account 60 days     | 823,983                               | 698,830             |
|                      | Others                             | Open account 30-70 days  | 839,491                               | 726,089             |
|                      |                                    |                          | <u>\$ 1,812,574</u>                   | <u>\$ 1,611,466</u> |
| Service revenue      | Parent entity - CSC                | Open account next month  | \$ 2,950,823                          | \$ 2,584,805        |
|                      | Subsidiaries                       | Open account 45-60 days  | 19,801                                | 21,409              |

(Continued)

| Account Items        | Related Party Category/Name    | Collection Period         | For the Year Ended December 31 |                     |
|----------------------|--------------------------------|---------------------------|--------------------------------|---------------------|
|                      |                                |                           | 2023                           | 2022                |
|                      | Fellow subsidiaries            |                           |                                |                     |
|                      | DSC                            | Open account 30-70 days   | \$ 1,400,136                   | \$ 1,345,564        |
|                      | CSRC                           | According to the contract | 642,849                        | 559,422             |
|                      | Others                         | Open account 30-70 days   | 22,286                         | 629                 |
|                      | Directors and its subsidiaries | Open account 30-60 days   | 153,738                        | 137,639             |
|                      |                                |                           | <u>\$ 5,189,633</u>            | <u>\$ 4,649,468</u> |
| Construction revenue | Parent entity - CSC            | According to the contract | \$ 2,618                       | \$ -                |
|                      | Fellow subsidiary - CSRC       | According to the contract | 11,063                         | 43,148              |
|                      |                                |                           | <u>\$ 13,681</u>               | <u>\$ 43,148</u>    |

(Concluded)

The selling price of GGBFS to directors and its subsidiaries was made at arm's length and applied to similar transactions in the market. Other transactions did not have non-related parties for comparison. The collection periods for related parties were not materially different from those for unrelated parties. The payment terms between the Company and related parties and between the Company and non-related parties are agreed upon by both parties.

c. Purchase of goods

| Related Party Category/Name    | Payment Term  | For the Year Ended December 31 |                     |
|--------------------------------|---|--------------------------------|---------------------|
|                                |   | 2023                           | 2022                |
| Parent entity - CSC            | Letter of credit                                    | \$ 728,324                     | \$ 696,033          |
| Subsidiaries                   | Open account 30 days                                | 246,773                        | 68,224              |
| Fellow subsidiaries            |   |                                |                     |
| CHSC                           | Letter of credit                                    | 378,118                        | 469,215             |
| DSC                            | Letter of credit                                    | 331,464                        | 362,642             |
| Others                         | Open account 30 days;                               | 129,364                        | 263,853             |
|                                | Letter of credit;                                   |                                |                     |
|                                | Prepaid before                                      |                                |                     |
|                                | shipping  |                                |                     |
| Directors and its subsidiaries | Net 45 days from B/L; 3 business days after invoice | 418,438                        | 439,958             |
|                                |   | <u>\$ 2,232,481</u>            | <u>\$ 2,299,925</u> |

Purchases of cement from related parties were made at arm's length and applied to similar transactions in the market. Other transactions did not have non-related parties for comparison. The payment terms between the Company and related parties and between the Company and non-related parties are agreed upon by both parties.

d. Contract assets - current

| Related Party Category/Name | December 31   |                  |
|-----------------------------|---------------|------------------|
|                             | 2023          | 2022             |
| Parent entity - CSC         | \$ 137        | \$ -             |
| Fellow subsidiaries - CSRC  | <u>-</u>      | <u>19,007</u>    |
|                             | <u>\$ 137</u> | <u>\$ 19,007</u> |

For the years ended December 31, 2023 and 2022, no impairment loss was recognized for contract assets from related parties.

e. Contract liabilities - current

| Related Party Category/Name    | December 31   |                 |
|--------------------------------|---------------|-----------------|
|                                | 2023          | 2022            |
| Parent entity - CSC            | \$ -          | \$ 5,224        |
| Subsidiaries                   | 384           | 523             |
| Directors and its subsidiaries | <u>-</u>      | <u>172</u>      |
|                                | <u>\$ 384</u> | <u>\$ 5,919</u> |

f. Other material transactions with related parties

|   | For the Year Ended December 31 |           |
|---|--------------------------------|-----------|
|   | 2023                           | 2022      |
| 1) Operating lease                          |                                |           |
| Rental income                               |                                |           |
| Parent entity - CSC                         | \$ 32,470                      | \$ 25,969 |
| 2) Security expense                         |                                |           |
| Fellow subsidiary - CSSC                    | 44,591                         | 42,192    |
| 3) Outsourced service expense               |                                |           |
| Subsidiary - USDC                           | 156,310                        | 160,778   |
| 4) Outsourced manufacturing expense         |                                |           |
| Subsidiary - USDC                           | 142,674                        | 144,664   |
| Subsidiary of director - NHCC               | 103,056                        | 93,058    |
| 5) Charges for handling service and freight |                                |           |
| Subsidiaries                                |                                |           |
| USDC  | 12,712                         | 14,986    |
| Fellow subsidiary - CSEC                    | 642,348                        | 437,595   |
| Subsidiary of director                      |                                |           |
| TTSC  | 44,948                         | 56,563    |
| YL  | 256,194                        | 203,755   |
| 6) Other professional service expense       |                                |           |
| Fellow subsidiary - USECC                   | -                              | 16,691    |
| Director - ACC                              | 136,768                        | 96,500    |
| Director - TCC                              | 10,569                         | 3,858     |

(Continued)

|                               | <b>For the Year Ended December 31</b> |             |
|-------------------------------|---------------------------------------|-------------|
|                               | <b>2023</b>                           | <b>2022</b> |
| 7) Renewable energy expense   |                                       |             |
| Fellow subsidiary - CSC SOLAR | \$ 11,032                             | \$ -        |
|                               |                                       | (Concluded) |

The above transaction prices, collection and payment term are agreed upon by both parties.

g. Accounts receivable - related parties

|                                    | <b>December 31</b> |                   |
|------------------------------------|--------------------|-------------------|
| <b>Related Party Category/Name</b> | <b>2023</b>        | <b>2022</b>       |
| Parent entity - CSC                | \$ 171,245         | \$ 36,135         |
| Subsidiaries                       | 9,251              | 17,268            |
| Fellow subsidiaries                |                    |                   |
| DSC                                | 150,464            | 96,169            |
| Others                             | 63,576             | 52,320            |
| Directors and its subsidiaries     |                    |                   |
| TCC                                | 283,136            | 210,499           |
| Others                             | <u>113,853</u>     | <u>90,286</u>     |
|                                    | <u>\$ 791,525</u>  | <u>\$ 502,677</u> |

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment losses were recognized for trade receivables from related parties.

h. Other receivables - related parties

|                                    | <b>December 31</b> |                  |
|------------------------------------|--------------------|------------------|
| <b>Related Party Category/Name</b> | <b>2023</b>        | <b>2022</b>      |
| Parent entity - CSC                | \$ 20,495          | \$ 38,274        |
| Subsidiaries                       | 4,174              | 3,721            |
| Fellow subsidiaries                | -                  | 231              |
| Directors and its subsidiaries     | <u>3</u>           | <u>10</u>        |
|                                    | <u>\$ 24,672</u>   | <u>\$ 42,236</u> |

i. Accounts payable - related parties

|                                    | <b>December 31</b> |                   |
|------------------------------------|--------------------|-------------------|
| <b>Related Party Category/Name</b> | <b>2023</b>        | <b>2022</b>       |
| Parent entity - CSC                | \$ 12,225          | \$ 5,149          |
| Subsidiaries                       | 498                | 1,558             |
| Fellow subsidiaries                |                    |                   |
| CHSC                               | 36,530             | 25,288            |
| Others                             | 4,388              | 8,702             |
| Directors and its subsidiaries     |                    |                   |
| TCC                                | 11,153             | 30,775            |
| Others                             | <u>37,007</u>      | <u>34,243</u>     |
|                                    | <u>\$ 101,801</u>  | <u>\$ 105,715</u> |

The outstanding accounts payable to related parties are unsecured.

j. Other payable-related parties

| <b>Related Party Category/Name</b> | <b>December 31</b> |                   |
|------------------------------------|--------------------|-------------------|
|                                    | <b>2023</b>        | <b>2022</b>       |
| Parent entity - CSC                | \$ 2,863           | \$ 3,232          |
| Subsidiaries                       | 40,677             | 32,201            |
| Fellow subsidiaries                | 5,910              | 38,290            |
| Directors and its subsidiaries     | <u>70,249</u>      | <u>53,187</u>     |
|                                    | <u>\$ 119,699</u>  | <u>\$ 126,910</u> |

k. Prepayment

| <b>Related Party Category/Name</b> | <b>December 31</b> |                  |
|------------------------------------|--------------------|------------------|
|                                    | <b>2023</b>        | <b>2022</b>      |
| Parent entity - CSC                | \$ 1,328           | \$ -             |
| Subsidiaries - CHCRVC              | -                  | 12,485           |
| Fellow subsidiary - CSEC           | -                  | 32,334           |
| Directors and its subsidiaries     | <u>2</u>           | <u>7,056</u>     |
|                                    | <u>\$ 1,330</u>    | <u>\$ 51,875</u> |

l. Lease arrangements

| <b>Related Party Category/Name</b> | <b>For the Year Ended December 31</b> |                   |
|------------------------------------|---------------------------------------|-------------------|
|                                    | <b>2023</b>                           | <b>2022</b>       |
| Acquisition of right-of-use assets |                                       |                   |
| Parent entity - CSC                | \$ 16,888                             | \$ 66,580         |
| Subsidiaries - YCLC                | -                                     | 47,270            |
| Fellow subsidiary- CSAC            | <u>237</u>                            | <u>-</u>          |
|                                    | <u>\$ 17,125</u>                      | <u>\$ 113,850</u> |

| <b>Account Item</b> | <b>Related Parties Category/Name</b> | <b>December 31</b> |                  |
|---------------------|--------------------------------------|--------------------|------------------|
|                     |                                      | <b>2023</b>        | <b>2022</b>      |
| Lease liabilities   | Parent entity - CSC                  | \$ 53,282          | \$ 53,430        |
|                     | Subsidiaries                         | 28,539             | 37,934           |
|                     | Fellow subsidiary                    | <u>119</u>         | <u>-</u>         |
|                     |                                      | <u>\$ 81,940</u>   | <u>\$ 91,364</u> |

| Related Party Category/Name | For the Year Ended December 31 |                 |
|-----------------------------|--------------------------------|-----------------|
|                             | 2023                           | 2022            |
| Interest expense            |                                |                 |
| Parent entity - CSC         | \$ 1,016                       | \$ 377          |
| Subsidiaries - YCLC         | 205                            | 264             |
| Fellow subsidiary           | <u>3</u>                       | <u>-</u>        |
|                             | <u>\$ 1,224</u>                | <u>\$ 641</u>   |
| Lease expense               |                                |                 |
| Parent entity - CSC         | \$ 1,831                       | \$ 938          |
| Subsidiaries                |                                |                 |
| Fellow subsidiaries         | <u>26</u>                      | <u>146</u>      |
|                             | <u>\$ 1,857</u>                | <u>\$ 1,084</u> |

m. Remuneration of key management personnel

The remuneration of directors and other members of key management personnel was as follows:

|  | For the Year Ended December 31 |                  |
|--|--------------------------------|------------------|
|  | 2023                           | 2022             |
| Short-term employee benefits (including salaries, remuneration, and bonus) | \$ 28,294                      | \$ 36,448        |
| Post-employment benefits   | <u>1,656</u>                   | <u>258</u>       |
|  | <u>\$ 29,950</u>               | <u>\$ 36,706</u> |

## 28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for performance guarantees, bank overdrafts and bank borrowing as follows:

|   | December 31      |                  |
|---|------------------|------------------|
|   | 2023             | 2022             |
| Pledged time deposits (under other financial assets - noncurrent) | \$ 3,850         | \$ 3,200         |
| Property, plant and equipment                                     |                  |                  |
| Land  | 40,172           | 40,172           |
| Buildings   | <u>1,607</u>     | <u>1,762</u>     |
|   | <u>\$ 45,629</u> | <u>\$ 45,134</u> |

## 29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies of the Corporation as of December 31, 2023 were as follows:

- a. Unused letters of credit for importation of materials amounted to NT\$316,881 thousand.
- b. The Corporation provided performance bond of NT\$51,240 thousand guaranteed by financial institutions (Note 13 (c))
- c. To expand the production line, the Corporation entered into the construction contracts amounted to NT\$138,720 thousand, which have not been recorded yet.

## 30. Others

The Corporation received an official letter from the Environmental Protection Bureau of Kaohsiung City Government (the “Environmental Bureau”) in 2018, which stated that the Corporation shall be liable jointly and severally with other obligors for the cleanup of the Basic Oxygen Furnace Slag aggregates used in Chien Fa’s landfill located in Qishan District of Dalin Section. In this regard, the Corporation filed an administrative litigation, which was dismissed by the Supreme Administrative Court. The Corporation initiated a rehearing of the case, of which theory of case “Where the application of law is manifestly erroneous” which was dismissed by the Supreme Administrative Court. In addition, Supreme Administrative Court ruled that theory of case “Where a party discovers a piece of evidence which has not been considered, or which becomes available” and “Where the original judgement failed to take into consideration important evidence which will affect the judgment.” which are currently transferred and under trial by the Kaohsiung High Administrative Court. In October 2020, the Corporation received another letter from the Environmental Bureau requesting the Corporation and other joint obligors to submit a cleanup plan for the abovementioned land located in Qishan District of Dalin Section for review. If the cleanup plan was not submitted within the specified period, the Environmental Bureau would issue an order requiring the Corporation and the other obligors to pay the fees resulting from fulfilling the cleanup obligation in accordance with the Administrative Execution Act. In this regard, the Corporation submitted a cleanup plan and declared itself of reserving all rights and filed an administrative litigation, which was dismissed by the Kaohsiung High Administrative Court. The Corporation filed an appeal, which is currently under trial by the Supreme Administrative Court.

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

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

|                           | <b>Foreign<br/>Currency<br/>(In Thousands)</b> | <b>Exchange Rate</b> | <b>Carrying<br/>Amount<br/>(In Thousands<br/>of New Taiwan<br/>Dollars)</b> |
|---------------------------|--|----------------------|---|
| <u>December 31, 2023</u>  |  |                      |   |
| Monetary financial assets |  |                      |   |
| USD                       | \$ 194   | 30.705               | \$ 5,969  |
| JPY                       | 19,700   | 0.2172               | 4,279   |

(Continued)

|   | Foreign<br>Currency<br>(In Thousands) | Exchange Rate | Carrying<br>Amount<br>(In Thousands<br>of New Taiwan<br>Dollars) |
|---|---------------------------------------|---------------|--|
| Non-monetary financial assets                     |                                       |               |  |
| Investments accounted for using the equity method |                                       |               |  |
| VND   | \$ 527,779,116                        | 0.001245      | \$ 657,085   |
| <hr/> December 31, 2022 <hr/>                     |                                       |               |  |
| Monetary financial assets                         |                                       |               |  |
| USD   | 239                                   | 30.71         | 7,329  |
| JPY   | 203,942                               | 0.2324        | 47,396   |
| Non-monetary financial assets                     |                                       |               |  |
| Investments accounted for using the equity method |                                       |               |  |
| VND   | 507,186,770                           | 0.001285      | 651,735<br>(Concluded)   |

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains (losses) were losses of NT\$82 thousand and gains of NT\$1,717 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

## 32. SEPARATELY DISCLOSED ITEMS

### a. Information on significant transactions:

- 1) Financing provided to others: None
- 2) Endorsements/guarantees provided: None
- 3) Marketable securities held (excluding investments in subsidiaries and associates): Table 1
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 2
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
- 9) Trading in derivative instruments: None

- b. Information on investees: Table 5
- c. Information on investments in mainland China
  - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income (loss) of the investees, investment gain (loss), carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China areas: Table 6
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices and payment terms, and unrealized gains or losses:
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None
    - c) The amount of property transactions and the amount of the resultant gains or losses: None
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
    - e) The highest balance, the end of period balance and the interest rate range with respect to financing of funds: None
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 7

**CHC RESOURCES CORPORATION AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD**

**DECEMBER 31, 2023**

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

| Holding Company Name                | Type and Name of Marketable Securities |                                     | Relationship with The Holding Company | Financial Statement Account  | DECEMBER 31, 2023     |                |                             |            | Note |
|-------------------------------------|--|-------------------------------------|---------------------------------------|--|-----------------------|----------------|-----------------------------|------------|------|
|                                     |  |                                     |                                       |  | Shares/Units          | Carrying Value | Percentage of Ownership (%) | Fair Value |      |
| CHC Resources Corporation           | Ordinary shares                        | China Steel Corporation             | Parent company                        | Financial assets at fair value through other comprehensive income - current    | 10,401,806            | \$ 280,849     | -                           | \$ 280,849 |      |
| CHC Resources Corporation           | Ordinary shares                        | Feng Sheng Enterprise Corporation   | No relationship                       | Financial assets at fair value through other comprehensive income - noncurrent | 932,053               | 16,501         | 2                           | 16,501     |      |
| Union Steel Development Corporation | Ordinary shares                        | China Steel Corporation             | Ultimate parent company               | Financial assets at fair value through other comprehensive income - current    | 423,849               | 11,444         | -                           | 11,444     |      |
| Union Steel Development Corporation | Ordinary shares                        | Shanghai Bao Shun Steel Corporation | The holding company as its director   | Financial assets at fair value through other comprehensive income - noncurrent | Certificate of rights | 17,063         | 19                          | 17,063     |      |

**TABLE 2****CHC RESOURCES CORPORATION AND SUBSIDIARIES**

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

| Company Name              | Type and Name of Marketable Securities         | Financial Statement Account                                     | Counterparty      | Relationship | Beginning Balance |        | Acquisition  |            | Disposal     |            |                 | Ending Balance   |        |        |
|---------------------------|--|---|-------------------|--------------|-------------------|--------|--------------|------------|--------------|------------|-----------------|------------------|--------|--------|
|                           |  |   |                   |              | Shares/Units      | Amount | Shares/Units | Amount     | Shares/Units | Amount     | Carrying Amount | Gain on Disposal | Shares | Amount |
| CHC Resources Corporation | Mutual funds<br>Taishin 1699 Money Market Fund | Financial assets at fair value through profit or loss - current | Not related party | None         | -                 | \$ -   | 28,953,967   | \$ 400,000 | 28,953,967   | \$ 400,249 | \$ 400,000      | \$ 249           | -      | \$ -   |

**TABLE 3**

**CHC RESOURCES CORPORATION AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Buyer                               | Related Party                          | Relationship                              | Relationship    |               |            | Abnormal Transaction      |            | Notes/Accounts Receivable (Payable) |                | Note  |
|-------------------------------------|--|---|-----------------|---------------|------------|---------------------------|------------|-------------------------------------|----------------|-------|
|                                     |  |   | Purchase/Sale   | Amount        | % of Total | Payment Terms             | Unit Price | Payment Terms                       | Ending Balance |       |
| CHC Resources Corporation           | Taiwan Cement Corporation              | Director of the Corporation               | Sales           | \$ (823,983 ) | (7 )       | Open account 60 days      | Note       | Note                                | \$ 283,136     | 24    |
| CHC Resources Corporation           | Ya Tung Ready Mixed Concrete Co., Ltd. | Subsidiary of director of the Corporation | Sales           | (520,221 )    | (5 )       | Open account 60 days      | Note       | Note                                | 81,864         | 7     |
| CHC Resources Corporation           | Universal Cement Corporation           | Director of the Corporation               | Sales           | (263,138 )    | (2 )       | Open account 60 days      | Note       | Note                                | 24,246         | 2     |
| CHC Resources Corporation           | China Steel Corporation                | Parent company                            | Sales           | (119,342 )    | (1 )       | Open account next month   | Note       | Note                                | 171,245        | 14    |
| CHC Resources Corporation           | China Steel Corporation                | Parent company                            | Service revenue | (2,950,823 )  | (27 )      | Open account next month   | Note       | Note                                | 171,245        | 14    |
| CHC Resources Corporation           | Dragon Steel Corporation               | Fellow subsidiary                         | Service revenue | (1,400,136 )  | (13 )      | Open account 30-70 days   | Note       | Note                                | 150,464        | 13    |
| CHC Resources Corporation           | China Steel Resources Corporation      | Fellow subsidiary                         | Service revenue | (642,849 )    | (6 )       | According to the contract | Note       | Note                                | 61,542         | 5     |
| CHC Resources Corporation           | Taiwan Cement Corporation              | Director of the Corporation               | Service revenue | (135,166 )    | (1 )       | Open account 60 days      | Note       | Note                                | 283,136        | 24    |
| CHC Resources Corporation           | China Steel Corporation                | Parent company                            | Purchases       | 728,324       | 21         | Letter of credit          | Note       | Note                                | (12,225 )      | (5 )  |
| CHC Resources Corporation           | Chung Hung Steel Corporation           | Fellow subsidiary                         | Purchases       | 378,118       | 11         | Letter of credit          | Note       | Note                                | (36,530 )      | (15 ) |
| CHC Resources Corporation           | Dragon Steel Corporation               | Fellow subsidiary                         | Purchases       | 331,464       | 10         | Letter of credit          | Note       | Note                                | (4,032 )       | (2 )  |
| CHC Resources Corporation           | CHC Resources Vietnam Co., Ltd         | Subsidiary                                | Purchases       | 237,920       | 7          | Prepaid before shipping   | Note       | Note                                | -              | -     |
| CHC Resources Corporation           | Asia Cement Corporation                | Director of the Corporation               | Purchases       | 142,685       | 4          | Net 45 days from B/L      | Note       | Note                                | (14,498 )      | (6 )  |
| CHC Resources Corporation           | China Steel Express Corporation        | Fellow subsidiary                         | Purchases       | 124,622       | 4          | Prepaid before shipping   | Note       | Note                                | (320 )         | -     |
| Union Steel Development Corporation | CHC Resources Corporation              | Parent company                            | Service revenue | (317,184 )    | (65 )      | According to the contract | Note       | Note                                | 40,469         | 73    |
| CHC Resources Vietnam Co., Ltd.     | CHC Resources Corporation              | Parent company                            | Sales           | (237,920 )    | (20 )      | Prepaid before shipping   | Note       | Note                                | -              | -     |
| CHC Resources Vietnam Co., Ltd.     | Formosa Ha Tinh Steel Corporation      | Other related party                       | Service revenue | (194,557 )    | (16 )      | 10 days from invoice date | Note       | Note                                | 42,894         | 37    |
| CHC Resources Vietnam Co., Ltd.     | Formosa Ha Tinh Steel Corporation      | Other related party                       | Purchases       | 497,873       | 100        | Prepaid before shipping   | Note       | Note                                | -              | -     |

Note: Refer to Note 27.

**CHC RESOURCES CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Company Name              | Related Party             | Relationship                | Ending Balance | Turnover Rate | Overdue   |               | Amount Received in Subsequent Period | Allowance for Impairment Loss |
|---------------------------|---------------------------|-----------------------------|----------------|---------------|-----------|---------------|--------------------------------------|-------------------------------|
|                           |                           |                             |                |               | Amount    | Actions Taken |                                      |                               |
| CHC Resources Corporation | Taiwan Cement Corporation | Director of the Corporation | \$ 283,136     | 4             | \$ 90,333 | -             | \$ 90,340                            | \$ -                          |
|                           | China Steel Corporation   | Parent company              | 171,245        | 30            | -         | -             | 171,245                              | -                             |
|                           | Dragon Steel Corporation  | Fellow subsidiary           | 150,464        | 11            | -         | -             | 143,293                              | -                             |

**TABLE 5**

**CHC RESOURCES CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

| Investor Company          | Investee Company                                   | Location               | Main Businesses and Products   | Original Investment Amount |                   | As of December 31, 2023 |       |                 | Net Income (Loss) of the Investee | Share of Profit (Loss) | Note       |
|---------------------------|--|------------------------|--|----------------------------|-------------------|-------------------------|-------|-----------------|-----------------------------------|------------------------|------------|
|                           |  |                        |  | December 31, 2023          | December 31, 2022 | Number of Shares        | %     | Carrying Amount |                                   |                        |            |
|                           |  |                        |  |                            |                   |                         |       |                 |                                   |                        |            |
| CHC Resources Corporation | CHC Resources Vietnam Co., Ltd                     | Vietnam                | Manufacture and sale of Ground-Granulated Blast-Furnace Slag, Sales of Granulated Blast-Furnace Slag | \$ 647,338                 | \$ 647,338        | -                       | 85    | \$ 657,085      | \$ 31,203                         | \$ 26,523              | Subsidiary |
| CHC Resources Corporation | Yu Cheng Lime Corporation                          | Republic of China      | Real estate lease, management of raw materials   | 126,010                    | 126,010           | 108,000                 | 90    | 139,361         | 646                               | 641                    | Subsidiary |
| CHC Resources Corporation | Union Steel Development Corporation                | Republic of China      | Manufacture and sale of iron powder, OEM and sales of refractory, trading, human dispatch            | 53,345                     | 53,345            | 4,668,333               | 93.37 | 110,397         | 42,570                            | 39,788                 | Subsidiary |
| CHC Resources Corporation | Pao Good Industrial Co., Ltd.                      | Republic of China      | Sales of fly ash, manufacture and sales of dry-mix mortar, trading                                   | 50,937                     | 50,937            | 5,408,550               | 51    | 92,900          | 22,322                            | 11,384                 | Subsidiary |
| CHC Resources Corporation | Hsin Hsin Cement Enterprise Corporation            | Republic of China      | Cement manufacturing, nonmetallic mining, cement and concrete mixing manufacturing                   | 73,269                     | 73,269            | 9,298,583               | 9.99  | 120,204         | 77,350                            | 6,152                  | Note       |
| CHC Resources Corporation | Pro-Ascentek Investment Corporation                | Republic of China      | General investment   | 30,000                     | 30,000            | 3,000,000               | 2.5   | 33,688          | 42,059                            | 1,051                  |            |
| CHC Resources Corporation | Gau Ruei Investment Corporation                    | Republic of China      | General investment   | 12,306                     | 12,306            | 1,046,500               | 35    | 25,972          | 2,947                             | 1,032                  |            |
| CHC Resources Corporation | Ding Da Investment Corporation                     | Republic of China      | General investment   | 12,516                     | 12,516            | 1,196,000               | 40    | 24,416          | 4,597                             | 1,839                  |            |
| CHC Resources Corporation | Sheng Lih Dar Investment Corporation               | Republic of China      | General investment   | 9,600                      | 9,600             | 960,000                 | 40    | 22,396          | 3,426                             | 1,370                  |            |
| CHC Resources Corporation | Eminent III Venture Capital Corporation            | Republic of China      | General investment   | 30,000                     | 30,000            | 3,000,000               | 1.66  | 20,710          | (7,398)                           | (62)                   |            |
| CHC Resources Corporation | Shin Mau Investment Corporation                    | Republic of China      | General investment   | 10,316                     | 10,316            | 897,000                 | 30    | 19,906          | 4,497                             | 1,349                  |            |
| CHC Resources Corporation | Jiing-Cheng-Fa Investment Corporation              | Republic of China      | General investment   | 9,200                      | 9,200             | 920,000                 | 40    | 19,838          | 2,904                             | 1,162                  |            |
| CHC Resources Corporation | HIMAG Magnetic Corporation                         | Republic of China      | Production and sale of industrial magnetic, chemical, and iron oxides                                | 10,970                     | 10,970            | 494,440                 | 1.79  | 12,049          | 43,929                            | 787                    |            |
| CHC Resources Corporation | United Steel International Development Corporation | British Virgin Islands | Holding and investment   | -                          | 8,254             | -                       | -     | -               | (58,958)                          | (345)                  |            |

Note: The share of profit included amortization of the difference between the equity and carrying amounts of the investment.

**TABLE 6****CHC RESOURCES CORPORATION AND SUBSIDIARIES****INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Investee Company                        | Main Businesses and Products    | Paid-in Capital<br>(Note 1) | Method of<br>Investment | Accumulated<br>Outward Remittance<br>for Investment from<br>Taiwan as of<br>December 31, 2022<br>(Note 1) | Remittance of Funds |          | Accumulated<br>Outward Remittance<br>for Investment from<br>Taiwan as of<br>December 31, 2023<br>(Note 1) | Net Income (Loss) of<br>the Investee | %<br>Ownership<br>of Direct or<br>Indirect<br>Investment | Investment Gain<br>(Loss) (Note 3) | Carrying Amount as<br>of December 31, 2023 | Accumulated<br>Repatriation of<br>Investment Income as<br>of December 31, 2023 | Note   |
|---|---------------------------------|-----------------------------|-------------------------|---|---------------------|----------|---|--------------------------------------|--|------------------------------------|--|--|--------|
|   |                                 |                             |                         |   | Outward             | Inward   |   |                                      |  |                                    |  |  |        |
| Ningbo Huayang Aluminium-Tech Co., Ltd. | Production of aluminum products | \$ 1,504,545                | Note 2                  | \$ 9,212  | \$ -                | \$ 4,679 | \$ 4,533  | \$ 48,224                            | -  | \$ -                               | \$ -                                       | \$ 666   | Note 3 |

| Investee Company          | Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023 (Note 1) | Investment Amount Authorized by Investment Commission, MOEA (Note 1) | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 4) |
|---------------------------|--|--|--|
| CHC Resources Corporation | \$ 9,212   | \$ 9,212   | \$ 3,635,093   |

Note 1: The amounts were calculated based on the foreign exchange rate of 30.705 as of December 31, 2023.

Note 2: Investments in mainland China through a holding of United Steel International Development Corporation registered in a third region in July 2023. United Steel International Development Corporation has acquired the deregistration certificate issued by local authorities for deregistration of Ningbo Huayang Aluminium-Tech Co., Ltd.

Note 3: From the financial statements audited and attested by R.O.C. parent company's CPA.

Note 4: In accordance with the "Principle of investment or Technical Cooperation in Mainland China" on August 29, 2008, the Corporation's investments shall not exceed 60% of their net worth.

**TABLE 7****CHC RESOURCES CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2023**

| Name of The Shareholder           | Shares                 |                         |
|-----------------------------------|------------------------|-------------------------|
|                                   | Number of Shares Owned | Percentage of Ownership |
| China Steel Corporation           | 49,289,597             | 19.83                   |
| Taiwan Cement Corporation         | 30,196,163             | 12.14                   |
| China Steel Structure Corporation | 23,182,738             | 9.32                    |
| Asia Cement Corporation           | 22,801,185             | 9.17                    |
| Universal Cement Corporation      | 17,020,254             | 6.84                    |
| China Steel Chemical Corporation  | 15,019,341             | 6.04                    |
| Southeast Cement Corporation      | 13,083,801             | 5.26                    |

Note 1: Major shareholders in the table above are shareholders owning 5% or more of the Corporation's ordinary shares (only ones that have completed dematerialized registration and delivery) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the standalone financial statements may differ from the Corporation's actual number of shares that have completed dematerialized registration and delivery due to different calculation bases.

Note 2: Where the shares are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Corporation's shares pursuant to the securities and exchange laws and regulations, the number of shares owned includes those held in trust where the shareholders have the power to decide how to utilize the trust property. Refer to the Market Observation Post System website for information on insiders' shareholding filings.

**TABLE 8****CHC RESOURCES CORPORATION****STATEMENT OF PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

For the year ended December 31, 2023

|  | Land              | Land Improvement  | Building            | Machinery and Equipment | Transportation Equipment | Office Equipment | Leasehold Improvement | Property under Construction | Total                |
|--|-------------------|-------------------|---------------------|-------------------------|--------------------------|------------------|-----------------------|-----------------------------|----------------------|
| <u>Cost</u>                                    |                   |                   |                     |                         |                          |                  |                       |                             |                      |
| Balance at January 1, 2023                     | \$ 2,125,481      | \$ 142,852        | \$ 2,548,553        | \$ 5,517,508            | \$ 15,594                | \$ 56,036        | \$ 1,125,655          | \$ 61,631                   | \$ 11,593,310        |
| Additions                                      | -                 | 2,810             | 19,544              | 204,237                 | -                        | 3,724            | 898                   | 2,638                       | 233,851              |
| Disposals                                      | -                 | -                 | (2,756)             | (12,179)                | -                        | (88)             | -                     | -                           | (15,023)             |
| Reclassification                               | (1,216,078)       | -                 | (27,163)            | -                       | -                        | -                | -                     | -                           | (1,243,241)          |
| Balance at December 31, 2023                   | <u>\$ 909,403</u> | <u>\$ 145,662</u> | <u>\$ 2,538,178</u> | <u>\$ 5,709,566</u>     | <u>\$ 15,594</u>         | <u>\$ 59,672</u> | <u>\$ 1,126,553</u>   | <u>\$ 64,269</u>            | <u>\$ 10,568,897</u> |
| <u>Accumulated depreciation and impairment</u> |                   |                   |                     |                         |                          |                  |                       |                             |                      |
| Balance at January 1, 2023                     | \$ -              | \$ 86,998         | \$ 1,083,698        | \$ 4,536,869            | \$ 14,511                | \$ 28,429        | \$ 503,551            | \$ -                        | \$ 6,254,056         |
| Depreciation expense                           | -                 | 11,586            | 84,491              | 254,497                 | 495                      | 7,251            | 138,784               | -                           | 497,104              |
| Disposals                                      | -                 | -                 | (2,718)             | (12,178)                | -                        | (89)             | -                     | -                           | (14,985)             |
| Reclassification                               | -                 | -                 | (20,550)            | -                       | -                        | -                | -                     | -                           | (20,550)             |
| Impairment loss                                | -                 | -                 | -                   | 2,005                   | -                        | -                | -                     | -                           | 2,005                |
| Balance at December 31, 2023                   | <u>\$ -</u>       | <u>\$ 98,584</u>  | <u>\$ 1,144,921</u> | <u>\$ 4,781,193</u>     | <u>\$ 15,006</u>         | <u>\$ 35,591</u> | <u>\$ 642,335</u>     | <u>\$ -</u>                 | <u>\$ 6,717,630</u>  |
| Carrying amount at December 31, 2023           | <u>\$ 909,403</u> | <u>\$ 47,078</u>  | <u>\$ 1,393,257</u> | <u>\$ 928,373</u>       | <u>\$ 588</u>            | <u>\$ 24,081</u> | <u>\$ 484,218</u>     | <u>\$ 64,269</u>            | <u>\$ 3,851,267</u>  |

For the year ended December 31, 2022

|                              | Land                | Land Improvement  | Building            | Machinery and Equipment | Transportation Equipment | Office Equipment | Leasehold Improvement | Property under Construction | Total                |
|------------------------------|---------------------|-------------------|---------------------|-------------------------|--------------------------|------------------|-----------------------|-----------------------------|----------------------|
| <u>Cost</u>                  |                     |                   |                     |                         |                          |                  |                       |                             |                      |
| Balance at January 1, 2022   | \$ 3,216,932        | \$ 105,870        | \$ 2,385,239        | \$ 5,396,614            | \$ 15,526                | \$ 34,311        | \$ 1,122,667          | \$ 262,528                  | \$ 12,539,687        |
| Additions                    | -                   | 18,441            | 207,907             | 145,541                 | 68                       | 22,897           | 2,988                 | (200,784)                   | 197,058              |
| Disposals                    | -                   | -                 | (1,350)             | (24,647)                | -                        | (1,172)          | -                     | -                           | (27,169)             |
| Reclassification             | (1,091,451)         | 18,541            | (43,243)            | -                       | -                        | -                | -                     | (113)                       | (1,116,266)          |
| Balance at December 31, 2022 | <u>\$ 2,125,481</u> | <u>\$ 142,852</u> | <u>\$ 2,548,553</u> | <u>\$ 5,517,508</u>     | <u>\$ 15,594</u>         | <u>\$ 56,036</u> | <u>\$ 1,125,655</u>   | <u>\$ 61,631</u>            | <u>\$ 11,593,310</u> |

(Continued)

|  | <b>Land</b>         | <b>Land Improvement</b> | <b>Building</b>     | <b>Machinery and Equipment</b> | <b>Transportation Equipment</b> | <b>Office Equipment</b> | <b>Leasehold Improvement</b> | <b>Property under Construction</b> | <b>Total</b>                       |
|--|---------------------|-------------------------|---------------------|--------------------------------|---------------------------------|-------------------------|------------------------------|------------------------------------|------------------------------------|
| <u>Accumulated depreciation and impairment</u> |                     |                         |                     |                                |                                 |                         |                              |                                    |                                    |
| Balance at January 1, 2022                     | \$ -                | \$ 82,647               | \$ 1,014,062        | \$ 4,301,726                   | \$ 13,650                       | \$ 25,320               | \$ 361,030                   | \$ -                               | \$ 5,798,435                       |
| Depreciation expense                           | -                   | 6,966                   | 77,154              | 254,892                        | 861                             | 4,281                   | 142,521                      | -                                  | 486,675                            |
| Disposals                                      | -                   | -                       | (833)               | (19,749)                       | -                               | (1,172)                 | -                            | -                                  | (21,754)                           |
| Reclassification                               | -                   | (2,615)                 | (6,685)             | -                              | -                               | -                       | -                            | -                                  | (9,300)                            |
| Balance at December 31, 2022                   | <u>\$ -</u>         | <u>\$ 86,998</u>        | <u>\$ 1,083,698</u> | <u>\$ 4,536,869</u>            | <u>\$ 14,511</u>                | <u>\$ 28,429</u>        | <u>\$ 503,551</u>            | <u>\$ -</u>                        | <u>\$ 6,254,056</u>                |
| Carrying amount at December 31, 2022           | <u>\$ 2,125,481</u> | <u>\$ 55,854</u>        | <u>\$ 1,464,855</u> | <u>\$ 980,639</u>              | <u>\$ 1,083</u>                 | <u>\$ 27,607</u>        | <u>\$ 622,104</u>            | <u>\$ 61,631</u>                   | <u>\$ 5,339,254</u><br>(Concluded) |

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**STATEMENT 1**

**CHC RESOURCES CORPORATION**

**STATEMENT OF CASH**

**DECEMBER 31, 2023**

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

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| <b>Item</b>  | <b>Amount</b>     |
|--|-------------------|
| Checking accounts  | \$ 24,248         |
| Demand deposits  | 84,033            |
| Foreign currency deposits - including US\$71,459.79 (Note) | <u>2,194</u>      |
|  | <u>\$ 110,475</u> |

Note: US\$1=NT\$30.705

## CHC RESOURCES CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Name                    | Shares     | Par Value | Amount     | Cost       | Fair Value |            |
|-------------------------|------------|-----------|------------|------------|------------|------------|
|                         |            |           |            |            | Unit Price | Amount     |
| Ordinary shares         |            |           |            |            |            |            |
| China Steel Corporation | 10,401,806 | \$ 10     | \$ 104,018 | \$ 333,029 | \$ 27.00   | \$ 280,849 |

**CHC RESOURCES CORPORATION**

**STATEMENT OF NOTES RECEIVABLE**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars)**

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| <b>Customer Name</b>                 | <b>Description</b> | <b>Amount</b>     |
|--------------------------------------|--------------------|-------------------|
| Non-related parties                  |                    |                   |
| Goldsun Building Materials Co., Ltd. | Sales              | \$ 37,601         |
| Li Tai Constructional Co., Ltd.      | Sales              | 18,539            |
| Others (Note)                        |                    | <u>203,859</u>    |
|                                      |                    | <u>\$ 259,999</u> |

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

**STATEMENT 4****CHC RESOURCES CORPORATION****STATEMENT OF ACCOUNTS RECEIVABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

| <b>Customer Name</b>                               | <b>Description</b>       | <b>Amount</b>     |
|--|--------------------------|-------------------|
| Non-related parties                                |                          |                   |
| Min Feng Rmc Co., Ltd                              | Sales                    | \$ 21,917         |
| Goldsun Building Materials Co., Ltd.               | Sales                    | 19,428            |
| Prosperity Did Enterprise Co., Ltd.                | Sales                    | 12,169            |
| Knight Commander Holding Co., Ltd.                 | Sales                    | 10,934            |
| Guang Hui Building Materials Co., Ltd.             | Sales                    | 9,266             |
| Taiwan Semiconductor Manufacturing Company Limited | Sales                    | 7,351             |
| Ruentex Materials Co., Ltd.                        | Sales                    | 6,559             |
| Others (Note)                                      |                          | <u>42,719</u>     |
|  |                          | <u>130,343</u>    |
| Related parties                                    |                          |                   |
| Taiwan Cement Corporation                          | Sales                    | 283,136           |
| China Steel Corporation                            | Sales and service        | 171,245           |
| Dragon Steel Corporation                           | Sales and service        | 150,464           |
| Ya Tung Concrete Co., Ltd.                         | Sales                    | 81,864            |
| China Steel Resources Corporation                  | Construction and service | 61,542            |
| Others (Note)                                      |                          | <u>43,274</u>     |
|  |                          | <u>791,525</u>    |
|  |                          | <u>\$ 921,868</u> |

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

**CHC RESOURCES CORPORATION**

**STATEMENT OF INVENTORIES**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars)**

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| <b>Item</b>              | <b>Amount</b>     |                                    |
|--------------------------|-------------------|------------------------------------|
|                          | <b>Cost</b>       | <b>Net Realizable Value (Note)</b> |
| Raw materials            | \$ 88,821         | \$ 125,209                         |
| Supplies                 | 182,587           | 207,037                            |
| Finished goods           | 86,078            | 106,378                            |
| Merchandise              | 1,083             | 1,539                              |
| Raw materials in transit | <u>34,031</u>     | <u>34,031</u>                      |
|                          | <u>\$ 392,600</u> | <u>\$ 474,194</u>                  |

Note: Refer to Note 4 for details.

## CHC RESOURCES CORPORATION

STATEMENT OF CHANGES FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPERHENSIVE INCOME - NONCURRENT  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

| Investees                         | Balance, January 1, 2023 |                  | Additions |                 | Decrease |             | Balance, December 31, 2023 |                  | Collateral |
|-----------------------------------|--------------------------|------------------|-----------|-----------------|----------|-------------|----------------------------|------------------|------------|
|                                   | Shares                   | Carrying Value   | Shares    | Amount          | Shares   | Amount      | Shares                     | Carrying Value   |            |
| Ordinary shares                   |                          |                  |           |                 |          |             |                            |                  |            |
| Feng Sheng Enterprise Corporation | 932,053                  | <u>\$ 15,388</u> | -         | <u>\$ 1,113</u> | -        | <u>\$ -</u> | 932,053                    | <u>\$ 16,501</u> | None       |

## CHC RESOURCES CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

| Investees  | Balance, January 1, 2023 |                     | Additions |                   | Decrease |                   | Balance, December 31, 2023 |                   |                     | Market Value<br>or Net Assets<br>Value (Note 2) | Collateral |  |
|--|--------------------------|---------------------|-----------|-------------------|----------|-------------------|----------------------------|-------------------|---------------------|---|------------|--|
|  | Shares                   | Amount              | Shares    | Amount(Note1)     | Shares   | Amount(Note1)     | Shares                     | % of<br>Ownership | Amount              |   |            |  |
| Unlisted companies   |                          |                     |           |                   |          |                   |                            |                   |                     |   |            |  |
| Yu Chen Lime Corporation (Investment in subsidiary)                          | 108,000                  | \$ 139,217          | -         | \$ 641            | -        | \$ 497            | 108,000                    | 90                | \$ 139,361          | \$ 122,069                                      | None       |  |
| CHC Resources Vietnam Co., Ltd. (Investment in subsidiary)                   | -                        | 651,735             | -         | 26,523            | -        | 21,173            | -                          | 85                | 657,085             | 657,085   | None       |  |
| Union Steel Development Corporation (Investment in subsidiary)               | 4,668,333                | 118,618             | -         | 39,805            | -        | 48,026            | 4,668,333                  | 93.37             | 110,397             | 110,397   | None       |  |
| Pao Good Industrial Co., Ltd. (Investment in subsidiary)                     | 5,408,550                | 84,952              | -         | 11,384            | -        | 3,436             | 5,408,550                  | 51                | 92,900              | 92,900  | None       |  |
| Hsin Hsin Cement Enterprise Corp. (Investment in associate)                  | 9,298,583                | 114,142             | -         | 8,462             | -        | 2,400             | 9,298,583                  | 9.99              | 120,204             | 130,842   | None       |  |
| Gau Ruei Investment Corporation (Investment in associate)                    | 1,046,500                | 29,406              | -         | 1,054             | -        | 4,488             | 1,046,500                  | 35                | 25,972              | 25,972  | None       |  |
| Ding Da Investment Corporation (Investment in associate)                     | 1,196,000                | 27,367              | -         | 1,865             | -        | 4,816             | 1,196,000                  | 40                | 24,416              | 24,416  | None       |  |
| Sheng Lih Dar Investment Corporation (Investment in associate)               | 960,000                  | 25,054              | -         | 1,384             | -        | 4,042             | 960,000                    | 40                | 22,396              | 22,396  | None       |  |
| Jiing-Cheng-Fa Investment Corporation (Investment in associate)              | 920,000                  | 22,403              | -         | 1,184             | -        | 3,749             | 920,000                    | 40                | 19,838              | 19,838  | None       |  |
| Shin Mao Investment Corporation (Investment in associate)                    | 897,000                  | 21,921              | -         | 1,361             | -        | 3,376             | 897,000                    | 30                | 19,906              | 19,906  | None       |  |
| Eminent III Venture Capital Corporation (Investment in associate)            | 3,000,000                | 22,863              | -         | 1,020             | -        | 3,173             | 3,000,000                  | 1.66              | 20,710              | 20,710  | None       |  |
| Pro-Ascentek Investment Corporation  | 3,000,000                | 29,001              | -         | 5,482             | -        | 795               | 3,000,000                  | 2.5               | 33,688              | 33,688  | None       |  |
| HIMAG Magnetic Corporation (Investment in associate)                         | 494,440                  | 12,719              | -         | 787               | -        | 1,457             | 494,440                    | 1.79              | 12,049              | 12,049  | None       |  |
| United Steel International Development Corporation (Investment in associate) | 300,000                  | 4,516               | -         | 690               | 300,000  | 5,206             | -                          | -                 | -                   | -   | None       |  |
|  |                          | <u>\$ 1,303,914</u> |           | <u>\$ 101,642</u> |          | <u>\$ 106,634</u> |                            |                   | <u>\$ 1,298,922</u> | <u>\$ 1,292,268</u>                             |            |  |

Note 1: The change in the current year was mainly due to gain or loss, adjustments recognized in equity, dividends received and capital reduction liquidation.

Note 2: Net asset value of unlisted companies is calculated based on the investees' financial statements and the Corporation's ownership percentage.

## CHC RESOURCES CORPORATION

**STATEMENT OF RIGHT-OF-USE ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (In Thousands of New Taiwan Dollars)**

| Item                                    | Land                | Building          | Machinery<br>and<br>Equipment | Transportati<br>on<br>Equipment | Total               |
|---|---------------------|-------------------|-------------------------------|---------------------------------|---------------------|
| Cost                                    |                     |                   |                               |                                 |                     |
| Balance at January 1, 2023              | \$ 2,322,081        | \$ 357,762        | \$ -                          | \$ 24,172                       | \$ 2,704,015        |
| Additions                               | 153,727             | 56,234            | 236                           | 9,183                           | 219,380             |
| Revision and termination                | <u>(184,721)</u>    | <u>(1,280)</u>    | <u>-</u>                      | <u>(7,448)</u>                  | <u>(193,449)</u>    |
| Balance at December 31, 2023            | <u>2,291,087</u>    | <u>412,716</u>    | <u>236</u>                    | <u>25,907</u>                   | <u>2,729,946</u>    |
| Accumulated depreciation                |                     |                   |                               |                                 |                     |
| Balance at January 1, 2023              | 969,704             | 87,655            | -                             | 10,117                          | 1,067,476           |
| Depreciation expense                    | 332,741             | 31,377            | 118                           | 6,179                           | 370,415             |
| Revision and termination                | <u>(190,847)</u>    | <u>(1,166)</u>    | <u>-</u>                      | <u>(7,448)</u>                  | <u>(199,461)</u>    |
| Balance at December 31, 2023            | <u>1,111,598</u>    | <u>117,866</u>    | <u>118</u>                    | <u>8,848</u>                    | <u>1,238,430</u>    |
| Carrying amount at December 31,<br>2023 | <u>\$ 1,179,489</u> | <u>\$ 294,850</u> | <u>\$ 118</u>                 | <u>\$ 17,059</u>                | <u>\$ 1,491,516</u> |

## CHC RESOURCES CORPORATION

## STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2023

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

| Type                    | Balance,<br>End of The Year | Contract Period       | Range of<br>Interest Rates (%) | Loan Commitments | Collateral |
|-------------------------|-----------------------------|-----------------------|--------------------------------|------------------|------------|
| Unsecured loans         |                             |                       |                                |                  |            |
| Fubon Bank              | \$ 300,000                  | 2023.10.16-2024.10.10 | 1.635                          | \$ 480,000       | None       |
| Mega Bank               | <u>100,000</u>              | 2023.07.27-2024.07.26 | 1.65                           | 490,000          | None       |
|                         | <u>400,000</u>              |                       |                                |                  |            |
| Letters of credit       |                             |                       |                                |                  |            |
| Bank of Taiwan          | 47,344                      | 2023.12.21-2024.01.09 | 1.71                           | 47,344           | None       |
| Taiwan Cooperative Bank | <u>1,122</u>                | 2023.12.28-2024.01.04 | 1.775                          | 300,000          | None       |
|                         | <u>48,466</u>               |                       |                                |                  |            |
|                         | <u>\$ 448,466</u>           |                       |                                |                  |            |

**CHC RESOURCES CORPORATION**

**STATEMENT OF NOTES PAYABLE**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars)**

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| <b>Supplier Name</b>     | <b>Description</b>             | <b>Amount</b>    |
|--------------------------|--------------------------------|------------------|
| Non-related parties      |                                |                  |
| Total Industrial Limited | raw materials                  | \$ 3,528         |
| Ji Kai Construction Co.  | charges for handing<br>service | 1,736            |
| Others (Note)            |                                | <u>6,379</u>     |
|                          |                                | <u>\$ 11,643</u> |

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

**CHC RESOURCES CORPORATION****STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

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| <b>Vendor Name</b>                  | <b>Amount</b>     |
|-------------------------------------|-------------------|
| Non-related parties                 |                   |
| Goldsun Building Materials Co., Ltd | \$ 32,204         |
| Nan-Jehn Gas Corporation            | 10,969            |
| Yu Ching Tang Corporation           | 8,620             |
| Xiong Jin Transportation Co., Ltd.  | 7,518             |
| Lea Jie energy Co., Ltd.            | 6,806             |
| Others (Note)                       | <u>61,774</u>     |
|                                     | <u>127,891</u>    |
| Related parties                     |                   |
| Chung Hung Steel Corporation        | 36,530            |
| China Steel Corporation             | 12,225            |
| Asia Cement Corporation             | 14,498            |
| Universal Cement Corporation        | 11,263            |
| Taiwan Cement Corporation           | 11,153            |
| Southeast Cement Corporation        | 9,047             |
| Others (Note)                       | <u>7,085</u>      |
|                                     | <u>101,801</u>    |
|                                     | <u>\$ 229,692</u> |

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

**CHC RESOURCES CORPORATION**

**STATEMENT OF LONG-TERM BANK BORROWINGS (INCLUDING CURRENT PORTION)**

**DECEMBER 31, 2023**

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

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| <b>Bank Name</b>                                      | <b>Balance,<br/>December 31,<br/>2023</b> | <b>Amount, Contract<br/>Period and Repayment<br/>Method</b> | <b>Interest Rates<br/>(%)</b> | <b>Collateral</b> |
|---|---|---|-------------------------------|-------------------|
| Unsecured Loans                                       |   |   |                               |                   |
| Bank of Taiwan  | \$ 100,000                                | 2022.01.11-2025.01.11                                       | 1.705                         | None              |
| The Export-Import<br>Bank of the<br>Republic of China | 78,833                                    | 2019.06.25-2024.06.25                                       | 1.8256                        | None              |
| Mizuho Bank   | 500,000                                   | 2023.03.16-2025.03.16                                       | 1.68                          | None              |
| Yuanta Bank   | <u>700,000</u>                            | 2023.06.20-2025.06.19                                       | 1.6-1.61                      | None              |
|   | 1,378,833                                 |   |                               |                   |
| Less: Current portion                                 | <u>78,833</u>                             |   |                               |                   |
|   | <u>\$ 1,300,000</u>                       |   |                               |                   |

**CHC RESOURCES CORPORATION****STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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| <b>Item</b>              | <b>Period</b>         | <b>Discount Rates (%)</b> | <b>Amount</b>       |
|--------------------------|-----------------------|---------------------------|---------------------|
| Land                     | 2007.01.01-2036.01.31 | 0.5889-1.9713             | \$ 1,188,979        |
| Buildings                | 2014.12.01-2045.06.30 | 0.5889-3.45               | 331,920             |
| Machinery and Equipment  | 2023.01.01-2024.12.31 | 1.7366                    | 118                 |
| Transportation equipment | 2019.09.01-2028.10.31 | 0.5889-1.7366             | 17,148              |
|                          |                       |                           | <hr/>               |
|                          |                       |                           | <u>\$ 1,538,165</u> |
| Current                  |                       |                           | \$ 343,513          |
| Noncurrent               |                       |                           | <hr/>               |
|                          |                       |                           | <u>1,194,652</u>    |
|                          |                       |                           | <u>\$ 1,538,165</u> |

**CHC RESOURCES CORPORATION****STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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| <b>Item</b>               | <b>Quantities<br/>(Metric Tons)</b> | <b>Amount</b>        |
|---------------------------|-------------------------------------|----------------------|
| Sale of goods             |                                     |                      |
| GGBFS                     | 3,027,702                           | \$ 4,299,013         |
| Blast-Furnace Slag Cement | 137,783                             | 366,391              |
| Special-Purpose Materials | 263,932                             | 572,249              |
| Scrap recycling           | 33,151                              | 404,282              |
| Others (Note)             |                                     | <u>155,906</u>       |
|                           |                                     | 5,797,841            |
| Construction revenue      |                                     | <u>13,681</u>        |
| Service revenue           |                                     |                      |
| Process revenue           |                                     | 5,051,579            |
| Transportation revenue    |                                     | 191,975              |
| Others (Note)             |                                     | <u>29,668</u>        |
|                           |                                     | <u>5,273,222</u>     |
|                           |                                     | <u>\$ 11,084,744</u> |

Note: The amount of each item included in others does not exceed 10% of the account balance.

## CHC RESOURCES CORPORATION

**STATEMENT OF OPERATING COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
(In Thousands of New Taiwan Dollars)

|                    | Item  | Amount              |
|--------------------|---|---------------------|
| Cost of goods sold |   |                     |
| 1.                 | Cost of finished goods sold                             |                     |
|                    | Direct materials  |                     |
|                    | Raw materials, beginning of the year                    | \$ 64,812           |
|                    | Raw material purchased                                  | 2,863,643           |
|                    | Add: Others   | 456,267             |
|                    | Less: Raw materials, end of the year (Note)             | <u>120,519</u>      |
|                    |   | <u>3,264,203</u>    |
|                    | Supplies  |                     |
|                    | Supplies, beginning of the year                         | 174,891             |
|                    | Supplies purchased                                      | 186,826             |
|                    | Less: Others  | 1,796               |
|                    | Less: Supplies, end of the year (Note)                  | <u>184,919</u>      |
|                    |   | <u>175,002</u>      |
|                    | Direct labor  | 117,174             |
|                    | Manufacturing overhead                                  | <u>1,115,618</u>    |
|                    | Manufacturing cost                                      | 4,671,997           |
|                    | Add: Finished goods, beginning of the year              | 69,716              |
|                    | Finished goods purchased                                | 310,784             |
|                    | Less: Finished goods, end of the year                   | 86,078              |
|                    | Others  | <u>418,531</u>      |
|                    | Cost of finished goods                                  | 4,547,888           |
|                    | Non-allocation of fixed manufacturing costs             | 6,257               |
|                    | Less: Offset against the production and marketing costs | <u>40,639</u>       |
|                    |   | <u>4,513,506</u>    |
| 2.                 | Cost of merchandise sold                                |                     |
|                    | Merchandise, beginning of the year                      | 1,812               |
|                    | Merchandise purchased                                   | 10,024              |
|                    | Less: Others  | 258                 |
|                    | Less: Merchandise, end of the year                      | <u>1,084</u>        |
|                    |   | <u>10,494</u>       |
|                    |   | <u>4,524,000</u>    |
|                    | Construction cost                                       | <u>12,307</u>       |
|                    | Service cost  |                     |
|                    | Process cost  | 4,982,161           |
|                    | Transportation  | <u>185,518</u>      |
|                    |   | <u>5,167,679</u>    |
|                    |   | <u>\$ 9,703,986</u> |

Note: Including raw materials in transit.

**CHC RESOURCES CORPORATION****STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

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| <b>Item</b>  | <b>Selling<br/>Expenses</b> | <b>General and<br/>Administrative<br/>Expenses</b> | <b>Research and<br/>Development<br/>Expenses</b> | <b>Total</b>      |
|--|-----------------------------|--|--|-------------------|
| Payroll expense (including<br>remuneration of directors) | \$ 57,403                   | \$ 116,149   | \$ 14,470  | \$ 188,022        |
| Outsourced service                                       | 36,544                      | 5,988  | 2,252  | 44,784            |
| Depreciation   | 22,168                      | 10,009   | 1,963  | 34,140            |
| Other professional service                               | 26,564                      | 7,869  | 922  | 35,355            |
| Employee benefits  | 135                         | 26,339   | 32   | 26,506            |
| Freight  | 12,988                      | 130  | 244  | 13,362            |
| Repair and maintenance                                   | 9,926                       | 622  | 1,575  | 12,123            |
| Others   | <u>30,651</u>               | <u>42,835</u>                                      | <u>4,487</u>                                     | <u>77,973</u>     |
| Total  | <u>\$ 196,379</u>           | <u>\$ 209,941</u>                                  | <u>\$ 25,945</u>                                 | <u>\$ 432,265</u> |

## CHC RESOURCES CORPORATION

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)

|                            | Year Ended December 31, 2023     |                                     |                      |                   | Year Ended December 31, 2022     |                                     |                      |                   |
|----------------------------|----------------------------------|-------------------------------------|----------------------|-------------------|----------------------------------|-------------------------------------|----------------------|-------------------|
|                            | Classified as<br>Operating Costs | Classified as<br>Operating Expenses | Classified as Others | Total             | Classified as<br>Operating Costs | Classified as<br>Operating Expenses | Classified as Others | Total             |
| Employee benefits          |                                  |                                     |                      |                   |                                  |                                     |                      |                   |
| Salaries                   | \$ 258,868                       | \$ 173,976                          | \$ -                 | \$ 432,844        | \$ 249,645                       | \$ 166,958                          | \$ -                 | \$ 416,603        |
| Labor and health insurance | 16,973                           | 10,234                              | -                    | 27,207            | 16,171                           | 9,862                               | -                    | 26,033            |
| Post-employment benefits   | 7,423                            | 6,279                               | -                    | 13,702            | 7,629                            | 5,374                               | -                    | 13,003            |
| Remuneration of directors  | -                                | 14,046                              | -                    | 14,046            | -                                | 17,802                              | -                    | 17,802            |
| Termination benefits       | 7                                | 5                                   | -                    | 12                | -                                | -                                   | -                    | -                 |
| Others                     | 1,070                            | 26,562                              | -                    | 27,632            | 930                              | 25,730                              | -                    | 26,660            |
|                            | <u>\$ 284,341</u>                | <u>\$ 231,102</u>                   | <u>\$ -</u>          | <u>\$ 515,443</u> | <u>\$ 274,375</u>                | <u>\$ 225,726</u>                   | <u>\$ -</u>          | <u>\$ 500,101</u> |
| Depreciation               | \$ 833,379                       | \$ 34,140                           | \$ 1,981             | \$ 869,500        | \$ 808,963                       | \$ 33,213                           | \$ 225               | \$ 842,401        |
| Amortization               | 17,400                           | 4,027                               | -                    | 21,427            | 13,285                           | 2,288                               | -                    | 15,573            |

Note 1: As of December 31, 2023 and 2022, the Corporation both had 288 and 287 employees, respectively. Among them, 13 and 14 directors did not serve concurrently as employees in 2023 and 2022, respectively.

Note 2: Additional disclosures are as follows:

- 1) Average employee benefit for the year ended December 31, 2023 was NT\$1,823 thousand (amounts of employee benefits for the year ended December 31, 2023 less amounts of remuneration of directors for the year ended December 31, 2023 divided by number of employees for the year ended December 31, 2023 less number of directors not serving concurrently as employees for the year ended December 31, 2023)

Average employee benefit for the year ended December 31, 2022 was NT\$1,767 thousand (amounts of employee benefits for the year ended December 31, 2022 less amounts of remuneration of directors for the year ended December 31, 2022 divided by number of employees for the year ended December 31, 2022 less number of directors not serving concurrently as employees for the year ended December 31, 2022)

- 2) Average salary for the year ended December 31, 2023 was NT\$1,574 thousand (amounts of salaries for the year ended December 31, 2023 divided by number of employees for the year ended December 31, 2023 less number of directors not serving concurrently as employees for the year ended December 31, 2023)

Average salary for the year ended December 31, 2022 was NT\$1,526 thousand (amounts of salaries for the year ended December 31, 2022 divided by number of employees for the year ended December 31, 2022 less number of directors not serving concurrently as employees for the year ended December 31, 2022)

- 3) Change of adjustments of average salaries was 3.1% (average salaries for the year ended December 31, 2023 less average salaries for the year ended December 31, 2022 divided by average salaries for the year ended December 31, 2022)

- 4) The Corporation does not have any supervisor.

Note 3: The Corporation's salary is based on a salary scale system. It adopts a position and responsibility system and refers to the salary market and the Corporation's financial status. Each position is arranged according to the complexity of work, the degree of responsibility, and the position and relationship in the organization. The salary standards for employees have been set and implemented after being reported to the board of directors for approval. The employees all work hard together, so when the Corporation has a surplus, the bonus is calculated based on the amount of surplus. The principle is that when the Corporation makes more, it shares more, and when the Corporation makes less, it shares less, which also combined the results of personal performance. Relevant measures have been established as the basis for bonus distribution.